

SUNMI

上海商米科技 集團股份有限公司

SHANGHAI SUNMI TECHNOLOGY CO., LTD.

(A joint stock company controlled through weighted voting rights and incorporated in the People's Republic of China with limited liability)

Stock code : 6810
GLOBAL OFFERING

Joint Sponsors, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Deutsche Bank   CITIC SECURITIES ABCI  農銀國際

Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

CMBI  招銀國際

IMPORTANT

IMPORTANT: If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.



Shanghai Sunmi Technology Co., Ltd. 上海商米科技集团股份有限公司

(A joint stock company controlled through weighted voting rights and incorporated in the People's Republic of China with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	: 42,626,800 H Shares
Number of Hong Kong Offer Shares	: 4,262,700 H Shares (subject to reallocation)
Number of International Offer Shares	: 38,364,100 H Shares (subject to reallocation)
Offer Price	: HK\$24.86 per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars, subject to refund)
Nominal value	: RMB1.00 per H Share
Stock code	: 6810

Joint Sponsors, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Deutsche Bank   CITIC SECURITIES ABCI  農銀國際

Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

CMBI  招銀國際

Joint Bookrunners and Joint Lead Managers

 申萬宏源香港  越秀證券  YELLOW RIVER SECURITIES  老虎證券  富途證券  SKYYAST  Webull  金牛證券  利弗莫尔證券

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

A copy of this Prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display" in Appendix VI to this Prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong. The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this Prospectus or any other documents referred to above.

The Offer Price will be HK\$24.86 per Offer Share, unless otherwise announced. Applicants for the Hong Kong Offer Shares may be required to pay (subject to application channels), on application, the Offer Price of HK\$24.86 for each Hong Kong Offer Share together with brokerage fee of 1.0%, SFC transaction levy of 0.0027%, the AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565%.

The Overall Coordinators, for themselves and on behalf of the Underwriters, may, where considered appropriate and with the Company's consent, reduce the number of Hong Kong Offer Shares and/or the Offer Price below that which is stated in this Prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published on the website of our Company at <https://www.sunmi.com> and on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and the offer will be canceled and relaunched at the revised number of Offer Shares and/or the revised Offer Price range in accordance with the requirements under Rule 11.13 of the Listing Rules (which include the issue of a supplemental or a new prospectus (as appropriate)) as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Further details are set forth in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this Prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Overall Coordinators (on behalf of the Underwriters) if certain events occur prior to 8:00 a.m. on the Listing Date. Please refer to the section headed "Underwriting" in this Prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and may not be offered, sold, pledged or otherwise transferred within the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable state securities laws in the United States. The Offer Shares may only be offered and sold outside the United States in offshore transactions in reliance on Regulation S. No public offering of the Offer Shares will be made in the United States.

Our Company will be controlled through weighted voting rights upon Listing. Prospective investors should be aware of the potential risks of investing in a company with a WVR structure, in particular that the WVR Beneficiary, whose interests may not necessarily be aligned with those of our Shareholders as a whole, will be in a position to exert significant influence over the outcome of our Shareholders' resolutions, irrespective of how other Shareholders vote. For further information about the risks associated with the WVR structure, see "Risk Factors — Risks Relating to the WVR Structure." Prospective investors should make the decision to invest in the Company only after due and careful consideration.

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this Prospectus to the public in relation to the Hong Kong Public Offering. This Prospectus is available at the website of the Stock Exchange at www.hkexnews.hk and our website at <https://www.sunmi.com>. If you require a printed copy of this Prospectus, you may download and print from the website addresses above.

April 21, 2026

IMPORTANT

IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this Prospectus in relation to the Hong Kong Public Offering.

This Prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the “HKEXnews > New Listings > New Listing Information” section, and our website at <https://www.sunmi.com>. **You may download and print from these website addresses if you want a printed copy of this Prospectus.**

To apply for the Hong Kong Offer Shares, you may:

- (1) apply online via the **White Form eIPO** service at www.eipo.com.hk; or
- (2) apply through the **HKSCC EIPO** channel to electronically cause HKSCC Nominees to apply on your behalf by instructing your broker or custodian who is a HKSCC Participant to submit electronic application instruction(s) on your behalf through HKSCC’s FINI system in accordance with your instructions.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this Prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an **intermediary, broker or agent**, please remind your customers, clients or principals, as applicable, that this Prospectus is available online at the website addresses stated above.

Please refer to the section headed “How to Apply for Hong Kong Offer Shares” in this Prospectus for further details on the procedures through which you can apply for the Hong Kong Offer Shares electronically.

IMPORTANT

Your application through the **White Form eIPO** service or the **HKSCC EIPO** channel must be made for a minimum of 100 Hong Kong Offer Shares and in multiples of that number of Hong Kong Offer Shares as set out in the table below. No application for any other number of Hong Kong Offer Shares will be considered and such an application is liable to be rejected.

If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective amount payable on application in full upon application for Hong Kong Offer Shares.

If you are applying through the **HKSCC EIPO** channel, your **broker** or **custodian** may require you to pre-fund your application in such amount as determined by the broker or custodian, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such prefunding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for.

Shanghai Sunmi Technology Co., Ltd. (Stock Code 6810)
(HK\$24.86 per Hong Kong Offer Share)
NUMBER OF HONG KONG OFFER SHARES THAT
MAY BE APPLIED FOR AND PAYMENTS

No. of Hong Kong Offer Shares applied for	Amount payable on application ⁽²⁾ HK\$	No. of Hong Kong Offer Shares applied for	Amount payable on application ⁽²⁾ HK\$	No. of Hong Kong Offer Shares applied for	Amount payable on application ⁽²⁾ HK\$	No. of Hong Kong Offer Shares applied for	Amount payable on application ⁽²⁾ HK\$
100	2,511.07	2,000	50,221.42	10,000	251,107.13	400,000	10,044,285.25
200	5,022.14	2,500	62,776.78	20,000	502,214.26	450,000	11,299,820.90
300	7,533.21	3,000	75,332.13	30,000	753,321.40	500,000	12,555,356.56
400	10,044.28	3,500	87,887.50	40,000	1,004,428.52	600,000	15,066,427.85
500	12,555.36	4,000	100,442.85	50,000	1,255,535.65	700,000	17,577,499.16
600	15,066.42	4,500	112,998.21	100,000	2,511,071.31	800,000	20,088,570.48
700	17,577.50	5,000	125,553.57	150,000	3,766,606.96	900,000	22,599,641.79
800	20,088.57	6,000	150,664.28	200,000	5,022,142.62	1,000,000	25,110,713.10
900	22,599.63	7,000	175,774.99	250,000	6,277,678.28	1,500,000	37,666,069.66
1,000	25,110.71	8,000	200,885.71	300,000	7,533,213.94	2,131,300 ⁽¹⁾	53,518,462.83
1,500	37,666.08	9,000	225,996.42	350,000	8,788,749.59		

(1) Maximum number of Hong Kong Offer Share you may apply for.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

EXPECTED TIMETABLE

If there is any change in the following expected timetable, we will issue an announcement to be published on the websites of the Company at <https://www.sunmi.com> and the Hong Kong Stock Exchange at www.hkexnews.hk.

	Date ⁽¹⁾
Hong Kong Public Offering commences	9:00 a.m. on Tuesday, April 21, 2026
Latest time for completing electronic applications under White Form eIPO service through the designated website www.eipo.com.hk ⁽²⁾	11:30 a.m. on Friday, April 24, 2026
Application lists open ⁽³⁾	11:45 a.m. on Friday, April 24, 2026
Latest time for (a) completing payment for White Form eIPO applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) giving electronic application instructions to HKSCC ⁽⁴⁾	12:00 noon on Friday, April 24, 2026
If you are instructing your broker or custodian who is a HKSCC Participant to submit electronic application instructions on your behalf through HKSCC's FINI system to apply for the Hong Kong Offer Shares, you are advised to contact your broker or custodian for the latest time for giving such instructions which may be different from the latest time as stated above.	
Application lists close ⁽³⁾	12:00 noon on Friday, April 24, 2026
(1) Announcement of the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on our website at https://www.sunmi.com ⁽⁵⁾ and the website of the Hong Kong Stock Exchange at www.hkexnews.hk	no later than 11:00 p.m. on Tuesday, April 28, 2026
(2) The results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:	
• in the announcement to be posted on our website and the website of the Hong Kong Stock Exchange at https://www.sunmi.com ⁽⁵⁾ and www.hkexnews.hk , respectively	11:00 p.m. on Tuesday, April 28, 2026
• from the designated results of allocations website at www.iporesults.com.hk (alternatively: www.eipo.com.hk/eIPOAllotment) with a "search by ID" function from	11:00 p.m. on Tuesday, April 28, 2026 to 12:00 midnight on Monday, May 4, 2026
• from the allocation results telephone enquiry by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on	Wednesday, April 29, 2026, Thursday, April 30, 2026, Monday, May 4, 2026, Tuesday, May 5, 2026

EXPECTED TIMETABLE

Despatch of H Share certificates or deposit of the H Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before⁽⁶⁾⁽⁸⁾ Tuesday, April 28, 2026

White Form e-Refund payment instructions/refund checks in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications to be dispatched/collected on or before⁽⁷⁾⁽⁸⁾ Wednesday, April 29, 2026

Dealings in the H Shares on the Stock Exchange expected to commence at 9:00 a.m. on Wednesday, April 29, 2026

Notes:

- (1) All dates and times refer to Hong Kong local dates and times, except as otherwise stated.
- (2) You will not be permitted to submit your application under the **White Form eIPO** service through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application

EXPECTED TIMETABLE

and obtained an application reference number from the designated website at or before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

- (3) If there is/are a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, April 24, 2026, the application lists will not open or close on that day. See “How to Apply for Hong Kong Offer Shares — E. Severe Weather Arrangements” in this prospectus.
- (4) Applicants who apply for Hong Kong Offer Shares by instructing their **broker** or **custodian** to submit **electronic application instructions** on their behalf through HKSCC’s FINI system in accordance with their instructions should refer to the section headed “How to Apply for Hong Kong Offer Shares — A. Application for Hong Kong Offer Shares — 2. Application Channels” in this prospectus.
- (5) None of the websites set out in this section or any of the information contained on the websites forms part of this prospectus.
- (6) H Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in the section headed “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination” in this prospectus has not been exercised. Investors who trade H Shares on the basis of publicly available allocation details or prior to the receipt of H Share certificates or the H Share certificates becoming valid do so entirely at their own risk.
- (7) **White Form** e-Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering. Part of the applicant’s identification document number, or, if the application is made by joint applicants, part of the identification document number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s identification document number before encashment of the refund check. Inaccurate completion of an applicant’s identification document number may invalidate or delay encashment of the refund check.
- (8) Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation’s chop. Both individuals and authorized representatives must produce evidence of identity acceptable to our H Share Registrar at the time of collection.

Applicants who have applied for Hong Kong Offer Shares through the **HKSCC EIPO** channel should refer to the section headed “How to Apply for Hong Kong Offer Shares—D. Despatch/Collection of H Share Certificates and Refund of Application Monies” in this prospectus for details.

Applicants who have applied through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of **White Form** e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund checks in favor of the applicant (or, in the case of joint applicants, the first-named applicant) by ordinary post at their own risk.

Any uncollected H Share certificates and/or refund checks will be dispatched by ordinary post, at the applicants’ risk, to the addresses specified in the relevant applications.

Further information is set out in the section headed “How to Apply for Hong Kong Offer Shares—D. Despatch/Collection of H Share Certificates and Refund of Application Monies” in this prospectus.

The above expected timetable is a summary only. For further details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, please refer to the sections headed “Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares” in this prospectus, respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such a case, we will make an announcement as soon as practicable thereafter.

CONTENTS

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This Prospectus is issued by us solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this Prospectus pursuant to the Hong Kong Public Offering. This Prospectus may not be used for the purpose of making, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Hong Kong Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this Prospectus in any jurisdiction other than Hong Kong. The distribution of this Prospectus for purposes of a public offering and the offering and sale of the Hong Kong Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this Prospectus to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this Prospectus. We have not authorized anyone to provide you with information that is different from what is contained in this Prospectus. Any information or representation not contained nor made in this Prospectus must not be relied on by you as having been authorized by us, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, any of the Underwriters, any of our or their respective directors, officers, employees, agents, or representatives of any of them or any other parties involved in the Global Offering.

	<i>Page</i>
EXPECTED TIMETABLE	i
CONTENTS	iv
SUMMARY	1
DEFINITIONS	11
GLOSSARY	18
FORWARD-LOOKING STATEMENTS	20
RISK FACTORS	21
WAIVERS	50

CONTENTS

	<i>Page</i>
INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING	56
DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING	59
CORPORATE INFORMATION	66
INDUSTRY OVERVIEW	67
REGULATORY OVERVIEW	75
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE	96
BUSINESS	105
DIRECTORS AND SENIOR MANAGEMENT	171
RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS	180
CONNECTED TRANSACTIONS	182
SHARE CAPITAL	185
SUBSTANTIAL SHAREHOLDERS	190
CORNERSTONE INVESTORS	192
FINANCIAL INFORMATION	195
FUTURE PLANS AND USE OF PROCEEDS	219
UNDERWRITING	222
STRUCTURE OF THE GLOBAL OFFERING	230
HOW TO APPLY FOR HONG KONG OFFER SHARES	234
APPENDIX I ACCOUNTANTS' REPORT	I-1
APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION	II-1
APPENDIX III SUMMARY OF ARTICLES OF ASSOCIATION	III-1
APPENDIX IV STATUTORY AND GENERAL INFORMATION	IV-1
APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY	V-1

SUMMARY

This summary aims to give you an overview of the information contained in this Prospectus. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this Prospectus. You should read the entire Prospectus before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks of investing in the Offer Shares are set out in the section headed “Risk Factors” in this Prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a leading global Business Internet of Things (BIoT) solution provider. Our disruptive solutions integrate smart hardware, software, and data insights to enable the digital transformation of a vast array of offline commercial scenarios, streamlining essential business operations such as payments, membership management, order fulfillment, inventory control, and workforce management.

Today, we are the largest Android-based BIoT solution provider in the world in terms of revenue in 2024, with a market share of over 10%, according to CIC. According to the same source, the market for Android-based BIoT solutions is expected to experience growth over the next five years, with CAGR of 23.7% from 2024 to 2029.

We possess a track record of product and technology innovations in smart device design and engineering, PaaS platform and software technologies, and AI-driven data analytics in the BIoT industry. Since we first launched our V1, the world’s first all-in-one BIoT terminal, this innovation has helped us to surpass US\$100 million in global revenue within just three years, establishing us as an industry leader and the youngest company among the top ten industry players.

Our BIoT solutions mainly include smart devices and BIoT PaaS platform. Each of our smart devices is powered by our proprietary operating system, namely SUNMI OS, allowing merchants to efficiently manage and optimize their transactions and operations. Our BIoT PaaS platform offers a unified software infrastructure equipped with ready-to-use development tools that enable merchants and developers to efficiently develop, manage and upgrade vertical-specific software applications for use on smart devices.

According to CIC, we have served over 70% of the world’s top 50 food and beverage enterprises. In China, we have achieved over 70% coverage among top 100 food and beverage brands and over 60% coverage among top 100 chain stores. As of December 31, 2025, our solutions were deployed in over 200 countries and geographic regions, covering more than 90% of the world’s markets, including all G20 countries. During the Track Record Period, the majority of our revenue derived from overseas market, which accounted for 67.7%, 78.0% and 74.9% of our total revenue in 2023, 2024 and 2025, respectively. In addition to serving businesses and merchants, we also empower software developers, with a blueprint to build the world’s largest developer ecosystem for commercial and merchant applications.



Note: As of December 31, 2025

Our Smart Devices

We offer a comprehensive suite of smart devices that covers 15 major industries with more than 100 sub-verticals, covering restaurant, supermarket, sport and fitness, clinic and delivery. Powered by our proprietary SUNMI OS, this diverse portfolio is designed to address a wide array of application scenarios for merchants in various commercial settings.

SUMMARY

Our BIoT PaaS Platform

We have developed the industry's first PaaS platform—the SUNMI Max Program—a low-code, modular-based platform that enables businesses and developers to efficiently build, manage, and upgrade software applications for use on their smart devices. SUNMI Max Program consists of more than 1,000 modules spanning over 20 verticals. As of December 31, 2025, a cumulative total of over 20,000 businesses from approximately ten countries and geographic regions adopted the SUNMI Max Program.

COMPETITIVE STRENGTHS

We believe the following strengths have contributed to our success and differentiated us from our competitors: (i) leading global BIoT solution provider driving value chain integration; (ii) proven track record of product innovation; (iii) extensive global reach with strong localization capability; (iv) broad vertical coverage and diverse customer base; and (v) experienced and visionary management supported by strategic shareholders. For details, see “Business – Competitive Strengths.”

GROWTH STRATEGIES

We will firmly adhere to our commitment to the mission of “to accelerate intelligent digital transformation for businesses around the world.” To achieve these strategic objectives, our key measures include: (i) advancing industrialization of BIoT hardware and software solutions; (ii) strengthening global supply chain capabilities; (iii) enhancing market penetration through vertical and geographic expansion; and (iv) unlocking synergies through strategic partnerships and investments. For details, see “Business – Growth Strategies.”

INNOVATIVE COMPANY

Industry Backdrop

We embarked on our journey in 2013 against the backdrop of mobile internet revolution, and quickly identified critical unmet needs for offline commercial use cases. Legacy business-centric hardware was often closed, fragmented, and obsolete—characterized by limited functionality, outdated design, and a lack of connectivity. These devices could neither communicate with one another. Meanwhile, a significant gap existed between available software solutions and the evolving needs of merchants. Procuring and testing software was costly and complicated, while the fragmented ecosystem of hardware and software was inflexible and difficult to upgrade or iterate.

To address these challenges, the concept of Business IoT (BIoT) emerged. Characterized by the integration of IoT technologies for commercial use, BIoT leverages new generation smart devices to enable seamless interconnectivity between hardware and cloud architecture, delivering digital solutions for commercial use cases. As the industry has evolved, the BIoT ecosystem has expanded to include players from different stages, ranging from BIoT 1.0 providers to BIoT 3.0 providers. BIoT 3.0, characterized by cloud-edge collaboration and AI-enabled low-code/no-code development, accelerates the digitalization of real-world business scenarios.

Customer Pain Points

Our customers are mainly merchants and businesses of all sizes in different business verticals and geographies. In addition to serving large-scale businesses, we also support small-sized enterprises and independent merchants, enabling them to establish their operations and enhance efficiency through our BIoT devices and PaaS platform.

In today's fast-paced digital world, merchants and businesses must navigate increasingly complex operations across multiple niche scenarios and geographies. Each transaction involves multiple touchpoints and requires seamless integration between IoT hardware and software to ensure efficiency, accuracy, and scalability. This represents a “transaction-based” digital need, as merchants rely on smart devices to execute transactions swiftly and efficiently. For instance, fulfilling a customer order is not an isolated action—it is intricately linked to backend systems such as inventory management and customer membership programs. What appears to be a simple transaction actually involves multiple components, generating vast amounts of interconnected data.

How We Address These Customer Pain Points? None of our competitors is able to address all of these customer pain points. In addition, we offer our proprietary SUNMI OS to streamline software integration, as well as SUNMI DMP and Hyper-Wi-Fi to strengthen the data infrastructure — capabilities that competitors do not provide. For details, see “Business — Innovative Company — How We Address These Customer Pain Points.” For the description of our peers, please see “Industry Overview.”

Why We are Capable of Addressing All Pain Points – Innovative Business Model We have developed an innovative business model — the world's only BIoT solution business that integrates (a) smart devices with (b) a proprietary PaaS platform. According to CIC, while some of our competitors have developed one of these capabilities, none of our competitors has fully integrated both within a single system. For details, see “Business — Innovative Company — Why We are Capable of Addressing All Pain Points — Innovative Business Model.”

SUMMARY

Why We are Capable of Addressing All Pain Points – Innovative Technologies We have built proprietary technologies around the main layers of the IoT ecosystem, mainly including (a) the IoT hardware (i.e., smart device and its operating system), and (b) the IoT PaaS platform and its software applications. For details, see “Business — Core Technology.”

Significance to Our Success These innovations have allowed us to effectively expand our merchant base while fostering growing developer loyalty. We believe this has been key to building long-term relationships among merchants, business partners, developers and SUNMI, contributing significantly to our success and helping us stay ahead of the competition in the global BIoT landscape.

OUR CUSTOMERS AND SUPPLIERS

Customers

In 2023, 2024 and 2025, the aggregate revenue generated from our five largest customers during each year of the Track Record Period were RMB885.1 million, RMB1,421.4 million and RMB1,449.0 million, representing 28.8%, 41.1% and 38.0% of our revenue, respectively. Revenues generated from our largest customer during each year of the Track Record Period were RMB505.4 million, RMB758.9 million and RMB620.6 million, representing 16.5%, 22.0% and 16.3% of our revenues, respectively.

Product Pricing and Sales

We generate our revenue predominantly from sales of our BIoT solutions mainly including smart devices. We price our smart devices primarily based on the overall market price. We adopt pricing strategies based on the specifications and requirements of different regions and countries. Based on this anchor point, overall market prices and trends, and our own profitability analysis, we adjust our prices within the market price range to ensure competitiveness while maintaining our market positioning.

In addition, for the businesses that develop their own software applications using our BIoT PaaS platform, we typically charge fees only after the relevant customers have completed their application development. We price our BIoT PaaS platform service fees primarily based on the overall market price and the number of SUNMI smart devices using the software applications developed.

Suppliers

The aggregate purchases from our top five suppliers during each year of the Track Record Period amounted to RMB1,968.9 million, RMB2,265.6 million and RMB2,102.6 million, which accounted for 74.1%, 66.3% and 53.7% of aggregate purchases for, respectively, the aforementioned periods. Purchases from our largest supplier during each year of the Track Record Period were RMB662.0 million, RMB855.6 million and RMB734.0 million, respectively, representing 24.9%, 25.0% and 18.7% of our total purchases, respectively.

RISK FACTORS

Our business and the Global Offering involve certain risks, including (i) risks related to our business and industry; (ii) risks related to doing business in the geographic markets in which we operate; (iii) risks related to the WVR structure and (iv) risks related to the Global Offering and our Shares. Some of the major risks we face include, but not limited to: (1) the markets in which we operate are competitive, and if we do not compete effectively, our business, results of operations, financial condition and prospects could be materially and adversely affected; (2) If we are unable to introduce new or upgraded products or services that business partners and merchants recognize as valuable, we may fail to retain and attract these users, and our operating results would be adversely affected; (3) The success of our business is dependent upon our ability to maintain and expand our customer base and our ability to convince our customers to increase the use of our products and services. If we are unable to expand our customer base, or if the use of our products and services by our customers declines, our business may be harmed; (4) defects, errors or any other problems associated with our products and services could diminish demand for our products or services, harm our reputation, business and results of operations and subject us to liability; and (5) our business and financial results could be affected by an ongoing arbitration with a customer, which may materially and adversely impact our business, financial condition, and results of operations.

COMPETITION

The global BIoT solution market has experienced steady growth, expanding from approximately RMB189 billion in 2020 to around RMB235 billion in 2024, representing a CAGR of approximately 5.6% over the period. BIoT solutions are widely used in high-frequency commercial sectors, such as retail and food services. We held approximate 1% global market share in 2024, ranking among the top ten players worldwide. The global market size of Android-based BIoT solutions was approximately RMB32 billion in 2024. It is projected to reach approximately RMB92 billion by 2029, at a CAGR of 23.7% from 2024 to 2029. Android’s open development ecosystem allows global developers to

SUMMARY

build customized solutions. Its high level of compatibility supports a wide range of functions, which has helped speed up its use in many commercial use cases. The penetration rate of Android-based BIoT solutions in the global market, measured by the global market size of Android-based BIoT solutions over the global market size of intelligent BIoT solutions, is expected to increase from approximately 14% in 2024 to around 29% by 2029. The global market for non-Android BIoT solutions expanded from RMB172 billion in 2020 to RMB203 billion in 2024, reflecting a CAGR of 4.2%. It is estimated that the global market size of non-Android BIoT solutions will increase from RMB203 billion in 2024 to RMB221 billion in 2029, representing a CAGR of 1.7%. Among them, the market size of Windows-based BIoT solution amounted to RMB178 billion in 2024, according to CIC.

SUMMARY OF KEY FINANCIAL INFORMATION

Summary of the Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table sets forth a summary of our consolidated statements of profit or loss for the periods indicated, derived from our consolidated statements of profit or loss set out in the Accountant's Report included in Appendix I to this prospectus.

	Years Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Revenue	3,070,569	3,456,377	3,811,858
Cost of sales	(2,249,409)	(2,459,046)	(2,618,912)
Gross profit	821,160	997,331	1,192,946
Other income	50,569	94,855	91,871
Other gains and losses	8,038	39,550	(28,951)
Distribution and selling expenses	(321,878)	(360,985)	(411,627)
Administrative expenses	(84,996)	(135,076)	(120,702)
Research and development expenses	(353,647)	(394,453)	(422,767)
Impairment losses under expected credit loss ("ECL") model, net of reversal ..	(2,290)	(3,910)	(5,322)
Listing expenses	—	—	(26,156)
Finance costs	(16,641)	(30,103)	(31,721)
Profit before tax	100,315	207,209	237,571
Income tax credit (expense)	913	(26,166)	(14,970)
Profit for the year	101,228	181,043	222,601

Non-IFRS Measures

To supplement our consolidated statements of profit or loss which are presented in accordance with IFRS, we use adjusted net profit (Non-IFRS measure) as non-IFRS measures, which are not required by, or presented in accordance with, IFRS.

We define adjusted net profit (Non-IFRS measure) as profit for the periods adjusted by adding back (i) share-based payments, which are non-cash in nature, and (ii) listing expenses, which relate to the Global Offering. We believe that Non-IFRS measures facilitate the comparisons of operating performance and provide useful information to investors and others in understanding and evaluating our operating performance in the same manner as it helps our management. However, our presentation of Non-IFRS measures for the periods may not be comparable to similarly titled measures presented by other companies. The use of Non-IFRS measures has limitations as an analytical tool, and investors should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

The following table reconciles Non-IFRS measures for the periods prepared in accordance with IFRS Accounting Standards.

	For the Year Ended December 31		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Profit for the year	101,228	181,043	222,601
<i>adjusted for</i>			
Share-based payment expenses	4,201	39,324	19,993
Listing expenses	—	—	26,156
Adjusted net profit (Non-IFRS measure)	105,429	220,367	268,750

SUMMARY

Revenue

The following table sets forth a breakdown of our revenue by business segment and as a percentage of our total revenue, for the periods indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Sales of smart devices						
Smart desktop devices	954,216	31.1	959,202	27.7	972,455	25.5
Smart mobile devices	659,879	21.5	808,764	23.4	1,001,734	26.2
Smart payment devices	1,222,771	39.8	1,463,896	42.4	1,536,646	40.3
Accessories and parts	170,953	5.6	206,131	6.0	262,235	7.0
Subtotal	3,007,819	98.0	3,437,993	99.5	3,773,070	99.0
PaaS platform and customization services	62,750	2.0	18,384	0.5	38,788	1.0
Total revenue	3,070,569	100.0	3,456,377	100.0	3,811,858	100.0

Our sales exhibit a seasonal pattern, with a greater share of revenue generated in the second half of the year, because our major customers in the BIoT industry typically plan their budgets at the beginning or end of their fiscal year and bulk purchase orders are more likely to be placed following budget approvals.

For details, see “Financial Information — Description of Major Components of Our Results of Operations.”

Summary of the Consolidated Statements of Financial Position

The table below sets forth the selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from our consolidated financial statements included in Appendix I to this Prospectus.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Non-current assets	275,608	365,516	1,139,431
Current assets	3,185,912	4,037,756	4,212,988
Total assets	3,461,520	4,403,272	5,352,419
Non-current liabilities	50,452	73,223	78,228
Current liabilities	1,635,548	2,490,302	3,181,694
Total liabilities	1,686,000	2,563,525	3,259,922
Net current assets	1,550,364	1,547,454	1,031,294
Net assets	1,775,520	1,839,747	2,092,497

We recorded net assets of RMB1,775.5 million, RMB1,839.7 million and RMB2,092.5 million as of December 31, 2023, 2024 and 2025, respectively. The fluctuations of net assets were primarily affected by (i) the profit for the year, (ii) dividends recognized as distribution, and (iii) recognition of equity settled share-based payments. For details, see the Accountant’s Report set out in Appendix I to this Prospectus for a detailed description of our statements of changes in equity.

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of
	2023	2024	2025	February 28,
	<i>(RMB in thousands)</i>			2026
				<i>(unaudited)</i>
Inventories	407,758	501,737	773,265	1,121,804
Trade and other receivables	1,083,271	1,573,246	1,804,880	1,437,559
Contract costs	1,613	429	1,506	1,756
Tax recoverable	4,816	4,363	4,392	4,391
Bills receivables measured at fair value through other comprehensive income (“FVTOCI”)	11,714	3,289	7,998	5,726
Term deposits with an original maturity over three months but within one year	134,217	57,500	92,720	60,367
Restricted bank deposits	121,688	79,344	57,332	57,935
Cash and cash equivalents	1,420,835	1,817,848	1,470,895	1,078,549
Current assets	3,185,912	4,037,756	4,212,988	3,768,087

SUMMARY

	As of December 31,			As of
	2023	2024	2025	February 28,
	(RMB in thousands)			2026
				(unaudited)
Trade and other payables	820,132	1,426,338	1,653,346	1,226,487
Income tax payable	1,208	1,676	11,301	4,529
Bank borrowings	685,101	938,485	1,396,362	1,462,051
Deferred income	3,732	4,921	1,994	1,321
Lease liabilities	24,447	25,412	23,715	26,600
Provisions	14,933	12,941	15,271	15,774
Contract liabilities	85,995	80,529	79,705	117,418
Current liabilities	1,635,548	2,490,302	3,181,694	2,854,180
Net current asset	1,550,364	1,547,454	1,031,294	913,907

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

Summary of the Consolidated Statements of Cash Flows

The following table sets forth our cash flows for the periods indicated.

	For the Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash flows generated from operating activities	82,894	155,844	209,814
Net cash flows (used in)/generated from investing activities	(131,356)	50,921	(790,047)
Net cash flows generated from financing activities	346,369	195,497	235,466
Net increase/(decrease) in cash and cash equivalents	297,907	402,263	(344,767)
Cash and cash equivalents at beginning of the year	1,117,013	1,420,835	1,817,848
Effects of exchange rate changes	5,915	(5,250)	(2,186)
Cash and cash equivalents at end of the year	1,420,835	1,817,848	1,470,895

For details, see “Financial Information — Liquidity and Capital Resources — Cash Flow Analysis.”

Key Operating Data and Financial Ratios

The following table sets forth some of our key operating data for the dates indicated.

	For the Year Ended / As of December 31,		
	2023	2024	2025
Number of registered developers ⁽¹⁾	36,538	39,141	41,998
Number of registered business partners ⁽²⁾	51,029	57,911	65,579
Number of applications available for download	23,349	27,769	33,369
Accumulative number of application downloads	133,306,237	185,904,141	241,610,521
Number of monthly active BIOT devices for the last month of the year/ period	4,086,299	4,938,435	5,967,268
Accumulative number of active BIOT devices (since January 1, 2018)	10,740,266	13,866,629	17,452,345

Notes:

- (1) Registered developers refer to business partners who further register as developers on our DMP to gain access to our APIs for developing applications.
- (2) Registered business partners refer to organizational accounts registered on our DMP, representing upstream and downstream participants in the smart device ecosystem, including device operators, application developers, solution integrators and service providers.

SUMMARY

The following table sets forth some of our key financial ratios for the dates indicated.

	As of / For the Years Ended December 31,		
	2023	2024	2025
Gross profit margin ⁽¹⁾	26.7%	28.9%	31.3%
Net profit margin ⁽²⁾	3.3%	5.2%	5.8%
Adjusted net profit margin (Non-IFRS measure) ⁽³⁾	3.4%	6.4%	7.1%
Gearing ratio ⁽⁴⁾	38.6%	51.0%	66.7%

Notes:

- (1) Gross profit margin is calculated using gross profit for the year divided by revenue for the year and multiplied by 100%.
- (2) Net profit margin is calculated using net profit for the year divided by revenue for the year and multiplied by 100%.
- (3) Adjusted net profit margin (Non-IFRS measure) is calculated using adjusted net profit (Non-IFRS measure) for the year divided by revenue for the year and multiplied by 100%.
- (4) Gearing ratio equals loans and borrowings divided by total equity for the respective year and multiplied by 100%.

For a detailed discussion on the historical changes of these key financial ratios, see “Financial Information — Key Financial Ratios.”

DIVIDENDS

During the year ended December 31, 2023, 2024 and 2025, we declared dividends amounting to nil, RMB151.2 million and nil, respectively, to its shareholders. The corresponding dividend per share was nil, RMB0.42 and nil for the respective periods. Subsequent to the end of the Track Record Period and up to the Latest Practicable Date, we have settled dividend payable to its shareholders.

As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. PRC laws require that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, less appropriations to statutory and other reserves that we are required to make. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial conditions, cash requirements and availability, and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders.

After the Global Offering, we may declare and pay dividends mainly by cash or by stock that we consider appropriate. Decisions to declare or to pay any dividends in the future, will depend on, among other things, our Company’s profitability, operations and development plans, external financing environment, costs of capital, our Company’s cash flows and other factors that our Directors may consider relevant. Our ability to distribute dividends in the future also depends on whether we can receive dividends from our subsidiaries.

FUTURE PLANS AND USE OF PROCEEDS

We estimate that the aggregate net proceeds to our Company from the Global Offering (after deducting underwriting commissions and other estimated expenses in connection with the Global Offering paid and payable by us taking into account any additional discretionary incentive fee and an Offer Price of HK\$24.86 per Share) will be approximately HK\$908.7 million (US\$116.0 million). We currently intend to apply such net proceeds we will receive from this offering for the following purposes: (i) approximately HK\$363.5 million (or approximately 40.0% of the net proceeds) to fund the research and development of BioT hardware and software solutions; (ii) approximately HK\$272.6 million (or approximately 30.0% of the net proceeds) to fund strengthen our supply chain and manufacturing operations; (iii) approximately HK\$181.7 million (or approximately 20.0% of the net proceeds) to fund global market expansion initiatives; and (iv) approximately HK\$90.9 million (or approximately 10.0% of the net proceeds) will be used for working capital and other general corporate purposes. For details, see “Future Plans and Use of Proceeds.”

H SHARE WEIGHTED VOTING RIGHTS STRUCTURE

The Company has an H Share weighted voting rights structure. Under our current weighted voting rights structure, our share capital comprises Class A Shares and Class B Ordinary Shares. Upon the completion of the Global Offering, each Class A Share shall entitle the holder to exercise ten votes and each Class B Ordinary Share shall entitle the holder to exercise one vote, respectively, on any matters subject to the vote at general meetings of the Company, subject to Rule 8A.24 of the Listing Rules, the PRC Company Law and Articles of Association that require the Reserved Matters and the Special Matters to be voted on a one vote per share basis.

SUMMARY

WEIGHTED VOTING RIGHTS STRUCTURE

The table below sets out the beneficial interests and voting rights that the WVR Beneficiary upon the completion of the Global Offering:

	Number of Class A Shares held	Number of Class B Ordinary Shares held	Approximate percentage of beneficial interests in our total share capital	Approximate percentage of voting rights ⁽¹⁾
Mr. Lin ⁽²⁾	98,584,276	41,251,282	34.73%	79.63%

Notes:

- (1) On the basis that each Class B Ordinary Share entitles the Shareholder to one vote per Share and each Class A Share entitles the Shareholder to ten votes per Share.
- (2) For details of the shareholding structure of Mr. Lin and his controlled entities, see “History, Development and Corporate Structure — Capitalization”.

Our Company is adopting the WVR structure to enable the WVR Beneficiary to exercise voting control over our Company. This will enable our Company to benefit from the continuing vision and leadership of the WVR Beneficiary who will control our Company with a view to its long-term prospects and strategy. Taking into account the WVR Beneficiary’s contribution to the Group, it is in the best interests of the Company and its Shareholders as a whole.

Prospective investors are advised to be aware of the potential risks of investing in companies with weighted voting rights structures, in particular that interests of the WVR Beneficiary may not necessarily always be aligned with those of our Shareholders as a whole, and that the WVR Beneficiary will be in a position to exercise their higher voting power to influence the affairs of our Company and the outcome of Shareholders’ resolutions, irrespective of how other Shareholders vote.

Prospective investors should make the decision to invest in the Company only after due and careful consideration. For further information about the risks associated with the WVR structure adopted by the Company, see “Risk Factors — Risks Relating to the WVR Structure.” Save for the weighted voting rights attached to Class A Shares, the rights attached to Class A Shares and Class B Ordinary Shares are identical. For further information about the rights, privileges and restrictions of the Class A Shares and Class B Ordinary Shares, see “Appendix III — Summary of Articles of Association.”

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Global Offering, Mr. Lin will directly hold 98,584,276 Class A Shares and will control a total of 41,251,282 Class B Ordinary Shares through Woyou ESOP, Woyou Partnership and Ningbo Woyou as their general partner, representing a total of (i) 79.63% of the voting rights in our issued share capital in general meetings (except for resolutions with respect to the Reserved Matters and the Special Matters) with each Class A Share entitling the holder to exercise ten votes and each Class B Ordinary Share entitling the holder to exercise one vote, and (ii) 34.73% of the voting rights in our issued share capital in general meetings for resolutions with respect to the Reserved Matters and the Special Matters with each Share entitling the holder to exercise one vote. Therefore, Mr. Lin, Woyou ESOP, Woyou Partnership and Ningbo Woyou will be our Controlling Shareholders upon the Listing.

PRE-IPO INVESTMENTS

We have undergone multiple rounds of Pre-IPO Investments. For further details of the backgrounds of our Pre-IPO Investors and the principal terms of the Pre-IPO Investments, see “History, Development and Corporate Structure — Pre-IPO Investments”. During the Track Record Period, Yunxin Venture, one of our Pre-IPO investors, holds certain equity interests in one of our five largest customers. For details, please refer to the section headed “Business — Our Customers — Top Five Customers”. For details our continuing connected transaction with close associates of Yunxin Venture after the Listing, please refer to the section headed “Connected Transactions”.

PREVIOUS LISTING ATTEMPT

In June 2021, we submitted our A share listing application to the Shanghai Stock Exchange, which we subsequently withdrew voluntarily in March 2022 taking into account the change in the capital market and regulatory environment in the PRC, which resulted in uncertainty of the Company’s listing timetable. Subsequently in 2024, considering a listing on the Stock Exchange would (a) provide our Company with an international platform to promote our market awareness worldwide, (b) gain access to international capital and optimize our capital structure, (c) further raise our market profile and help us to attract international talents, (d) facilitate our business expansion overseas, and (e) contribute to our long-term development and strategies, we started our H share listing preparation based on our latest corporate development strategies. Our Directors confirm that, to their best knowledge, the CSRC did not raise any major comments or had any material concerns in respect of the Company’s A share listing application to the Shanghai Stock Exchange, including the WVR structure, that would affect the Company’s suitability for a listing on the

SUMMARY

Stock Exchange, and there are no matters relating to the Company's WVR structure that need to be brought to the Stock Exchange's attention or that are necessary to be disclosed in this Prospectus for investors to form an informed assessment of our Company. The Joint Sponsors concur with the aforementioned views of the Directors.

LISTING EXPENSES

Our listing expenses mainly include (i) underwriting-related expenses, such as underwriting fees and commissions, and (ii) non-underwriting-related expenses, comprising professional fees paid to our legal advisors and reporting accountants for their services rendered in relation to the Listing and the Global Offering, and other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total listing expenses for the Global Offering are approximately HK\$150.98 million, accounting for approximately 14.25% of our gross proceeds. Among such estimated total listing expenses, we expect to pay underwriting-related expenses of HK\$34.55 million, professional fees for our legal advisors and reporting accountants of HK\$76.29 million and other fees and expenses of HK\$40.14 million. An estimated amount of HK\$103.83 million for our listing expenses, accounting for approximately 9.80% of our gross proceeds, is expected to be expensed through the statement of profit or loss and an estimated amount of HK\$47.15 million is expected to be recognized directly as a deduction from equity upon the Listing. For the years ended December 31, 2023, 2024 and 2025, the listing expenses incurred amounted to nil, nil and RMB26.2 million, respectively.

APPLICATION FOR LISTING OF THE H SHARES ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the listing of, and permission to deal in, (a) our H Shares to be converted from the Unlisted Shares, and our H Shares to be issued pursuant to the Global Offering, and (b) the Class B Ordinary Shares that may be issued upon conversion of the Class A Shares on a one-to-one basis subject to compliance with regulations on H share "full circulation". We satisfy the requirements under Rule 8.05 and Rule 8A.06 of the Listing Rules with reference to (i) our revenue for the year ended December 31, 2025, which exceeds HK\$1 billion, and (ii) our expected market capitalization at the time of Listing, which exceeds HK\$10 billion based on the Offer Price.

GLOBAL OFFERING STATISTICS

All statistics in the following table are based on the assumptions that (i) the Global Offering has been completed and 42,626,800 H Shares have been issued pursuant to the Global Offering; (ii) 402,626,800 Shares have been issued and are outstanding following the completion of the Global Offering, save for note (2) below; and (iii) 261,415,724 Unlisted Shares will be converted into H Shares upon the completion of the Global Offering.

	Based on an Offer Price of HK\$24.86 per Share
Market capitalization of our Shares ⁽¹⁾	HK\$10,009 million
Market capitalization of our H Shares ⁽²⁾	HK\$7,558 million
Unaudited pro forma adjusted consolidated net tangible assets the Group attributable to owners of the	HK\$8.11
Company per Share as of December 31, 2025 ⁽³⁾	(RMB7.11)

Notes:

- (1) The calculation of market capitalization is based on 42,626,800 H Shares expected to be issued pursuant to the Global Offering and totally 402,626,800 Shares in issue immediately upon completion of the Global Offering.
- (2) The calculation of market capitalization of our H Shares is based on 304,042,524 H Shares expected to be in issue immediately upon completion of the Global Offering, comprising (i) 42,626,800 H Shares expected to be issued pursuant to the Global Offering and (ii) 261,415,724 H Shares to be converted from Unlisted Shares upon the completion of the Global Offering.
- (3) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the parent per Share as of December 31, 2025 is calculated after making the adjustments referred to in Appendix II to this prospectus, and based on 402,626,800 Shares are in issue, assuming the Global Offering had taken place on that date.

LEGAL PROCEEDINGS AND COMPLIANCE

We are committed to adhering to the laws and regulations applicable to our business. During the Track Record Period and up to the Latest Practicable Date, we did not experience any non-compliance incidents that our Directors believe would, individually or collectively, have a material operational or financial impact on our business and operations as a whole.

Nokia Dispute

Since May 2023, we have engaged in licensing negotiations with Nokia, but have not reached an agreement due to differences over royalty rates. In February and March 2025, Nokia initiated legal proceedings in Germany and India against the Group (the "Dispute") as a customary tactical response to bolster its negotiating position. In April 2025, the parties reached a comprehensive licensing settlement, and the Dispute was formally concluded. For details, see "Business – Legal Proceedings and Compliance – Nokia Dispute."

SUMMARY

Brazil Dispute

We are currently involved in a legal proceeding initiated by one of our major customers (“Customer A”) during the Track Record Period regarding a supply agreement dispute. In December 2025, Customer A filed for arbitration (the “Arbitration”) at the International Chamber of Commerce UK (the “ICC”). We believe all claims alleged by Customer A are entirely without legal merit and should be dismissed in their entirety. The specific rationale are as follows: due to Customer A’s continuous and repeated delays in payment, which constitute a serious breach of the Agreement, we formally issued a final payment reminder notice to Customer A on August 29, 2025, pursuant to the Agreement. As Customer A failed to settle the overdue payments within the 10-day cure period stipulated in the Agreement, the Agreement with Customer A was lawfully terminated by us in accordance with the contractual terms. As the Agreement has been terminated pursuant to its terms, Customer A’s claim for continued performance of the Agreement is groundless. In addition, Customer A’s claims for contractual penalties, fulfillment of five-year non-competition restriction, and post-termination service obligations are also without legal basis. As of the Latest Practicable Date, the arbitral tribunal has been constituted, and we are actively preparing for the Arbitration. Zhong Lun Law Firm has been engaged by us as our legal counsel with respect to the disputed matter.

On October 14, 2025, without filing for arbitration pursuant to the dispute resolution clause in the Agreement, Customer A obtained a judgment (the “Brazilian Interim Order”) from the 6th Civil and Occupational Accidents Court of the District of Manaus, requiring us to continue to perform the Agreement during the interim period when the Brazilian Interim Order remains effective. On November 26, 2025, the Court of Appeals of the State of Amazonas in Brazil issued a preliminary ruling to uphold the Brazilian Interim Order but provided us with some flexibility in terms of pricing of the product. As of the Latest Practicable Date, following the issuance of the Brazilian Interim Order, we have not engaged in any conduct that may constitute a breach of the Brazilian Interim Order, including seeking to sell products to other customers in Brazil covered by the exclusivity arrangement, nor the Agreement. On April 10, 2026, the Court of Appeals of the State of Amazonas in Brazil issued an updated preliminary ruling which suspended the key operational restrictions (i.e. the commercial exclusivity clauses) that the Brazilian Interim Order previously imposed on us. With the updated preliminary ruling, we are able to freely conduct our business and sell our products in Brazil. The updated preliminary ruling is legally effective and enforceable on an interim basis and will remain in force pending a final decision. The Brazilian proceedings are still going, and the relevant rulings may be subject to further appeal, modification or reversal. For details, see “Business – Legal Proceedings and Compliance – Brazil Dispute.”

From time to time, we may be involved in contractual disputes or legal proceedings arising from the ordinary course of our business. Except for disclosed above, during the Track Record Period and up to the Latest Practicable Date, we were not subject to any claims, damages, or losses that would have a material adverse effect on our financial position or results of operations as a whole. Litigation or any other legal proceeding, regardless of the outcome, is likely to result in substantial costs and diversion of our resources, including our management’s time and attention. For the potential impact of legal proceedings on us, see “Risk Factors – Risks Relating to Our Business and Industry – Certain lawsuits or arbitrations could adversely affect our business or financial results.”

TARIFFS AND TRADE RESTRICTIONS

During the Track Record Period, the transaction value of orders for which we bore tariffs under contractual arrangements represented approximately 2.1%, 9.3% and 2.2% of our total revenue in 2023, 2024 and 2025, respectively. Although U.S. tariff rates applicable to our smart devices and accessories increased significantly in 2025, from 0%–7.5% for smart devices and 0%–25% for accessories in 2023 to 2024, to 0%–17.5% and 0%–35%, respectively, in February 2026, we have mitigated the impact through advance stocking, customer cost-sharing arrangements, and diversification of production capacity in Southeast Asia. In addition, our procurement of U.S.-origin commercial chips were mid- to low-end commercial chips (such as CPUs, USB chips and interface chips), which, with limited exceptions, are not subject to export restrictions from the U.S. to China and are exempt from import tariffs into China, and we have secured alternative supply channels to manage potential future risks. See “Business – Tariffs and Trade Restrictions.”

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of the Prospectus, there had been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects since December 31, 2025, being the end date of the periods reported on in the Accountants’ Report set out in Appendix I to this Prospectus, and there had been no event since December 31, 2025 that would materially affect the information shown in the Accountants’ Report set out in Appendix I to this Prospectus.

DEFINITIONS

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

“Accountants’ Report”	the accountants’ report of our Company prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this Prospectus
“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”	the Accounting and Financial Reporting Council of Hong Kong
“Ant Group”	Ant Group Co., Ltd. (螞蟻科技集團股份有限公司, “Ant”) and its subsidiaries
“Articles” or “Articles of Association”	the articles of association of our Company, as amended from time to time, which shall become effective upon the Listing Date, a summary of which is set out in Appendix III to this Prospectus
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Banking Ordinance”	the Banking Ordinance, Chapter 155 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Baolong Investment”	Guangzhou Baolong Investment Enterprise (Limited Partnership) (廣州暴龍投資企業(有限合夥)), a limited partnership established in the PRC on February 28, 2014 and one of our Pre-IPO Investors
“Board”, “Board of Directors” or “our Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are generally open to the public for normal business and which is not a Saturday, Sunday or public holiday in Hong Kong
“Capital Market Intermediary(ies)”, “capital market intermediary(ies)” or “CMI(s)”	the capital market intermediaries participating in the Global Offering, with the meaning ascribed thereto under the Listing Rules
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China”, “Chinese mainland”, or “PRC”	the People’s Republic of China, which, for the purposes of this Prospectus and for geographical reference only, excludes the regions of Hong Kong, Macau and Taiwan of the People’s Republic of China
“CIC”	China Insights Consultancy, a professional market research and consulting company, which is an Independent Third Party
“CIC Report”	an independent market research report commissioned by us and prepared by CIC for the purposes of this Prospectus
“Class A Shares”	Class A shares in the share capital of the Company with a par value of RMB1.00 each, conferring weighted voting rights in the Company such that a holder of a Class A share is entitled to ten votes per share upon Listing on all matters subject to the vote at general meetings of the Company, subject to the requirements under Rule 8A.24 of the Hong Kong Listing Rules, the PRC Company Law and Articles of Association that the Reserved Matters and the Special Matters shall be voted on a one vote per share basis
“Class B Ordinary Shares”	Class B shares in the share capital of the Company with a par value of RMB1.00 each, conferring a holder of a Class B share one vote per share on all matters subject to the vote at general meetings of the Company, which comprise H Shares upon Listing
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Companies Ordinance”	the 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”	the 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”, “our Company” or “the Company”	Shanghai Sunmi Technology Co., Ltd. (上海商米科技集團股份有限公司), previously known as Shanghai Sunmi Technology Co., Ltd. (上海商米科技有限公司) and Shanghai Woyou Information Technology Co., Ltd. (上海我有信息科技有限公司), a joint stock company established in the PRC on December 11, 2013
“Compliance Adviser”	the compliance adviser as named in the section headed “Directors and Parties Involved in the Global Offering” in this Prospectus
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholders”	Refer to Mr. Lin, Woyou ESOP, Woyou Partnership and Ningbo Woyou
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“Corporate Governance Committee”	the corporate governance committee of the Board
“CSDCC”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)” or “our Director(s)”	the director(s) of our Company
“EIT”	the PRC enterprise income tax
“EIT Law”	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》)
“Exchange Participant(s)”	a person (a) who, in accordance with the Listing Rules, may trade on or through the Hong Kong Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Hong Kong Stock Exchange as a person who may trade on or through the Hong Kong Stock Exchange
“Extreme Conditions”	extreme conditions as announced by the government of Hong Kong in the case where a super typhoon or other natural disaster of a substantial scale seriously affects the working public’s ability to resume work or brings safety concern for a prolonged period
“FINI”	“Fast Interface for New Issuance”, the online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for the Listing
“General Rules of HKSCC”	General Rules of HKSCC published by the Stock Exchange and as amended from time to time
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Group”, “our Group”, “our”, “we”, or “us”	our Company and its subsidiaries, or any one of them as the context may require, and where the context requires, the businesses operated by our Company and/or its subsidiaries and their predecessors (if any)
“Guangyi Investment”	Shanghai Guangyi Investment Management Center (Limited Partnership) (上海光易投資管理中心(有限合夥)), a limited partnership established in the PRC on December 30, 2015 and one of our Pre-IPO Investors
“Guide for New Listing Applicants”	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“H Share(s)”	listed Class B Ordinary Share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and to be listed on the Hong Kong Stock Exchange
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hantao Consulting”	Shanghai Hantao Information Consulting Co., Ltd. (上海漢濤信息諮詢有限公司), a company with limited liability established in the PRC on September 23, 2003 and one of our Pre-IPO Investors
“HK\$”, “HKD” or “Hong Kong dollars”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC EIPO”	the application for Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant’s stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC’s FINI system to apply for Hong Kong Offer Shares on your behalf
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HKSCC Operational Procedures”	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC’s services and the operation and functions of CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, as in force from time to time
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Participant”	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Offer Shares”	4,262,700 H Shares (subject to reallocation as described in the section headed “Structure of the Global Offering”) initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering
“Hong Kong Public Offering”	the offering of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee), on and subject to the terms and conditions described in “Structure of the Global Offering — The Hong Kong Public Offering” in this Prospectus
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hong Kong Takeovers Code” or “Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in the section headed “Underwriting — Hong Kong Underwriters” in this Prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated April 17, 2026 relating to the Hong Kong Public Offering entered into by, among others, our Company, our Controlling Shareholders, the Joint Sponsors, the Overall Coordinators and the Hong Kong Underwriters, as further described in the section headed “Underwriting – Underwriting Arrangements and Expenses — Hong Kong Public Offering — Hong Kong Underwriting Agreement” in this Prospectus
“IFRSs”	the IFRS accounting standards, which include standards, amendments and interpretations promulgated by International Accounting Standards Board (IASB) and the International Accounting Standards (IAS) and interpretations issued by the International Accounting Standards Committee (IASC)

DEFINITIONS

“IIT Law”	the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》)
“Independent Third Party(ies)”	any person(s) or entity(ies) who is not a connected person of the Company within the meaning of the Listing Rules
“International Offer Shares”	the 38,364,100 H Shares offered by our Company pursuant to the International Offering (subject to reallocation as described in the section headed “Structure of the Global Offering”)
“International Offering”	the conditional placing of the International Offer Shares by the International Underwriters at the Offer Price outside the United States in offshore transactions in reliance on Regulation S and subject to the terms and conditions of the International Underwriting Agreement, as further described in the section headed “Underwriting — International Offering” in this Prospectus
“International Underwriters”	the group of international underwriters who are expected to enter into the International Underwriting Agreement to underwrite the International Offering
“International Underwriting Agreement”	the underwriting agreement relating to the International Offering expected to be entered into on or about Monday, April 27, 2026 by, amongst others our Company and the International Underwriters, as further described in the section headed “Underwriting – International Offering” in this Prospectus
“Jinxing Venture”	Tianjin Jinxing Venture Investment Co., Ltd. (天津金星創業投資有限公司), a company with limited liability established in the PRC on December 26, 2013 and one of our Pre-IPO Investors
“Joint Bookrunners”	the joint bookrunners as named in the section headed “Directors and Parties Involved in the Global Offering” in this Prospectus
“Joint Global Coordinators”	the joint global coordinators as named in the section headed “Directors and Parties Involved in the Global Offering” in this Prospectus
“Joint Lead Managers”	the joint lead managers as named in the section headed “Directors and Parties Involved in the Global Offering” in this Prospectus
“Joint Sponsors” and “Sponsor-Overall Coordinators”	the joint sponsors and sponsor-overall coordinators as named in the section headed “Directors and Parties Involved in the Global Offering” in this Prospectus
“Latest Practicable Date”	April 13, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this Prospectus prior to its publication
“Listing”	listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
“Listing Committee”	the listing committee of the Hong Kong Stock Exchange
“Listing Date”	the date, expected to be on or about Wednesday, April 29, 2026, on which our H Shares are to be listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operates in parallel with the GEM of the Hong Kong Stock Exchange
“MOF”	the Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)

DEFINITIONS

“Mr. Lin”	Mr. Lin Zhe, our executive Director, chairman of the Board, general manager, WVR Beneficiary and one of our Controlling Shareholders
“NDRC”	the 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)
“Ningbo Woyou”	Ningbo Woyou Investment Partnership (Limited Partnership) (寧波握友投資合夥企業(有限合夥)), a limited partnership established in the PRC on December 30, 2014 and one of our Controlling Shareholders
“Nomination Committee”	the nomination committee of the Board
“Nongyin Wenying”	Xinyu Nongyin Wenying Investment Management Partnership (Limited Partnership) (新餘農銀穩盈投資管理合夥企業(有限合夥)), a limited partnership established in the PRC on June 12, 2017 and one of our Pre-IPO Investors
“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)
“Offer Price”	HK\$24.86, being the price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%) at which the Offer Shares are to be subscribed for and issued pursuant to the Global Offering as described in the section headed “Structure of the Global Offering” in this Prospectus
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares
“Overall Coordinator(s)”	the overall coordinators as named in the section headed “Directors and Parties Involved in the Global Offering” in this Prospectus
“Overseas Listing Trial Measures”	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five supporting guidelines (《境內企業境外發行證券和上市管理試行辦法》及五項配套指引) promulgated by the CSRC on February 17, 2023 which became effective on March 31, 2023
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Company Law”	the Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
“PRC GAAP”	generally accepted accounting principles of the PRC
“PRC Legal Adviser”	Jingtian & Gongcheng, the PRC legal adviser to our Company in connection with the Global Offering
“PRC Securities Law”	the Securities Law of the PRC (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time
“Pre-IPO Investment(s)”	the investment(s) in our Group undertaken by the Pre-IPO Investors prior to this initial public offering, the details of which are set out in “History, Development and Corporate Structure” in this Prospectus
“Pre-IPO Investor(s)”	the investor(s) making investments in our Group prior to this initial public offering as set out in “History, Development and Corporate Structure” in this Prospectus

DEFINITIONS

“Prospectus”	this prospectus being issued in connection with the Hong Kong Public Offering
“Regulation S”	Regulation S under the U.S. Securities Act
“Reserved Matters”	those matters resolutions with respect to which each Share is entitled to one vote at general meetings of the Company pursuant to Rule 8A.24 of the Hong Kong Listing Rules, being: (i) any amendment to the Articles of Association, (ii) the variation of the rights attached to any class of Shares, (iii) the appointment or removal of an independent non-executive Director, (iv) the appointment or removal of the Company’s auditors, and (v) the voluntary winding-up of the Company
“Remuneration Committee”	the remuneration committee of the Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
“SAMR”	the 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)
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanshang Investment”	Jiashan Zhegu Shanshang Private Equity Partnership (Limited Partnership) (嘉善浙股善商股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on October 31, 2023 and one of our Pre-IPO Investors
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	share(s) in the capital of our Company with a nominal value of RMB1.00 each, including H Shares and Unlisted Shares
“Shenzhen Capital Group”	Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司), a limited liability company established in the PRC on August 25, 1999 and one of our Pre-IPO Investors
“Special Matters”	those matters resolutions with respect to which each Share is entitled to one vote at general meetings of the Company pursuant to the PRC Company Law and the Articles of Association, being: (i) merger, division, dissolution or change of corporate form of the Company; (ii) determining the remunerations of Directors who are not employee representatives; and (iii) the election and change of the members of the Audit Committee
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Sunmi Kema”	Shanghai Sunmi Kema Co., Ltd. (上海商米科貿有限公司), a limited liability company established in the PRC on July 14, 2023, and a wholly-owned subsidiary of the Company
“Sunmi Technology HK”	Sunmi Technology HK Limited, a limited liability company incorporated under the laws of Hong Kong on July 2, 2019, and a wholly-owned subsidiary of the Company
“Track Record Period”	the period comprising the three financial years ended December 31, 2023, 2024 and 2025
“treasury shares”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“U.S. dollars”, “US\$” or “USD”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement, as the context may require
“United States” or “U.S.”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“Unlisted Share(s)”	share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are not listed on any stock exchange
“VAT”	value-added tax
“White Form eIPO”	the application process for Hong Kong Offer Shares with applications issued in the applicant’s own name and submitted online through the designated website of the White Form eIPO Service Provider at www.eipo.com.hk
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“Woyou Partnership”	Shanghai Woyou Enterprise Management Center (Limited Partnership) (上海沃有企業管理中心(有限合夥)), a limited partnership established in the PRC on November 13, 2014 and one of our Controlling Shareholders
“Woyou ESOP”	Shanghai Woyou Enterprise Management Partnership (Limited Partnership) (上海沃郵企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on April 20, 2017 and one of our Controlling Shareholders
“WVR Beneficiary”	has the meaning ascribed to it under the Hong Kong Listing Rules and unless the context otherwise requires, refers to Mr. Lin, being the holder of the Class A Shares upon Listing
“WVR structure”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Yunxin Venture”	Shanghai Yunxin Venture Capital Co., Ltd. (上海雲鑫創業投資有限公司), a company with limited liability established in the PRC on February 11, 2014 and one of our Pre-IPO Investors
“%”	per cent

GLOSSARY

This glossary contains certain technical terms used in this document in connection with us and our business. Such terms and their meaning may not correspond to standard industry definitions or usage.

“AI”	artificial intelligence, simulation of human intelligence by machines
“Android”	a mobile operating system used in touchscreen technology including smartphones and tablets
“API”	application programming interface, a set of protocols that allows unconnected applications to communicate with each other
“ARM architecture”	a computer CPU architecture used in computers of all sizes up to supercomputers; commonly used in embedded systems and mobile devices
“BIoT”	business internet of things
“BIoT 1.0”	the BIoT iteration in which hardware and software are developed for narrowly defined, single-function use cases
“BIoT 2.0”	the BIoT iteration in which intelligent operating systems redefine the value of hardware to enable diverse applications; notable features of this iteration include, but are not limited to, smarter BIoT devices compared to BIoT devices in BIoT 1.0
“BIoT 3.0”	the BIoT iteration in which cloud-edge collaboration and AI-enabled low-code/no-code development accelerates the digitalization of real-world business scenarios; notable features of this iteration include, but are not limited to, human-centric interfaces, seamless cross-scenario connectivity and intelligent automation
“CAGR”	compound annual growth rate
“CBB”	common build block
“cloud-edge”	a computing method that combines the characteristics of cloud and edge computing, extending cloud resources and capabilities to the edge of the network, closer to where data is generated and used.
“CPU”	central processing unit
“DDR SDRAM”	double data rate synchronous dynamic random-access memory
“DMP”	device management platform
“DRAM”	dynamic random access memory
“F&B”	food and beverage
“GPU”	graphics processing unit
“HCI”	human-computer interaction
“Hyper Wi-Fi”	a long-range, low-power Wi-Fi HaLow module developed by the Company compliant with the IEEE 802.11ah standard.
“IoT”	Internet of Things, the network of physical devices embedded with electronics, software, sensors, and network connectivity, which enables these objects to collect and exchange data, allowing these devices to communicate with each other and with users
“LCD”	liquid-crystal display
“low-code”	a software development approach that simplifies the creation of applications by using visual interfaces, drag-and-drop tools, and pre-built components, minimizing the need for extensive hand-coding
“MTBF”	mean time between failures
“NFC”	near-field communication
“no-code”	a software development approach that enables individuals with no programming skills or technical background to build applications

GLOSSARY

“NPU”	neural processing unit
“ODM”	original design manufacturer
“OEM”	original equipment manufacturer
“OS”	operating system
“OTA”	over-the-air
“PaaS”	platform as a service, a category of cloud computing services that provides a platform and environment to allow developers to build applications over the Internet
“packet loss rate”	the percentage of data packets that fail to reach their destination during network transmission
“POPs”	Persistent Organic Pollutants Regulation, a European Union law focused on protecting human health and the environment from persistent organic pollutants
“POS”	point of sale
“REACH”	Registration, Evaluation, Authorization, and Restriction of Chemicals, a European Union regulation focused on improving the protection of human health and the environment from the risks posed by chemicals
“ROHS”	Restriction of Hazardous Substances Directive, a set of requirements that restricts the use of specific hazardous materials in electrical and electronic equipment
“SDK”	software development kit, a collection of software development tools in one installable package
“SDRAM”	synchronous dynamic random access memory, a type of computer memory that operates in sync with the system’s clock
“smart device”	an advanced computing device operating on smart operating systems, such as Android OS, which is typically business-oriented and characterized by standardized features and applicable across a wide range of vertical industries
“smart terminal”	an advanced computing device that combines input/output capabilities with local processing power, enabling it to perform tasks beyond basic data entry and display, generally designed for dedicated use in specific scenarios or verticals
“throughput”	the actual rate at which data is successfully delivered over a network connection within a given time period

FORWARD-LOOKING STATEMENTS

We have included in this Prospectus forward-looking statements. Statements that are not historical facts, including but not limited to statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements. When used in this Prospectus, the words “aim”, “anticipate”, “believe”, “could”, “expect”, “going forward”, “intend”, “ought to”, “project”, “seek”, “should”, “will”, “would”, “vision”, “aspire”, “target”, “schedule”, and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in this Prospectus, some of which are beyond our control and may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- our ability to maintain relationship with, and the actions and developments affecting, our customers and suppliers;
- future developments, trends and conditions in the industries and markets in which we operate or plan to operate;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment in the industries and markets in which we operate;
- our ability to maintain our market position;
- the actions and developments of our competitors;
- our ability to effectively contain costs and optimize pricing;
- 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 business strategies and plans to achieve these strategies;
- the effectiveness of our quality control systems;
- change or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends; including those pertaining to the PRC and the industry and markets in which we operate; and
- capital market developments.

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

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

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

RISK FACTORS

An investment in our Class B Shares involves significant risks. You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our Class B 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 and results of operations. In any such case, the investment of our Shares could decline, and you may lose all or part of your investment.

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”.

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

The markets in which we operate are competitive, and if we do not compete effectively, our business, results of operations, financial condition and prospects could be materially and adversely affected.

The Android-based BIoT solution market is competitive and rapidly evolving. According to CIC, we were the world’s largest Android-based BIoT solution provider in terms of revenue in 2024, with a market share of over 10%. The competition in the Android-based BIoT solution market is fierce. According to CIC, the number of total market participants is limited; the second largest Android-based BIoT solution provider has a comparable level of market share of approximately 10%, and the five largest Android-based BIoT solution providers in 2024, in aggregate, accounted for approximately 39% of the total market share in the same year. For more information about the industries in which we operate, see “Industry Overview.” The principal competitive factors in these markets include ease of deployment, implementation and use, performance of smart devices, scalability and reliability, global reach, brand awareness and reputation, the strength of sales and marketing efforts, as well as ability to ensure data security and privacy.

Some of our existing and potential competitors might have substantial competitive advantages, including larger scale, longer operating history, greater brand recognition, more established relationships with customers, suppliers, manufacturers and other business partners, and greater financial, research and development, marketing and other resources. As a result, our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements. Our existing and potential competitors may develop and market new products and services with comparable functionality to ours, and this could force us to offer our products and services at lower prices in order to remain competitive.

Some of our competitors are able to offer products or services at lower prices than ours or with higher penetration than our products and services or in different geographies, which may be attractive to certain customers even if those products and services offer different or fewer functionalities. If we are unable to maintain our current pricing due to the competitive pressures, our margins will be reduced and our business, results of operations and financial condition would be adversely affected. In addition, pricing pressures and increased competition could result in reduced revenue, reduced margins, increased losses or the failure of our products and services to achieve or maintain widespread market acceptance, any of which could harm our business, results of operations and financial condition.

If we are unable to introduce new or upgraded products or services that business partners and merchants recognize as valuable, we may fail to retain and attract these users, and our operating results would be adversely affected.

To retain existing and attract new business partners and merchants, we will need to continue to invest in the development of new products, services and features that add value for them and that differentiate us from competitors. For example, we developed smart devices to meet the diverse and fast-growing demand from large-scale businesses and/or merchants, and continue to optimize our smart BIoT solutions to more accurately capture evolving needs from business partners and merchants. The introduction of new or upgraded products and services is also crucial to staying competitive in the market, stimulating demand from existing customers, and attracting new customers.

In addition, developing and delivering these new or upgraded products, offerings, and services is costly, and their success depends on several factors, including the timely completion, introduction and market acceptance of these products, services, and features; our ability to comply with applicable licensing and other regulatory requirements; and costs of switching to competing offerings, among other things. New products, services and features may involve new risks and challenges that we have limited experience in handling. For example, we may be subject to inventory risks associated with the sale of smart devices to the extent we hold inventories of such devices. Moreover, these new or upgraded products, services or features may not work as expected or may not provide intended value to our users. If we are unable to continue to develop new or upgraded products, services, and features, or if smart device users do not

RISK FACTORS

perceive value in them, such users may cease collaboration with us or choose not to use our devices, which would adversely affect our business and results of operations. In many cases, as these products and services are relatively new to the market, there are limited proven methods to project market demand or preference.

The success of our business is dependent upon our ability to maintain and expand our customer base and our ability to convince our customers to increase the use of our products and services. If we are unable to expand our customer base, or if the use of our products and services by our customers declines, our business may be harmed.

Our ability to expand and generate revenue depends, in part, on our ability to maintain and deepen our relationships with customers and convince them to increase their use of our products and services. In 2023, 2024 and 2025, we had 2,337, 2,262 and 2,434 customers, respectively. If our customers do not increase their usage and demand of our products and services, or if we are unable to attract new customers, our growth rates may slow down or decline. In addition, it is difficult to predict the end users' usage levels of smart devices accurately and the loss of customers or reductions in the end users' usage levels may have a negative impact on our business, results of operations, and financial condition. Our customers may cease, or reduce their usage of our products and services due to a variety of reasons, such as progress in technology that makes our products and services obsolete, a decrease in the quality of our products and services, national security or other concerns caused by our products and services, and shortage of semiconductor components, which are outside our or our customers' control. If a significant number of our customers cease using, or reduce their usage of, our products and services, we may be required to spend significantly more on sales and marketing than we currently plan to spend in order to maintain or increase revenue. These additional expenditures could adversely affect our business, results of operations, and financial condition.

Defects, errors or any other problems associated with our products and services could diminish demand for our products or services, harm our reputation, business and results of operations and subject us to liability.

Our customers may use our products and services for important aspects of their businesses, and any errors, defects or disruptions to our products and services and any other performance problems with our products and services could damage our customers' businesses and, in turn, hurt our brand and reputation. We provide regular updates to our products and services, which have in the past contained, and may in the future contain, undetected errors, failures, vulnerabilities and bugs when first introduced or released. Real or perceived errors, failures, bugs or security vulnerabilities in our products could result in negative publicity, loss of or delay in market acceptance of our smart BIOT solutions, loss of competitive position, lower customer retention or claims by customers for losses sustained by them. In such an event, we may be required, or may choose, for customer relations or other reasons, to expend additional resources in order to help correct the problem. As a result, our reputation and our brand could be harmed, and our business, operating results and financial condition may be adversely affected. Moreover, the edge capabilities of smart devices are embedded in modules manufactured by certain third-party suppliers. Smart devices and modules may contain defects, errors or other product issues, which may negatively impact the performance of our products or services, harm our reputation, damage our ability to attract new and existing customers, and incur significant support, repair or replacement costs even if we can be reimbursed from the third-party suppliers.

Our business and financial results could be affected by an ongoing arbitration with a customer, which may materially and adversely impact our business, financial condition, and results of operations.

From time to time, we may be involved in contractual disputes or legal proceedings arising from the ordinary course of our business. We are currently involved in a legal proceeding initiated by one of our major customers ("Customer A") during the Track Record Period regarding a supply agreement dispute. On October 14, 2025, without filing for arbitration pursuant to the dispute resolution clause in the Agreement, Customer A obtained an order (the "Brazilian Interim Order") from the 6th Civil and Occupational Accidents Court of the District of Manaus, requiring us to continue to perform the Agreement.

On November 26, 2025, the Court of Appeals of the State of Amazonas in Brazil issued a preliminary ruling to uphold the Brazilian Interim Order but provided us with some flexibility in terms of pricing of the product. On April 10, 2026, the Court of Appeals of the State of Amazonas in Brazil issued an updated preliminary ruling which suspended the key operational restrictions (i.e. the commercial exclusivity clauses) that the Brazilian Interim Order previously imposed on us. With the updated preliminary ruling, we are able to freely conduct our business and sell our products in Brazil. The updated preliminary ruling is legally effective and enforceable on an interim basis and will remain in force pending a final decision. The Brazilian proceedings are still going, and the relevant rulings may be subject to further appeal, modification or reversal.

In December 2025, Customer A filed for arbitration (the "Arbitration") at the International Chamber of Commerce UK (the "ICC"), Customer A initiated ICC arbitration notwithstanding the interim relief obtained from a Brazilian court, as the Brazilian Interim Order constitutes a provisional procedural measure and does not represent a

RISK FACTORS

determination on the merits of the disputes arising under the Agreement. The Agreement provides that all substantive disputes shall be resolved exclusively through final and binding ICC arbitration seated in London. Accordingly, initiation of ICC arbitration is the necessary and contractually mandated path to obtain a definitive award on the merits, notwithstanding any parallel court proceedings seeking temporary injunctive relief. If these claims are not upheld by the ICC, Customer A's alternative requests mainly include contract breach penalties of approximately US\$353.9 million, representing the total value of all the purchase orders placed by Customer A under the Agreement, a five-year non-competition restriction, and post-termination service obligations. In the highly unlikely event that we are required to pay alleged contract breach penalties of approximately US\$353.9 million (the "Alleged Contract Breach Penalties"), we would primarily rely on a combination of our cash and cash equivalents, financial assets measured at fair value through profit or loss, term deposits, and our unutilized bank facilities (collectively, the "Liquidity Resources"). As of December 31, 2025, our Liquidity Resources amounted to RMB3.5 billion and there is no material changes to our Liquidity Resources since December 31, 2025. Although our Directors consider that, in this very remote scenario, the lump-sum payment of the Alleged Contract Breach Penalties would temporarily have certain material impacts on our financial position, we have consistently generated positive net operating cash flows throughout the Track Record Period. Accordingly, our Directors are of the view that our financial position will recover and continue to strength over the medium to long term, even if we were required to pay the Alleged Contract Breach Penalties in the very remote case. In a worst-case scenario in which our business relationship with Customer A is fully terminated, our Directors expect the end-users in Brazil may no longer purchase our products in short term, which may in turn adversely affect our revenue. However, it is not possible at this stage to quantify the specific magnitude of such impact, as it will depend on various factors, including our ability to identify and onboard replacement customers in Brazil through whom end users may continue to purchase the same or similar SUNMI products. Additionally, we are actively expanding our customer base and increasing our market penetration in other global markets, which is expected to create new growth drivers and likely offset any negative impact arising from a full termination of our business relationship with Customer A. If we fail to identify or expand our customer base in Brazil, we may be unable to access the Brazilian market. In addition, we would be subject to risks to our financial position and results of operations if we experience overdue payments from other customers. For details of the dispute, please refer to "Business — Legal Proceedings and Compliance." As this dispute is still at a very preliminary stage, we cannot predict with certainty its timing, outcome, potential damages, or expenses that may be incurred, and there can be no assurance that we will prevail. Even if such dispute is resolved in our favor, we may face additional claims from the same customer in the future, as well as similar claims from other customers. In addition, we may also face similar or other commercial disputes in the future. While we believe that this specific dispute has not had a material adverse effect on the Group as a whole, it illustrates that legal proceedings may involve significant amounts of liabilities, injunctive relief orders, and inherent uncertainties. The results of any such lawsuits, investigations, claims, complaints proceedings and fines are inherently unpredictable and expensive.

Based on the view of the Legal Advisor that the Agreement was lawfully terminated and the Legal Advisor opines that we have meritorious defenses, and accordingly, the risk of an adverse outcome in the Arbitration is remote, our Directors believe that it is highly unlikely that the Arbitration and Brazilian Interim Order would have a material adverse effect upon our financial position. Accordingly, no provision or contingent liability has been or will be recognized or disclosed as of December 31, 2025 in accordance with IAS 37. Our Directors believe that the Arbitration and Brazilian Interim Order had not, and will not, have a material adverse effect on our business, results of operations and financial position. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any claims, damages, or losses that would have a material adverse effect on our financial position or results of operations as a whole. Litigation or any other legal proceeding, regardless of the outcome, is likely to result in substantial costs and diversion of our resources, including our management's time and attention.

If we do not successfully anticipate technological developments and develop products and system enhancements that meet these developments, our business, results of operations and prospects may be materially and adversely affected.

The business environment in which we operate, is characterized by rapid technological changes, constantly evolving markets, frequent introduction of new products and services, evolving industry standards and regulations, and increasing customer expectations. We must continue to enhance our existing offerings and develop new technologies and products that address emerging technologies, evolving industry standards, and changing needs from our business partners and merchants. We may not be able to successfully anticipate or adapt to changing technology trends or user needs and preferences on a timely basis, or at all. The process of enhancing our existing products, services and features and developing new technologies is complex and uncertain, and new offerings requires significant upfront investment that may not result in improvements to existing products or result in marketable new products or costs savings or revenue for an extended period of time, if at all. Developments in blockchain technologies, machine learning and AI continue to disrupt the industry. Our success has largely been driven by our capability to innovate and introduce new

RISK FACTORS

products and services, and identify potential needs even before they are recognized by customers. Failure to continue to innovate, or effectively identify and address new customer needs could severely damage our leading position and erode our market share, which in turn would materially and adversely affect our business, financial condition, results of operations and prospects.

Technological development and innovation play a crucial role in driving industry growth, and new technologies and methods such as big data, cloud computing, blockchain, AI, and machine learning are evolving at an unprecedented rate. The development and innovation of technology have higher requirements for up-to-date technical capabilities, continuous learning abilities, and innovation capabilities of our Company and technical related personnel. Failure to continue to maintain our technical upgrading and innovation capabilities may result in our inability to effectively compete in the industry and respond to market changes, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

With the introduction of new products and services and new market entrants, we expect competition to intensify in the future. In addition, some of our customers may choose to use our products and services and our competitors' products and services at the same time, or choose to switch to other smart devices. As we expand the scope of our products and services, we may face additional competition. If one or more of our competitors were to merge or partner with another of our competitors, the change in the competitive landscape could also adversely affect our ability to compete effectively. Moreover, new technologies could render our existing products and services obsolete or less attractive to users, and our business, financial condition, results of operations and prospects could be materially and adversely affected if such technologies are widely adopted. If we fail to keep up with technology changes or to convince our existing users and future potential users of the value of our offerings even in light of new technologies, we may lose merchants or other users and market shares, which may decrease or delay market acceptance of our present and future offerings and materially and adversely affect our business, financial condition, results of operations and prospects.

Sustained innovation requires us to invest significant resources to identify new opportunities, create new markets and develop new products or services that deliver more value to our customers and our partners. Our investments in innovations, which may be significant, may not enhance our competitiveness or generate financial returns in the short term. We have ongoing research and development projects and studies but there is a high degree of uncertainty around the progress and results of these initiatives. Additionally, there is uncertainty around the commercialization of our technology achievements. If we fail to correctly judge the direction of our research and development efforts, fail to achieve key technological breakthroughs in this process, or are unable to apply our research and development results to practical business scenarios, we may face risks such as unrecoverable research and development investment and unrealized expected benefits. Even if we succeed in identifying new opportunities, creating new markets, innovating new products and services and adopting changes in our strategies and plans, we may nevertheless fail to realize the anticipated benefits of these changes and our financial performance may suffer as a result. Failure to achieve expected results from our research and development efforts could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may not be able to sustain our historical growth rates, and our historical growth may not be indicative of our future growth or financial results.

During the Track Record Period, our revenue increased from RMB3,070.6 million in 2023 to RMB3,456.4 million in 2024, and further increased to RMB3,811.9 million in 2025. However, there is no assurance that we will be able to maintain our historical growth rates in future periods. Our growth rates and revenue may decline for a number of reasons, including China's and global overall economic growth, the ongoing digitalization of China's economy, technology development of the smart BIoT industry, accumulation of smart BIoT experts in China, awareness of enterprises to deploy smart devices, our investment in technology innovation and smart BIoT solutions, our ability to attract and retain our users, our ability to create value for users with our innovative enterprise smart BIoT solutions, our ability to manage our costs and enhance operating leverage. We cannot assure you that we will be able to effectively manage our growth or implement our business strategies. If the market for our solutions does not develop as we expect or if we fail to address the needs of this dynamic market, our business, results of operations and financial condition will be materially and adversely affected.

Our results of operations may be affected from period to period due to the seasonality of our business and fluctuations in our operating costs.

Our results of operations may be affected from period to period due to many factors, including seasonal factors that may affect the demand for our products as impacted by the market trends of the BIoT industry. Due to the fact that our major customers in the BIoT industry typically plan their budget at the beginning or the end of their fiscal year, our sales to customers demonstrate a seasonal pattern in which we tend to generate more revenue in the second half of a given year as bulk purchase orders are more likely to be made after the approval of budgets. Furthermore, as a result of our customer portfolio, our sales are often impacted by non-PRC holidays celebrated by our global customers (e.g.

RISK FACTORS

Christmas and Ramadan), in addition to the influence from PRC national holidays. According to CIC, our business seasonality is consistent with that of the BIoT industry. It mainly reflects the procurement and deployment cycles of enterprise and commercial customers, who typically finalize budgets at the beginning or end of their fiscal year and implement procurement in the second half. In addition, the BIoT industry is also influenced by regional consumption and festive seasons, as many customers tend to complete device upgrades or deployments ahead of major holidays or peak business periods. Such seasonality is common across the industry and reflects customer purchasing behavior rather than company-specific operational factors. Due to the foregoing factors, our financial condition and results of operations for future periods may continue to fluctuate and our historical periodical results may not be comparable to future periods. Moreover, due to our relatively limited operating history, the seasonal trends that we have experienced in the past may not apply to, or be indicative of, our future operating results. As a result, the trading price of our shares may fluctuate from time to time due to seasonality.

We have granted, and may continue to grant, restricted share or other types of awards under our share incentive plans, which may result in increased share-based payment compensation and adversely impact our results of operations, as well as shareholding dilution to our Shareholders.

We adopted employee incentive plans to enhance our ability to attract and retain exceptionally qualified individuals and to encourage them to acquire a proprietary interest in the growth and performance of us. We incurred share-based payment expenses of RMB4.2 million, RMB39.3 million and RMB20.0 million in 2023, 2024 and 2025, respectively. We believe share based awards as part of an overall compensation package are important to attracting and retaining key personnel and employees, and we plan to continue to grant share based payment compensation to employees in the future. As a result, our share-based payment expenses may increase, which may have an adverse effect on our results of operations and financial condition. Issuance of additional shares with respect to such share-based payments may also dilute the shareholding of our Shareholders and could result in a decline in the value of our H Shares.

Our international operations exposes us to significant regulatory, economic operations.

As of December 31, 2025, we have sold our smart BIoT solutions to merchants and businesses in over 200 countries and regions. During the Track Record Period, the majority of our revenue derived from overseas market, which accounted for 67.7%, 78.0% and 74.9% of our total revenue in 2023, 2024 and 2025, respectively. We expect that our international activities will continue to grow over the foreseeable future as we continue to pursue opportunities in existing and new markets, which will require significant management attention and financial resources worldwide. In connection with such expansion, we may face difficulties including costs associated with varying seasonality patterns, potential adverse movement of currency exchange rates, longer payment cycle difficulties in collecting accounts receivable in some countries, tariffs and trade barriers, a variety of regulatory or contractual limitations on our ability to operate, adverse tax events, reduced protection of intellectual property rights in some countries, political risks and a geographically and culturally diverse workforce and customer base. Failure to overcome any of these difficulties could harm our business.

In addition, we will face risks in doing business internationally that could adversely affect our business, financial condition and results of operations, including:

- the difficulty of managing and staffing international operations and the increased operations, travel, infrastructure and legal compliance costs associated with numerous international locations;
- challenges to our corporate culture resulting from a dispersed workforce;
- our ability to effectively price our products in competitive international markets;
- foreign ownership restrictions;
- potentially greater difficulty collecting accounts receivable and longer payment cycles;
- the need to adapt and localize our products and services for specific countries;
- difficulties in understanding and complying with local laws, regulations and customs in foreign jurisdictions;
- difficulties in complying with local laws, regulations and customs in foreign jurisdictions, including those governing competition, pricing, internet activities, cybersecurity and data protection, employment and labor laws, privacy, collection, use, processing, or sharing of personal information, intellectual property, and other activities important to our business;
- difficulties with differing technical and environmental standards, privacy, cybersecurity, data protection and telecommunications regulations and certification requirements across multiple jurisdictions, which could prevent customers from deploying our products and services or limit their usage;

RISK FACTORS

- difficulties in understanding, and adapting our products and services to, local end-users' habits and preferences;
- geopolitical or trade tensions, particularly between the United States and China;
- tariffs and other non-tariff trade barriers, such as quotas and local content rules;
- the complexities of complying with current and future export controls and economic sanctions administered by the U.S. Department of Commerce's Bureau of Industry and Security (BIS), the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) and other relevant sanctions authorities;
- more limited protection for intellectual property rights in some countries;
- adverse tax consequences;
- fluctuations in currency exchange rates, which could increase the price of our products and services in certain markets, increase the expenses of our international operations and expose us to foreign currency exchange rate risk or the cost and risk of hedging transaction if we choose to enter into such transactions in the future;
- currency control regulations, which might restrict or prohibit our conversion of other currencies into RMB and/or U.S. dollars; and
- restrictions on the transfer of funds across borders.

Our failure to manage any of these risks successfully could harm our international operations, and adversely affect our business, operating results and financial condition. In some cases, compliance with the laws and regulations of one country could violate the laws and regulations of another country. As our global operations evolve, we cannot assure you that we are able to fully comply with the legal requirements of each jurisdiction and successfully adapt our business models to local market conditions. Due to the complexity involved in our international business expansion, we cannot assure you that we are or will be in compliance with all local laws.

Sales of smart devices account for a majority of our revenue, and any decrease in such sales or any increase in the costs associated with such sales may materially and adversely affect our business.

During the Track Record Period, we generated our revenue primarily from sales of smart devices, which accounts for 98.0%, 99.5% and 99.0% of our total revenue in 2023, 2024 and 2025, respectively. A decrease in the sales volume of our smart devices or their prices, changing user preference or material quality issues concerning our smart devices may materially and adversely affect our business and operating results. Furthermore, we are exposed to increases in the prices of materials and components used to manufacture smart devices. We may not be able to reflect such increases completely or in a timely fashion. In addition, some of our larger competitors may be able to leverage a larger customer base and distribution network to adopt more aggressive pricing policies and offer more attractive sales terms, which could cause us to lose potential sales or to sell our smart BIoT solutions at lower prices. Our future growth and financial performance may depend in part on our ability to develop, produce and sell smart devices. If we fail to deliver product enhancements, new releases or new products that our users consider useful and attractive, our business and results of operations would be harmed.

We derive a significant share of revenue from a few major industry verticals. A material adverse development in any of these verticals could negatively affect our business, financial condition, and results of operations.

We work closely with certain industry verticals in China and overseas. Although our smart devices serve 15 major industries and more than 100 sub-verticals — covering restaurants, supermarkets, sports and fitness, clinics, and delivery — a significant portion of our transactions is concentrated in a few key verticals. During the Track Record Period, more than 50% of our direct-sales revenue was generated from end-customers in our major verticals, including payments, food and beverage, and retail. Our continued engagement with these verticals is important as we seek revenue growth from end-customers operating within them. Our business, financial condition, and results of operations may still be affected by declining demand in one or more major verticals. In addition, it is possible that certain major verticals may no longer procure our products. Adverse changes in market conditions, including macroeconomic downturns, shifts in customer spending, pricing pressure, or supply chain disruptions, could reduce demand for our products and services and materially and adversely affect our revenue, profitability, and overall financial performance. If that occurs, customers may lose confidence in our offerings and seek alternative BIoT solution providers if they perceive that we are not a qualified provider for those verticals, which could adversely affect our business, financial condition, and results of operations.

RISK FACTORS

If we fail to manage the operation of our platform, systems and infrastructure, our users may experience service outages and delays in the deployment of our products and services.

We have experienced, and may in the future experience, system disruptions, outages, data losses and other performance problems. These types of problems may be caused by a variety of factors, including infrastructure changes, human or software errors, viruses, security attacks, fraud, spikes in user usage and denial of service issues. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. Additionally, we currently use various third-party cloud-hosting providers to provide cloud infrastructure to support our platform. We do not control the physical operation of any of the cloud infrastructure we use or the operations of these third-party cloud-hosting providers. These third-party operations may experience break-ins, computer viruses, denial-of-service attacks, sabotage, acts of vandalism, and other misconduct. These facilities may also be vulnerable to damage or interruption from power loss, telecommunications failures, fires, floods, earthquakes, hurricanes, tornadoes, and similar events. The occurrence of any such event, a decision by our third-party service providers to terminate their services without adequate notice, termination or suspension of the contractual and other business relationships between us and such cloud infrastructure providers or other unanticipated problems may result in interruptions to our platform and could experience significant delays and incur additional expense in transitioning users to a different cloud infrastructure provider. Any difficulties these providers face, including the potential of certain network traffic receiving priority over other traffic (i.e., lack of net neutrality), may adversely affect our business, and we exercise little control over these providers, which increases our vulnerability to problems with the services they provide.

Any disruptions, outages, defects, and other performance and quality problems with our product and platform or with our products and services and internet infrastructure on which they rely, or any material change in our contractual and other business relationships with our cloud infrastructure providers, could result in reduced use of our platform, increased expenses and harm to our brand and reputation, and cause merchants and carriers to switch to our competitors' platforms, any of which could have a material adverse effect on our business, financial condition, and results of operations.

Our research and development as well as business operations are dependent on our executives and key employees. If we are unable to attract, retain and motivate these executives and employees, we may not be able to improve our solutions, obtain new business opportunities and successfully execute our business strategies.

The market for high-caliber workers and leaders in our industry is extremely competitive. To execute our business strategies successfully, we must attract, retain and motivate our executives and key employees. In particular, hiring qualified executives and research and development personnel is costly and critical to our business. Competition for personnel results in increased costs in the form of cash and share-based compensation. Nonetheless, we must recruit and develop diverse talent to remain competitive in our industry. Effective succession planning is also important to our long-term success. Failure to ensure effective transfer of knowledge and smooth transitions involving key employees could hinder our strategic planning and execution. If we are less successful in our recruiting efforts, or if we cannot retain key employees or their knowledge, our ability to develop and deliver successful solutions may be adversely affected.

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 workforce needs. Changes in immigration and work permit laws and regulations or the administration or interpretation of such laws or regulations could impair our ability to attract and retain highly qualified employees. If we do not continue to anticipate and address the needs of our employees sufficiently and/or in a timely manner, their productivity could be impacted, or we could fail to retain them, which could have a material adverse impact on our future business operations, results of operations and financial condition.

Geopolitical tensions and disruptions in the international trading and investment environment may seriously decrease our international sales and affect our operations.

We sell our products on a worldwide basis. As a result, government regulations and policies restricting international trade and investment, such as economic or trade sanctions, export controls, tariffs or foreign investment filings and approvals, may affect the demand for our solutions, impact the competitive position of our solutions, prevent us from offering solutions in certain countries, limit our customers' ability to sell their products abroad, or disrupt our research and development activities. Prolonged or increased use of such measures may negatively impact the growth of the global BIoT industry, resulting in declines in device sales from which we generate our revenue through our products and services.

Disruptions in the international trading environment, including those caused by adverse changes in foreign government regulations, political unrest, international economic downturns, terrorist attacks and military actions, may affect the demand for our products and change the terms upon which we sell our products overseas, which could seriously decrease our international sales. In addition, our ability to compete effectively could be materially and

RISK FACTORS

adversely affected by a number of factors relating to international trade regulation. Failure to comply with trade regulations could restrict our ability to export products, resulting in a decrease in our international sales.

Certain raw materials and components assembled into our products are imported from the U.S. and subject to the U.S. Export Administration Regulations (the “EAR”), which are administered by the U.S. Bureau of Industry and Security (the “BIS”). This may result in our products being subject to the EAR’s *de minimis* rule. The EAR may prohibit us from exporting, re-exporting, or transferring these products without a license to certain persons, including those on the BIS’s Entity List or Unverified List, certain territories or persons subject to sanctions, or for certain prohibited end uses. We cannot predict if and when BIS might begin applying more restrictive designations or controls to our current or future products and technologies or prohibit additional parties from receiving our products or technologies that are subject to the EAR. These or similar developments could materially restrict or prohibit our ability to export, re-export or transfer our products and technologies subject to the EAR, including to potential customers in the future, which could materially and adversely affect our business plans and prospects.

We have implemented policies and procedures designed to ensure compliance by us and our directors, officers, employees, representatives, consultants, agents and business partners with the EAR. The EAR, however, may be subject to frequent changes, and their implementation, interpretation and enforcement involve substantial uncertainties, which may be heightened by potential political and national security concerns or other factors that are out of our control. More expansive restrictions may be imposed in the future. We will need to maintain heightened internal control and risk management policies to ensure sound compliance with such restrictions, which requires significant resources and efforts. Moreover, our policies and procedures cannot guarantee that no one could ever engage in improper conduct for which we may be held responsible. We take precautions to prevent our products from being provided to any target of export control prohibitions and require our independent distributors and customers by contract not to cause violations of export control laws, however, we cannot assure you that our products could never be improperly resold or otherwise provided to such targets by our independent distributors or customers. Any such resale or provision could subject us to potential government investigations, penalties and reputational damage.

In recent years, the United States has expanded export controls restrictions on China. As part of these restrictions, BIS maintains lists of persons that are subject to enhanced export control restrictions. One such list, the Entity List, includes a list of foreign persons on which certain trade restrictions are imposed, including business, research institutions, government and private organizations, individuals and other types of legal persons. The United States in recent years has placed an increasing number of entities, including a number of entities in China, on the Entity List and other restricted or prohibited parties lists. Given the sudden and unpredictable nature of these determinations, it is difficult to predict developments in this area, and we have no ability to influence such determinations.

If new export control measures were to include a complete or more restrictive ban on sales to certain entities, it could impact not only our ability to continue supplying our products to affected customers, but could also negatively affect our customers’ demand for our products, and could even lead to changes in supply chains of our products, to the extent they involve the use of items subject to the EAR. Even if our products are not directly targeted by these types of export controls, we may nonetheless face higher costs and expenses in our supply chain due to new export controls measures as our customers and business partners may be negatively affected by export controls measures directed at China.

With respect to these export control regulations, based on the advice from our sanction counsel, our Directors confirm that that U.S. law does not prohibit us from selling our products in the manner that we have been selling them. We do not manufacture any products in the United States, and we do not incorporate any items subject to the BIS Foreign Direct Product rule into our products. We do not sell or transfer items subject to the EAR to end-users or destinations that are prohibited under the EAR or U.S. economic sanctions regulations. Our products do not incorporate high-grade chips, and our customers are mainly merchants and businesses in different business verticals and geographies. We also have a compliance program that includes screening against the U.S. government consolidated screening list, obtaining U.S. export classifications, and performing appropriate calculations to determine whether a product is subject to the EAR. Based on these factors, our Legal Advisor for sanctions and export control concludes that, under current U.S. law, the export control risk associated with our present business is low.

During the Track Record Period and up to the Latest Practicable Date, we have not been involved in any incidents or claims due to export controls, and no non-compliance with such laws has materially and adversely affected our business operations. If there were to be in non-compliance with such laws and regulations, it could subject us to whistleblower complaints, adverse media coverage and investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, results of operations, financial condition and reputation.

RISK FACTORS

Moreover, there have been U.S. government policies restricting outbound investment in China, which could affect our access to capital. In October 2024, the U.S. Department of the Treasury (the “Treasury”) issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the “Outbound Investment Rule”). The Outbound Investment Rule, effective on January 2, 2025, targets investments involving persons and entities associated with “countries of concern,” currently only China (including Hong Kong and Macau), and it imposes investment prohibition and notification requirements on a wide range of investments in companies engaged in activities relating to three sectors: (i) advanced microchips and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems. Under the Outbound Investment Rule, entities with meaningful ties with a country of concern and engaged in activities relating to the three sectors are defined as covered foreign persons, and with limited exceptions, equity investments by a U.S. person, as defined therein, in a covered foreign person are subject to prohibition or notification requirements. Therefore, if a company is deemed a covered foreign person, its ability to raise capital could be negatively affected. The Outbound Investment Rule may develop, expand and introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of companies with China nexus or even limited China exposure. The Company’s international sanctions counsel has reviewed the Company’s business as well as its investments in and relationships with other companies and has concluded that the Company is not a Covered Foreign Person because it is not engaged in any of the activities described in the Outbound Investment Rule, nor does it have a relationship described in the Outbound Investment Rule with other companies engaged in such activities, and therefore under current law U.S. persons are allowed to invest in the Company without being required to file a notification with the U.S. Treasury Department. In February 2025, U.S. President Donald Trump released the America First Investment Policy Memorandum, outlining several initiatives to incentivize investment from U.S. allies and partners while restricting investments involving “foreign adversaries” including China. Among other things, the policy aims to expand the industry sectors covered by the Outbound Investment Rule and supplement outbound restrictions through the imposition of sanctions. The proposed restrictions may further increase uncertainties for cross-border collaboration, investment, and funding opportunities of companies with operations in China. We cannot assure you that the Treasury will not make contradictory interpretations, nor can we predict future developments of the Outbound Investment Rule, or similar outbound investment rules or laws, any of which could complicate or restrict investments in our company.

Therefore, rising political tensions could reduce levels of trade, investment, technological exchange, and other economic activities between the United States and China, which would have a material adverse effect on global economic conditions and the stability of global financial markets as well as our and our customers’ business, prospects, financial condition and results of operations.

Changes in tariffs may adversely affect our business, financial condition and results of operations.

The global trade landscape is currently highly volatile. Various countries have announced plans for and/or have already implemented new or modified tariffs. In April 2025, the United States announced broad tariffs on imports from all countries, comprising a 10% baseline tariff and varying reciprocal tariffs on certain trade partners, including a 125% tariff for most goods from the PRC. Other countries, including the PRC, announced retaliatory actions or plans for retaliatory actions. On April 9, 2025, the United States implemented a 90-day pause on the varying reciprocal tariffs except for those on Chinese goods, leaving the 10% baseline tariff in place. On May 12, 2025, China and the United States jointly announced a 90-day suspension of certain of their trade restrictions, with the United States will imposing tariffs of 30% on most Chinese imports during this period, and China imposing tariffs of 10% on U.S. imports. The two sides agreed to continue negotiations during this period. In August 2025 the two countries announced a further 90-day extension of this suspension through November 10, 2025, and on October 30, 2025, the two countries announced an agreement that lowers the U.S. 30% tariff to 20% through November 10, 2026. On February 20, 2026, the U.S. Supreme Court struck down the U.S. tariffs that gave rise to this 20% agreed rate with China, but the Trump administration has announced that it expects the tariff rates under trade agreements like the one reached with China to continue to apply. Our sales to the United States have accounted for 4.2%, 10.0% and 3.6% of our total revenue in 2023, 2024 and 2025, respectively. We do not sell products as components to customers who manufacture products for export to the U. S., which means our exposure to a secondary impact from the U.S. tariffs is limited. Our products are not subject to tariffs in Europe. Our sales to Europe (including the U.K.) have accounted for 14.9%, 20.7%, and 25.9% of our total revenue in 2023, 2024 and 2025, respectively. Our finance department has reviewed the tariff classifications of our products and the rates applicable in the U.S. and Europe, as well as the percentages of our total sales that are to these regions, and is of the view that the very small percentage that the U.S. has accounted for in our total sales since 2023 and the lack of indirect exposure from component sales to other companies serving the U.S. market, combined with the duty free imports to Europe and diversification of our manufacturing to other locations in Asia, taken together, indicate that we face a low risk of a material adverse impact from the U.S. tariffs. As of Latest Practicable Date, our products are not subject to any tariff rates in Europe.

RISK FACTORS

Given ongoing discussions between the United States and its trade partners, including China, there remains significant uncertainty about whether the United States may further change the scope, level and interpretation of tariffs it imposes. The tariffs imposed by the United States have led and may in the future lead to retaliatory measures taken by other countries. We continually monitor the global trade environment for new and/or changing tariffs, retaliatory actions, trade agreements, export restrictions, sanctions or other restrictions that may impact us or our supply chain or customers.

As our customers are located worldwide and may deploy our solutions installed to different countries and regions, any additional tariffs and trade barriers imposed by the United States or other countries on BIoT solutions may further reduce demand for our products and result in material adverse impact on our business, financial condition and results of operations.

We enter into certain transactions with our connected persons which may give rise to potential conflicts of interest.

During the Track Record Period, we entered into a number of transactions with our connected person in the ordinary and usual course of business. Specifically, we supplied products to, and purchased certain software services from, our connected person and its subsidiaries. For details, see “Connected Transactions.” If we are unable to continue supplying products to, or procuring services from, our connected person and its subsidiaries on terms acceptable to us — or if these transactions are subject to disruption, delay, or deterioration — our business operations and financial performance could be adversely affected. In addition, transactions with connected persons may give rise to potential conflicts of interest, and there can be no assurance that any such conflicts will always be resolved in our favor.

We rely on independent distributors over whom we have limited control.

We engage with distributors for a large amount of our sale in overseas markets. According to CIC, facilitating transactions through distributors are widely adopted and are industry norm in the relevant regions. The distributors are primarily engaged to complement our sales team and to facilitate transactions in accordance with the distribution trading practice of the region where our end customers are located. During the Track Record Period, a significant amount of our smart devices was sold through distributors. The performance of our distributors, their ability and distribution network to sell our smart devices are crucial to our rapid growth, which may have direct impacts on our revenue and profitability. As of December 31, 2025, we collaborated with 1,139 distributors worldwide. During the Track Record Period, revenue generated from our offline distributors was RMB674.8 million, RMB709.3 million and RMB970.4 million, respectively. Due to the number of our distributors, we may not be able to exert our controls, or at all, on these distributors in a timely and effective manner. We have adopted policies including providing recommended retail and sale price to e-commerce platforms and distributors and taking into account of the geographic coverage of distributors during selection process to minimize the risk of cannibalization. However, we have limited control over the daily business activities on our distributors. Non-compliance by any of our distributors or sub-distributors on the terms and conditions in the relevant distribution agreements or our risk management and internal control system or measures adopted may adversely affect the overall sales volume of our smart devices and our assessment on development strategies. We cannot assure you that our distributors or sub-distributors will at all times comply with our sales policies or that they will not compete with each other for market share in respect of our smart devices. If any of the distributors or sub-distributors fails to distribute our smart devices to end-customers in a timely manner, overstocks, or carries out actions which are inconsistent with our business strategy, it may tarnish our brand image and affect our future sales. This may in turn materially and adversely affect our business, results of operations, financial conditions and business prospects.

During the Track Record Period, some of our distributors may engage sub-distributors to reach specific markets within their designated distribution areas in offline channels where they do not have direct coverage. We generally do not have direct contractual relationships with these sub-distributors, which limits our ability to enforce compliance with our sales policies, quality standards, and pricing strategies. See “Business — Our Sales and Marketing.” We cannot guarantee that sub-distributors will consistently adhere to our agreement terms with distributors or sales policies, or avoid competition amongst themselves. In the event that any sub-distributor fails to comply with our agreements or sales policies or meet their obligations to their customers, there could be a negative impact on the demand for our products, which could result in adverse effect on our business and results of operations.

Furthermore, there can be no assurance that we will be successful in detecting any non-compliance of our distributors with the cooperation agreements. We may be exposed to the risks of fraud or other misconduct committed by our distributors. Fraud or other misconduct by our distributors may involve engaging in unauthorized misrepresentation to our customers, misappropriating third party’s intellectual property and other proprietary rights and engaging in bribery or other unlawful payments. In any such event, we could, as a result, be subject to claims brought by our customers or third parties for fraud or other misconduct committed by such distributor, which could result in potential substantial financial liability and diversion of our managerial and financial resources regardless of whether the claim has merits. In such event, our business, financial condition and results of operations may be adversely affected.

RISK FACTORS

We depend upon third parties to manufacture our products and to supply key components necessary to manufacture our products.

Many of the key components used to manufacture our products, such as various hardware and software, come from limited sources of supply, and therefore a disruption with one manufacturer in our supply chain may have an adverse effect on other aspects of our supply chain and may disrupt our ability to effectively and timely deliver our hardware products. In addition, we rely on hardware manufacturers to fabricate, test, and assemble our products. During the Track Record Period, we relied on a limited number of OEM and ODM suppliers to manufacture our hardware devices. If we are unable to maintain control over these suppliers, it may lead to production delays, quality inconsistencies, or supply chain disruptions, ultimately impacting our operational efficiency and customer satisfaction. In general, our contract manufacturers fabricate or procure components on our behalf, subject to certain approved procedures or supplier lists, and we do not have firm commitments from all of these manufacturers to provide all components, or to provide them in quantities and on timelines that we may require. Due to our reliance on the components or products produced by suppliers such as these, we are subject to the risk of shortages and long lead times in the supply of certain components or products. We are still in the process of identifying alternative manufacturers for the assembly of our products and for many of the single-sourced components used in our products. In the case of off-the-shelf components, we are subject to the risk that our suppliers may discontinue or modify them, or that the components may cease to be available on commercially reasonable terms, or at all. We have in the past experienced, and may in the future experience, component shortages, or delays or other problems in product assembly, and the availability and cost of these components or products may be difficult to predict. For example, our manufacturers may experience temporary or permanent disruptions in their manufacturing operations due to equipment breakdowns, labor strikes or shortages, natural disasters, component or material shortages, cost increases, acquisitions, insolvency, changes in legal or regulatory requirements, or other similar problems.

We may experience operational difficulties with third-party suppliers, including failures to comply with our or our customers' specifications, quality deficiencies, inadequate supplies, lack of relevant qualifications or licenses, lack of responsiveness, and failures to meet our schedules. Our third-party suppliers may experience disruptions in their operations due to equipment and system breakdowns, pandemics, labor disputes or shortages, natural disasters, material shortages, rising costs, non-compliance issues or other problems. In addition, we may not be able to renew contracts with our third-party suppliers or identify substitute partners. Although arrangements with these suppliers may contain provisions for warranty expense reimbursement, we may remain responsible to our customers for warranty service in certain events. Any failure of our third-party suppliers to perform their responsibilities or to comply with all applicable laws and regulations may have a material negative effect on our ability to serve our customers. As a result, our business, reputation, results of operations and financial condition could be materially and adversely affected.

As the scale of our hardware production increases, we will also need to accurately forecast, purchase, warehouse, and transport components at high volumes to our manufacturing facilities and servicing locations. If we are unable to accurately match the timing and quantities of component purchases to our actual needs or successfully implement automation, inventory management, and other systems to accommodate the increased complexity in our supply chain and parts management, we may incur unexpected production disruption, storage, transportation, and write-off costs, which may harm our business and operating results.

In the event of a shortage or supply interruption from suppliers of components used in our hardware products, we may not be able to develop alternate sources quickly, cost-effectively, or at all. This could harm our relationships with our customers, prevent us from acquiring new customers, and materially and adversely affect our business. Additionally, various sources of supply-chain risk, including strikes or shutdowns at delivery ports or loss of or damage to our products while they are in transit or storage, intellectual property theft, losses due to tampering, third-party vendor issues with quality or sourcing control, failure by our suppliers to comply with applicable laws and regulation, new tariffs or potential tariffs (including those applicable to our relationships with vendors in China) or other trade restrictions, or other similar problems could limit or delay the supply of our products, or harm our reputation.

We also rely on certain suppliers located internationally as part of our supply chain, and the supply risks described above may similarly apply to or be more pronounced in respect of those international suppliers. A violation of the contracts with them may require us to bring a claim in China or other jurisdictions and which may be difficult to enforce. In addition, there is uncertainty as to whether the courts in these international jurisdictions would recognize or enforce judgments of U.S. courts. Any litigation in international jurisdictions may be protracted and result in substantial costs and diversion of resources and management attention.

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

We have made investments in recent years in other companies. As of December 31, 2023, 2024 and 2025, the investments in unlisted equity interest in entities are RMB48.7 million, RMB52.2 million and RMB58.7 million,

RISK FACTORS

respectively. We expect to continue to evaluate and consider a wide array of investment and acquisition opportunities that we believe can extend and solidify our leading market position as part of our overall business strategy. We may be engaged in discussions or negotiations with respect to one or more of these types of transactions. These transactions involve significant challenges and risks, including:

- difficulties in integrating the acquired personnel, operations, solutions into our operations;
- potential issues with technology, internal controls and financial reporting of the companies we acquire or invest in;
- disruptions of our ongoing business, distractions of the attention of our management and employees and increase of our expenses;
- loss of skilled professionals and established client relationships of the businesses we invest in or acquire;
- for investments over which we do not obtain management and operational control, lack of influence over the controlling partner or shareholder, which may prevent us from achieving our strategic goals in such investments;
- new regulatory requirements and compliance risks that we become subject to as a result of investments or acquisitions in new industries or otherwise;
- actual or alleged misconduct or noncompliance by any company we acquire or invest in (or by its affiliates) that occurred prior to our acquisition or investment, which may lead to negative publicity, government inquiry or investigations against such company or against us;
- unforeseen or hidden liabilities or costs that may adversely affect us following our acquisition of such targets;
- compliance matters including the anti-monopoly and competition laws, rules and regulations of the PRC and other countries in connection with any proposed investments and acquisitions;
- the risk that any of our pending or other future proposed investments or acquisitions does not close;
- the costs of identifying and consummating investments and acquisitions;
- the use of substantial amounts of cash and potentially dilutive issuances of equity securities;
- the occurrence of significant amortization expenses for other intangible assets; and
- uncertainties in achieving the expected benefits of synergies and growth opportunities in connection with these acquisitions and investments.

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 are subject to credit risk related to defaults of customers, and our liquidity and financial condition may be materially and adversely affected if we fail to collect trade receivables from our customers in a timely manner, or at all.

We are exposed to credit risk relating to our receivables. Our trade receivables primarily represent outstanding amounts due from certain customers, to which we supplied our smart devices in accordance with specific credit periods during the Track Record Period. As of December 31, 2023, 2024 and 2025, our trade receivables, which were transactional in nature, amounted to RMB637.6 million, RMB1,048.8 million and RMB1,140.9 million, respectively. We also had relatively long trade receivable turnover days during the Track Record Period, being 62, 89 and 105 days in 2023, 2024 and 2025, respectively. During the Track Record Period, we settled our customer purchases with third parties designated by some of our direct-sales and distributors from developing countries that impose restrictions on foreign currency exchanges, resulting in transactions with the aforementioned third parties. Such arrangements ceased in June 2025 and represented no greater than approximately 1% of our total revenue during the Track Record Period, respectively. During the Track Record Period and as of the Latest Practicable Date, no customer has ceased its business relationship with us upon the termination of third-party payment arrangements. While we will not be engaged in third-party payment arrangements going forward, we may not be able to collect all such receivables in a timely manner, or at all, due to a variety of factors that are beyond our control, such as long payment cycles and the adverse financial situation of certain customers. If any of our customers continues to experience financial, operational or other difficulties that resulted in their difficulties in settling trade receivables or loans with us, or if the relationship between us and any of our customers is terminated or deteriorated, our corresponding receivables or loans might be adversely affected in terms of recoverability.

The increase in the amount of provisions made on our trade receivables will be recorded as expenses on our results of operations. As such, if we are unable to manage the credit risk associated with our trade receivables effectively, our results

RISK FACTORS

of operations may be materially and adversely affected. Furthermore, substantial defaults or delays by our customers could materially and adversely affect our cash flow and working capital conditions, and we may have to terminate our relationships with such customers.

We face inventory and other asset risks in addition to purchase commitment cancellation risk. Our results of operations could be materially harmed if we are unable to accurately manage our inventories.

Our business expansion requires us to manage a large volume of inventory effectively. Our inventories primarily consisted of raw materials and consumables, work in progress and finished goods. Our inventories increased from RMB407.8 million as of December 31, 2023 to RMB501.7 million as of December 31, 2024, and further to RMB773.3 million as of December 31, 2025, which was generally aligned with our business growth. Our inventories turnover days decreased from 77 days in 2023 to 67 days in 2024, and we recorded an inventory turnover days of 89 days in 2025. We record a write-down for inventories that have exceeded net realizable value. We have recorded provision for impairment of inventories of RMB12.1 million, RMB16.4 million, and RMB22.0 million as of December 31, 2023, 2024 and 2025, respectively. We also review our long-lived assets for impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. No assurance can be given that we will not incur additional related charges given the rapid and unpredictable pace of product obsolescence in the industries in which we compete.

Fluctuations in changes in fair value of our financial assets at fair value through profit or loss would affect our financial results.

We have invested in, and intend to continue to selectively invest in, businesses, assets and technologies that complement our existing business and may make other financial investment or other financial assets. We recorded financial assets at fair value through profit or loss of RMB48.7 million, RMB52.2 million and RMB200.4 million as of December 31, 2023, 2024 and 2025, respectively. These financial assets at fair value through profit or loss included our investments in unlisted equity interest in entities established in the PRC and Thailand, and investment in callable notes. During the years ended December 31, 2023, 2024 and 2025, the fair value change of those investment are RMB6.6 million gain, RMB1.7 million loss and RMB2.7 million gain, respectively. The fair value changes in our financial assets measured at fair value through profit or loss may negatively affect our financial performance. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The valuations of our investments require the use of unobservable inputs, judgments and estimates, such as risk-free rate, expected volatility, discount rate for lack of marketability and market multiples. Any change in the estimates and assumptions may lead to a change in the fair value of the financial assets, which in turn could negatively affect our financial conditions and results.

Rapid technological changes may result in impairment of other intangible assets, which could negatively affect our reported results of operations.

Our other intangible assets amounted to RMB17.5 million, RMB68.0 million and RMB51.2 million as of December 31, 2023, 2024 and 2025, respectively. Among our other intangible assets, software, license and patents have a finite useful life and are carried at cost less accumulated amortization. Such intangible assets are amortized on a straight line basis over 3-5 years. We are required to review our intangible assets for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable, including a decline in company value and a slowdown in our industry. Our products and services compete in highly competitive global markets characterized by among other factors, rapid adoption of technology and product advancements by competitors, which could negatively affect the assumptions used in cashflow generated from relevant intangible assets for impairment assessment and the estimated useful lives of intangible assets. If the carrying value of our intangible assets are determined to be impaired, we would be required to write down the carrying value or record charges to earnings in our financial statements, thereby materially and adversely affect our results of operations.

Discontinuation of any of preferential tax treatments or government grants or imposition of any additional taxes and surcharges could adversely affect our business, financial condition, results of operations and prospects.

Our business is subject to risks associated with the tax laws and regulations of the countries in which we operate, including the risk of changes in tax laws, regulations, and policies, as well as the imposition of additional taxes, surcharges, or penalties. During the years ended December 31, 2023, 2024 and 2025, the government grants recognized in profit or loss are RMB15.0 million, RMB21.4 million, and RMB44.1 million, respectively. We may face evolving tax regimes in the countries or regions in which we operate, which could adversely affect our effective tax rate, transfer pricing, or exposure to additional tax liabilities. We have established a transfer pricing policy, applying internationally recognized methods — such as the transactional net margin method and cost-plus method — for key intra-group transactions. As advised by our tax adviser, our international operations are subject to transfer pricing laws in the PRC and our subsidiaries' jurisdictions, and our pricing during the Track Record Period was consistent with the arm's length

RISK FACTORS

principle. Based on the advice of our transfer pricing advisor, we are of the view that we have complied with the relevant transfer pricing regulations and guidelines in relevant jurisdictions. Nothing material has come to the Joint Sponsors' attention that would reasonably cause the Joint Sponsors to disagree in any material respect with the aforementioned views of the Directors. During the Track Record Period and up to the Latest Practicable Date, we had not received any audits, investigations or challenges from the relevant authorities in respect of such transactions. We strive to comply with applicable tax laws and regulations in each of the countries or regions in which we operate, but there can be no assurance that we will be successful in doing so, which could result in material adverse effects on our business, financial condition, results of operations and prospects.

In addition, some of the jurisdictions in which we operate have rules on transfer pricing that require intra-group transactions to be conducted on arm's length terms. There can be no assurance that tax authorities in these jurisdictions will not challenge our transfer pricing arrangements, or that the relevant regulations or standards governing such arrangement will remain unchanged. If the relevant authorities later find that the transfer prices and terms that we have applied are not in line with arm's length negotiations, they may require us to re-assess the transfer prices, re-allocate the income, or adjust the taxable income. Any such re-allocation or adjustment could result in higher tax liabilities for us and may materially and adversely affect our business results of operations, and financial condition. Furthermore, if we fail to rectify such incident within the limited timeframe required by the relevant tax authorities, the relevant tax authorities may impose late payment interest or surcharge and other penalties on us for any unpaid taxes. In addition, a transfer pricing arrangement may give rise to tax recoverable in certain jurisdictions as a result of tax adjustments. There is no assurance that we could successfully recover the tax recoverable from the relevant tax authorities. Our business, financial condition and results of operation may therefore be materially and adversely affected.

We may receive grants, subsidies and other benefits from local governments. We cannot assure you that we will continue to be eligible to receive such government grants or that the amount of such grants will not be reduced in the future. Our ability to continue to avail government grants is subject to changes in national or local policies, and may be affected by the termination of, or amendments to, such policies for a number of reasons, including those beyond our control. Any decrease in or termination of such government grants in the future may have an adverse effect on our financial condition, results of operations and prospects.

Preferential tax treatments and incentives granted to us by local governmental authorities are also subject to review and renewal and may be adjusted or revoked at any time in the future. We cannot guarantee you that the preferential tax treatments and incentives to which we and our subsidiaries are currently entitled would remain valid or be successfully renewed. There can be no assurance that the local tax authorities will not, in the future, change their decisions and discontinue any of our current tax treatments, potentially with retrospective effect. The discontinuation of any of our current tax treatments and imposition of any additional taxes and surcharges could materially increase our tax obligations and adversely impact our net income.

We are subject to complex and evolving laws and regulations regarding data security and personal information protection in the PRC. Actual or alleged failure to comply with data security and personal information protection laws and regulations could damage our reputation, deter current and potential users from using our offerings and subject us to significant legal, financial and operational consequences.

In recent years, government authorities across the world have been increasingly focusing on data security and personal information protection. In particular, the PRC government has enacted a series of laws and regulations on the protection of personally identifiable data in the past few years. We may be subject to laws and regulations regarding data security and personal information protection in China. For example, the personal Information Protection Law, which was promulgated by SCNPC on August 20, 2021 and became effective on November 1, 2021. The Personal Information Protection Law aims at protecting the personal information rights and interests, regulating the processing of personal information, ensuring the orderly and free flow of personal information in accordance with the law, and promoting the reasonable use of personal information. The Data Security Law, which was promulgated by the SCNPC on June 10, 2021 and became effective in September 1, 2021, provides for data security and privacy obligations on entities and individuals carrying out data activities. For details of the regulatory requirements regarding internet information security and privacy protection that may apply to us, see "Regulatory Overview — Regulations Relating to Data Privacy and Cybersecurity."

On July 30, 2021, the State Council of PRC, or the State Council, promulgated the Provisions on Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), which became effective on September 1, 2021. Pursuant to the Provisions on Protection of Critical Information Infrastructure, critical information infrastructure shall mean any important network facilities of the important industry or field such as public communication and information service, energy, communications, water conservation, finance, public services, e-government affairs and national defense science, which may endanger national security, people's livelihood and public interest in case of damage, function loss or data leakage. In addition, relevant administration departments of each critical industry and

RISK FACTORS

sector, or Protection Departments, shall be responsible to formulate eligibility criteria and determine the critical information infrastructure operator in the respective industry or sector. The provisions of the Cybersecurity Review Measures (2021) that were published on December 28, 2021 and became effective from February 15, 2022 set forth the cybersecurity review mechanism for critical information infrastructure operators, and provided that critical information infrastructure operators who procure internet products and services that affect or may affect national security shall be subject to a cybersecurity review. As of the Latest Practicable Date, we have not received any notification that we have been designated as a critical information infrastructure operator by the relevant regulatory authorities. The interpretation and implementation of these laws are subject to change. Therefore, it is uncertain whether we would be officially deemed as a critical information infrastructure operator under PRC laws.

The Administrative Regulations on Cyber Data Security aim to regulate network data processing activities, protect the legitimate rights and interests of individuals and organizations, and safeguard national security and public interests. The Administrative Regulations on Cyber Data Security put forward general requirements and provisions for network data security, further specify rules concerning personal information protection, and fine-tune mechanisms for the management of important, and also stipulate the obligations for internet platform service providers, specifying data protection requirements for entities such as third-party service and product providers. According to the provisions of the Cybersecurity Review Measures (2021), operators of online platforms that possess personal information of more than 1 million users must submit a cybersecurity review application before listing in a foreign country. On May 8, 2025, our PRC data compliance advisor made a telephone consultation on a named basis with the China Cybersecurity Review Technology and Certification Center (the “CCRC”, currently China Cybersecurity Review, Certification and Market Regulation Big Data Center), which is the competent authority entrusted by the CAC to set up cybersecurity review consultation hotlines. The CCRC confirmed that the term “listing in a foreign country” under the Cybersecurity Review Measures (2021) does not apply to listings in Hong Kong, and thus the obligation to proactively apply for cybersecurity review by an entity seeking listing in a foreign country shall not be applicable to the proposed listing. In addition, as of the Latest Practicable Date, we have not been summoned to attend official meetings with the relevant regulatory authorities. If we are not able to comply with the cybersecurity and data privacy requirements in a timely manner, or at all, we may be subject to government enforcement actions and investigations, fines, penalties, suspension of our non-compliant operations, or removal of our app from the relevant application stores, among other sanctions, which could materially and adversely affect our business and results of operations.

Since many of the PRC laws and regulations on cybersecurity and privacy and data privacy are constantly evolving, certain aspects of these regulations remain subject to further clarification and interpretation as to how they will be enforced and their applicability and requirements for our business operations or our presence in China. As such, we cannot assure you that our data security and personal information protection measures are, and will be, always considered sufficient under applicable laws and regulations. Any failure or perceived failure by us to comply with such laws and regulations may result in regulatory investigations, fines, removal of our app from the relevant application stores and other sanctions on us. Additionally, the effectiveness of our data security and personal information protection measures is also subject to system failure, interruption, inadequacy, security breaches or cyberattacks. If we are unable to comply with the then-applicable laws and regulations or to address any data security and personal information protection concerns, such actual or alleged failure could damage our reputation, deter current and potential customers and users and subject us to significant legal, financial and operational consequences.

Moreover, different regulatory bodies in China, including among others, the MIIT, the CAC and the Ministry of Public Security have enforced laws and regulations regarding cybersecurity, information security, data security and personal information protection. We may from time to time be required to rectify or further improve our measures regarding cybersecurity, information security, data security and personal information protection. Any failure or perceived failure by us to comply with all applicable laws and regulations regarding cybersecurity, information security, data security and personal information protection, or any failure or perceived failure of our business partners to do so, or any failure or perceived failure of our employees to comply with our internal control measures, may result in negative publicity and legal proceedings or regulatory actions against us, and could result in fines, revocation of licenses, suspension of relevant operations or other legal or administrative penalties, which may in turn damage our reputation, discourage our current and potential customers and subject us to fines and damages, which could have a material adverse effect on our business and results of operations.

Compliance with the rapidly evolving landscape of global data privacy and security laws may be challenging, and any failure or perceived failure to comply with such laws, or other concerns about our practices or policies with respect to the collection, use, storage, retention, transfer, disclosure, and other processing of personal data, could damage our reputation and deter current and potential users from using our products and services or subject us to significant compliance costs or penalties.

Failure to comply with the increasing number of data protection laws in the jurisdictions in which we operate, as well as concerns about our practices with regard to the collection, use, storage, retention, transfer, disclosure, and other

RISK FACTORS

processing of personal data, the security of personal data, or other privacy-related matters, such as cybersecurity breaches, misuse of personal data and data sharing without necessary safeguards, including concerns from our users, customers, employees and third parties with whom we conduct business, even if unfounded, could damage our reputation and operating results.

As we seek to expand our business internationally, we are, and may increasingly become, subject to various laws, regulations and standards, as well as contractual obligations, relating to data privacy and security in the jurisdictions in which we operate. The regulatory and legal frameworks regarding data privacy and security issues in many jurisdictions are constantly evolving and developing and can be subject to significant changes from time to time, including in ways that may result in conflicting requirements among various jurisdictions. Interpretation and implementation standards and enforcement practices are similarly in a state of flux and are likely to remain uncertain for the foreseeable future. As a result, we may not be able to comprehensively assess the scope and extent of our compliance responsibility at a global level, and may fail to fully comply with the applicable data privacy and security laws, regulations and standards. Moreover, these laws, regulations and standards may be interpreted and applied differently over time and from jurisdiction to jurisdiction, and it is possible that they will be interpreted and applied in ways that may have a material and adverse impact on our business, financial condition and results of operations.

In addition, the nature of our business inevitably requires that we collect, store, process and use our existing and potential users' and customers' personal data on a frequent and regular basis. For details of laws and regulations governing data privacy protection in these jurisdictions, see "Regulatory Overview — Regulations Relating to Data Privacy and Cybersecurity." To the extent we expand our business to any overseas market, we may become subject to additional or new laws and regulations regarding cybersecurity, information security, data security and personal information protection in foreign jurisdictions, which may result in additional expenses to us and subject us to potential liability and negative publicity. We expect that these areas will receive greater attention and focus from regulators and attract continued or greater public scrutiny and attention going forward, which could increase our compliance costs and subject us to heightened risks and challenges regarding cybersecurity, information security, data security and personal information protection. If we are unable to manage these risks, we could become subject to penalties, fines, suspension of business and revocation of required licenses, and our reputation and results of operations could be materially and adversely affected.

There is no assurance that we are able to comply with these laws, regulations and contractual obligations in all respects. Any failure or perceived failure by us, external service providers, customers or business partners to comply may result in proceedings or actions against us, including fines, penalties or enforcement orders (including orders to cease processing activities) being levied on us by government agencies or proceedings or actions against us by our users, customers and business partners, including class action privacy litigation in certain jurisdictions, and could damage our reputation and discourage current and future users from using our products and services, which could materially and adversely affect our business, financial condition and results of operations. In addition, compliance with applicable laws on data privacy requires substantial expenditure and resources, including to continually evaluate our policies and processes and adapt to new requirements that are or become applicable to us on a jurisdiction-by-jurisdiction basis, which would impose significant burdens and costs on our operations or may require us to alter our business practices.

Many statutory requirements, including those in jurisdictions in which we operate other than the PRC, include obligations for companies to notify individuals of security breaches involving certain personal data, which could result from breaches experienced by us or our external service providers. These laws are not consistent, and compliance in the event of a widespread data breach is difficult and may be costly. In addition, such mandatory disclosures could lead to negative publicity and may cause our current and prospective customers to lose confidence in the effectiveness of our data security measures.

Negative publicity of us or our industry regarding actual or perceived violations of our users' privacy-related rights, including fines and enforcement actions against us or other similarly placed businesses, also may impair users' trust in our privacy practices and make them reluctant to give their consent to sharing their data with us. Any inability to adequately address data privacy or security-related concerns, even if unfounded, or to comply with applicable laws, regulations, standards and other obligations relating to data privacy and security, could result in additional cost and liability to us, harm our reputation and brand, damage our relationships with consumers and have a material and adverse impact on our business, financial condition and results of operations. Concerns about the security of personal data also could lead to a decline in general Internet usage, which could result in a decrease in demand for our products and services and have a material and adverse effect on our business, financial condition and results of operations.

With regard to our commercial arrangements, we and our counterparties might be subject to contractual obligations regarding the processing of personal information. We or our counterparties may fail, or be alleged to have failed, to be in full compliance with applicable laws and regulations. In the event that our acts or omissions result in

RISK FACTORS

alleged or actual failure to comply with applicable laws, regulations, standards, certifications and orders relating to data privacy or security, we may incur liability. While we endeavor to include indemnification provisions or other protections in such agreements to mitigate liability and losses stemming from our counterparties' acts or omissions, we may not always be able to negotiate for such protections and, even where we can, there is no guarantee that our counterparties will honor such provisions or that such protections will cover the full scope of our liabilities and losses.

We are subject to risks relating to some of our leased properties.

As of the Latest Practicable Date, 16 of our leased properties for our business operations in China have not been registered with the relevant PRC government authorities. As advised by our PRC Legal Adviser, failure to register such lease agreements with relevant PRC government authorities does not affect the effectiveness of the lease agreements, but the relevant PRC government authorities may order us to, within a prescribed time limit, register the lease agreements. Failure to do so may subject us to a fine ranging from RMB1,000 to RMB10,000 for each lease agreement. We estimate that the aggregate maximum amount of penalties for not registering such lease agreements would be RMB160,000. As of the Latest Practicable Date, we had not been ordered by any PRC government authorities to register any lease agreements.

In addition, we have used one of our leased properties as our warehouse inconsistent with the use specified in the building ownership certificate, which could affect our ability to continue our use of the properties. If we were required to relocate our warehouse, we cannot assure you that we can do so in a timely manner, or at all, and we may incur relocation costs and suffer a disruption to our business operations. As a result, our business, results of operations and financial condition may be adversely affected.

We may be subject to additional contributions of social insurance and late payments and fines imposed by relevant governmental authorities.

During the Track Record Period, we did not fully contribute to social insurance for a small number of our employees. As advised by our PRC Legal Adviser, according to the relevant PRC laws and regulations, if we fail to make contributions to social insurance funds on time and in full, the relevant government authority can require us to rectify the shortfall in our contributions within a prescribed period, and we may be liable for a late payment fee equal to 0.05% of the shortfall in our contributions for each day of delay. If we fail to make the payments within the prescribed period, we may be liable for a penalty of one to three times the amount of the shortfall in our contributions.

During the Track Record Period, we engaged a third-party human resources agency to pay social insurance and housing provident funds for certain of our employees. Pursuant to the agreements entered into between such third party human resources agency and us, the third-party human resources agency has the obligation to pay social insurance and housing provident funds for our relevant employees. However, if such human resource agency fails to pay the social insurance or housing provident funds for and on behalf of us as required by applicable PRC laws and regulations, or if we were deemed as not in full compliance with relevant PRC laws and regulation for engaging third-party human resources agency, we may be ordered to rectify such practice or be subject to penalties imposed by the local social insurance authorities or the local housing provident fund management centers. During the Track Record Period and up to the Latest Practicable Date, we did not receive any administrative penalty regarding the payment of contributions through a third-party human resources agency or any notice from the regulatory authorities requiring us to rectify this practice.

We cannot assure you that the relevant government authorities will not require us to rectify such incidents or impose late payment fines or other penalties on us. If we are required to rectify the shortfall in our contributions or are imposed severe penalties, our business, financial condition and results of operations may be adversely affected.

We are subject to laws and regulations worldwide, changes to which could increase our costs and individually or in the aggregate adversely affect our business.

We are subject to laws and regulations affecting our domestic and international operations in a number of areas. These laws and regulations affect our activities including, but not limited to, in areas of labor, advertising, digital content, consumer protection, real estate, billing, e-commerce, promotions, quality of services, telecommunications, mobile communications and media, television, intellectual property ownership and infringement, tax, import and export requirements, anti-corruption, foreign exchange regulations and cash repatriation restrictions, data privacy requirements, anti-competition, environmental, health and safety. In the case any of them is violated and leads to legal proceedings, it could disrupt our business, distract our management's attention and subject us to substantial uncertainties as to the outcome of any such legal proceedings.

By way of an example, laws and regulations related to smart BIoT industry in many jurisdictions in which we operate are extensive and subject to change. Such changes could include, among others, restriction on the production, assembly, distribution and use of smart devices. Smart devices are also subject to certification and regulation by governmental and standardization bodies, as well as by cellular network carriers for use on their networks. These

RISK FACTORS

certification processes are extensive and time consuming, and could result in additional testing requirements, product modifications, or delays in product shipment dates, or could preclude us from selling certain products.

Compliance with these laws, regulations and similar requirements may be onerous and expensive, and they may be inconsistent from jurisdiction to jurisdiction, further increasing the cost of compliance and doing business and raising the risk of non-compliance. Any such costs, which may rise in the future as a result of changes in these laws and regulations or in their interpretation, could individually or in the aggregate make our products and services less attractive to our users, delay the introduction of new products in one or more regions, or cause us to change or limit our business practices. There can be no assurance that our employees, contractors, agents, or business partners will not violate such laws and regulations or our compliance policies and procedures.

Legal, regulatory and administrative proceedings could adversely affect our business or financial results.

We, our directors, management, employees and/or shareholders may be involved in lawsuits, investigations, claims, complaints and various other legal, regulatory and administrative proceedings and fines arising in the ordinary course of our business. These lawsuits, investigations, claims, complaints proceedings and fines may be brought or asserted in a variety of jurisdictions in relation to various matters, including data protection and privacy, carrier and merchant rights protection, antitrust, unfair competition, labor and employment, tort, contractual disputes, transportation, intellectual property infringement, workplace safety, advertising, tax among other things.

Any claims against us, whether meritorious or not, could be time consuming, costly, and harmful to our reputation, and could require significant amounts of defense costs, management time and corporate resources. Furthermore, in the event of an adverse outcome in a legal proceeding, we could be subject to significant liability for damages, injunctive relief orders, disgorgement of profits, or fines. If any of these lawsuits, investigations and proceedings were to be determined adversely to us, or we were to enter into a settlement arrangement, we could be exposed to significant monetary damages or be forced to change the way in which we operate our business, which could have an adverse effect on our business, reputation, financial condition, operating results and prospects. For details of our historical legal, regulatory and administrative proceedings, See “Business — Legal Proceedings and Compliance.”

We are subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and other relevant laws and regulations that could subject us to liability and impair our ability to compete in international markets.

We are subject to anti-corruption, anti-bribery, anti-money laundering and other relevant laws and regulations in jurisdictions where we operate. We may be subject to investigations and proceedings by governmental authorities for alleged infringements of these laws if our compliance processes or internal control systems are not conducted or are not operating properly. These proceedings may result in fines or other liabilities and could have a material adverse effect on our reputation, business, financial conditions and results of operations. If any of our subsidiaries, employees, suppliers, distributors, business partners or other persons engage in fraudulent, corrupt or other unfair business practices or otherwise violate applicable laws, regulations or internal controls, we could become subject to one or more enforcement actions or otherwise be found to be in violation of such laws, which may result in penalties, fines and sanctions and in turn adversely affect our reputation, business, financial conditions and results of operations. Given the uncertainty, complexity and scope of many of these litigation matters, their outcome generally cannot be predicted with a reasonable degree of certainty. Therefore, our provision for such matters may be inadequate.

In addition, exports of our smart devices must be made in compliance with various economic and trade sanctions laws, rules or regulations in different jurisdictions. For example, the U.S. economic sanctions prohibit persons subject to the U.S. jurisdiction from engaging in the provision of certain products or services to or from certain countries, governments, entities and persons targeted by the U.S. economic sanctions. These economic sanctions include those implemented by OFAC. The United Kingdom financial sanctions and European Union sanctions also impose similar restrictions. We are committed to ensuring our compliances with such economic and trade sanctions laws, rules or regulations, but we may not be able to do so for factors beyond our control or otherwise, and our relevant internal control measures can be costly.

We have implemented policies and procedures designed to ensure compliance by us and our directors, officers, employees, representatives, consultants, agents and business partners with economic sanctions rules. Economic sanctions rules, however, may be subject to frequent changes, and their implementation, interpretation and enforcement involve substantial uncertainties, which may be heightened by potential political and national security concerns or other factors that are out of our control. More expansive restrictions may be imposed in the future. We will need to maintain heightened internal control and risk management policies to ensure sound compliance with such sanctions, which requires significant resources and efforts.

Moreover, our policies and procedures cannot guarantee that no one could ever engage in improper conduct for which we may be held responsible.

RISK FACTORS

For example, even though we take precautions not to engage in any sanctionable activities and require our independent distributors and customers by contract not to cause violations of sanctions laws, we cannot guarantee compliance by our independent distributors and customers. Under certain circumstances, if our independent distributors were not to comply with such economic sanctions laws, rules or regulations, we may also suffer negative consequences, including government investigations, penalties and reputational harm, which could have a material and adverse effect on our business, results of operations and financial conditions.

The Company does not export from the United States, and it has an overarching trade compliance process accompanied by specific procedures including screening of suppliers and customers against the relevant sanctions screening lists, obtaining export control classification numbers, and performing de minimis calculations, all of which are appropriately designed to safeguard against violations of the EAR and OFAC sanctions. Furthermore, our sanctions counsel has advised us that the very extensive restrictions that BIS has imposed on China with respect to specific integrated circuits (“ICs”) have only very limited applicability to the Company because the Company sources very few types of ICs whose use could be affected by the U.S. restrictions on Entity List parties, and the Company takes care to avoid using such ICs or other U.S. products in items it sells to Entity Listed parties. The Company also has a specific procedure to ensure that its products sold to countries that could be subject to U.S. sanctions are not “subject to the EAR” or subject to OFAC restrictions because the U.S. controlled content is de minimis and not subject to the Foreign Direct Product rule in the EAR.

Given the above and the Company’s consumer and POS retail business focus which does not call for advanced ICs, the Company’s lack of business related to the military, intelligence agencies, national guard or police, its lack of U.S. origin technical data or source code, and its lack of any enforcement investigations or alleged violations, taken together, our Directors, based on the advice from our sanction counsel, are of the view that the Company has a low risk of violating U.S. export controls or sanctions, and that the compliance procedures the Company has in place provide appropriate safeguards to ensure that its business is conducted in compliance with U.S. as well as EU and UK sanctions laws.

With respect to these sanctions regulations, based on the advice from our sanction counsel, our Directors confirm that U.S. law does not prohibit us from selling our products in the manner that we have been selling them. We do not manufacture any products in the United States, and we do not sell or transfer items to end-users or destinations if the sale would be prohibited under economic sanctions regulations. We also have a compliance program that includes screening against the U.S. government consolidated sanctions screening list. Accordingly, based on the advice from our sanction counsel, our Directors confirm that, under current U.S. law, the sanctions risk associated with our present business is low.

During the Track Record Period and up to the Latest Practicable Date, we have not been involved in any incidents or claims due to sanctions, and no non-compliance with such laws has materially and adversely affected our business operations. If there were to be a non-compliance with such laws and regulations, it could subject us to whistleblower complaints, adverse media coverage and investigations, and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect our business, results of operations, financial condition and reputation.

Our failure to protect our intellectual property rights could substantially harm our business, operating results and financial position, and litigation to protect our intellectual property rights or defend against third-party allegations of infringement may be costly and ineffective.

Our success depends, in part, on our ability to protect our brand, trade secrets, trademarks, patents, domain names, copyrights and proprietary methods and technologies, whether registered or not, that we develop under patent and other intellectual property laws of the PRC and other jurisdictions, so that we can prevent others from using our inventions and proprietary information. As of December 31, 2025, we held 153 registered software copyrights, 688 registered patents, with 10 patents registered overseas, 316 registered trademarks, with 163 trademarks registered overseas. However, we cannot assure you that any of our intellectual property rights or the registrations thereof will not be challenged, invalidated or circumvented, or that our intellectual property will be sufficient to provide us with competitive advantages. In addition, we may be subject to allegation of infringement of other parties’ proprietary rights, and other parties may misappropriate our intellectual property rights, which would cause us to suffer economic or reputational damages. Because of the rapid pace of technological change, we cannot assure you that all of our proprietary technologies and similar intellectual property rights can be patented in a timely or cost-effective manner, or at all.

We also rely, in part, on confidentiality agreements with our business partners, employees, consultants, advisors, customers and others in our efforts to protect our proprietary technology, processes and methods. These agreements may not effectively prevent disclosure of our confidential information, and it may be possible for unauthorized parties

RISK FACTORS

to copy our software or other proprietary technology or information, or to develop similar software independently without our having an adequate remedy for unauthorized use or disclosure of our confidential information.

Confidentiality, invention assignment and non-compete agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights in these jurisdictions. To the extent we expand our international activities, our exposure to unauthorized copying, transfer and use of our proprietary technology or information may increase.

Preventing any unauthorized use of our intellectual property is difficult and costly and the steps we take may be inadequate to prevent the misappropriation of our intellectual property. Litigation may be necessary in the future to enforce our intellectual property rights, determine the validity and scope of our proprietary rights or those of others, or defend against claims of infringement or invalidity. Such litigation could be costly, time-consuming and distracting to management, result in a diversion of significant resources, the narrowing or invalidation of portions of our intellectual property and have an adverse effect on our business, operating results and financial condition. We have been subject to intellectual property complaints in the past, particularly in relation to the user interaction and interface of our BIoT solutions. As of the date of this Prospectus, we were not involved in any dispute in this regard. Our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights or alleging that we infringe the counterclaimant's own intellectual property. Any of our patents, trade secrets, copyrights, trademarks or other intellectual property rights could be challenged by others or invalidated through administrative process or litigation. We can provide no assurance that we will prevail in such litigation or administrative process. In addition, our proprietary methods and technologies that are regarded as trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors and in these cases we would not be able to assert any trade secret rights against those parties.

There can be no assurance that our particular ways and means of protecting our intellectual property and proprietary rights, including business decisions about when to file patent applications and trademark applications, will be adequate to protect our business or that our competitors will not independently develop similar technology. If we fail to protect and enforce our intellectual property and proprietary rights adequately, we may lose valuable intangible assets, and our competitors might gain access to our technology. As a result, our competitive position could be undermined leading to a decline in our revenue, and our business, operating results and financial condition could be materially and adversely affected.

We may be involved in legal and other disputes from time to time arising out of allegations relating to our infringement of intellectual property rights of third parties, which may be expensive to defend and may disrupt our business and operations.

We have and may continue to be involved in legal and other disputes and regulatory and administrative proceedings in the ordinary course of our business, including allegations against us for potential infringement of third-party patents, trademarks, copyrights or other intellectual property rights. We may also encounter disputes from time to time over rights and obligations concerning intellectual property rights and other legal rights, in particular third-party patents, trademarks and copyrights that may be infringed by us or our employees, contractors or users of our smart BIoT solutions, and we may not prevail in those disputes. We have adopted policies and procedures to prevent our employees and other personnel from infringing upon third-party intellectual property rights. However, we cannot assure you that our efforts will be effective or that our employees, contractors or users will not, against our policies, use third-party intellectual property without proper authorization on our smart devices. We may incur liability and penalties for unauthorized duplication or distribution of content or information posted on our mobile apps or websites. We have been, and may be in the future, subject to allegations on the grounds of intellectual property rights infringement and other legal theories based on the content of the information that we or our employees, contractors or users distribute or use in our business operations.

Any claims against us, with or without merit, could be time-consuming and costly to defend or litigate, divert our management's attention and resources or result in the loss of goodwill associated with our brand. The application and interpretation of intellectual property right laws and the procedures and standards for granting trademarks, patents, copyrights, know-how or other intellectual property rights, and the laws governing personal rights are still evolving. If we are found to have infringed or violated any intellectual property rights held by others, we may be subject to significant liability for our infringement or violation, including but not limited to fines, compensatory or punitive damages and injunction. As such, we may be restricted or prohibited from using such intellectual property rights, which may materially and adversely affect our business, results of operations, financial conditions and business prospects.

RISK FACTORS

We may be subject to product liability claims if our smart devices or solutions contain defects. We could incur significant expenses to remediate such defects, which could materially and adversely affect our business, financial condition and results of operations.

Our smart devices and solutions may contain errors, defects, security vulnerabilities or software issues that are difficult to detect and correct, particularly when first introduced or when new versions or enhancements are released. Despite internal testing, our products and services may contain serious errors or defects, security vulnerabilities or software issues which we are unable to successfully correct in a timely manner or at all, which could result in revenue loss, significant expenditures of capital, a delay or loss in market acceptance and damage to our reputation and brand, any of which could have an adverse effect on our business, reputation, financial condition, and results of operations.

Given that many of our enterprise customers use our smart devices and solutions in processes that are critical to their businesses, any error, defect, security vulnerability, service interruption or software issue in our products and services could result in losses to our customers. Our customers may seek significant compensation from us for any losses they suffer or cease conducting business with us altogether. Further, our customers may share information about their negative experiences on social media, which could damage our reputation and result in a loss of future sales. We cannot assure you that provisions limiting our exposure to claims, which we typically include in agreements with our customers, would be enforceable, adequate, or would otherwise protect us from liabilities or damages with respect to any particular claim. Even if unsuccessful, a claim brought against us by any of our customers would likely be time-consuming, costly to defend and may have a material adverse impact on our reputation and brand, making it harder for us to sell our products and services.

The successful operation of our business depends on the stable performance and reliability of systems, servers, networks, IT and cloud infrastructure, data processing systems, as well as the interoperability and compatibility of smart devices, operating systems, and third-party applications and services that are not under our control. Any disruption, outage, or failure of which could harm our business, reputation, and results of operations.

Our business depends on the stable performance of our systems, servers, networks, IT infrastructure and data processing systems for provision of our products and services. Disruptions to such systems, servers, networks or infrastructure may occur due to internal or external factors, such as inappropriate maintenance, defects in the servers, cyber-attacks or other malicious attacks or hacks targeted at us, occurrence of catastrophic events or human errors. If our services are unavailable when users attempt to access it, or if our smart devices does not load as quickly as users expect, users may not choose our smart BIoT solutions as often in the future, or at all, and may use our competitors' products or services more often. In the PRC and certain other geographic markets in which we operate, the access to the internet is mainly maintained through national or state-owned telecommunications operators on which we rely to provide us with the data communications capacity and bandwidth needed to deliver our services to users. We have limited access to alternative networks or services in the event of disruptions, failures or other problems with the internet infrastructure or the telecommunications networks in these geographic markets. Additionally, we have no control over the costs of the services provided by telecommunications service providers. If the prices we pay for telecommunications and internet services rise significantly or if mobile Internet access fees or other charges to Internet users increase, consumer traffic may decrease, our results of operations may be materially and adversely affected.

Each of our smart devices mainly operates on a business-centric, Android-based operating system. We depend on the accessibility of our smart devices across these third-party operating systems, particularly the Android operating system, and applications which we do not control. Additionally, third-party products and services are rapidly evolving, and we may be unable to adapt our smart devices to ensure compatibility with such third-party products and services as they evolve. Interoperability failures, whether caused by third parties or otherwise, may have a negative impact on our results of operations and financial condition.

Additionally, we currently use various third-party cloud-hosting providers to provide cloud infrastructure to support our smart BIoT solutions. We do not control, or in some cases have limited control over, the operation of the data center facilities we use. Any limitation on the capacity of our data centers or cloud infrastructure could impede our ability to onboard new customers or expand the usage of our existing customers, host our products or serve our customers, which could adversely affect our business, financial condition and results of operations. In addition, any incident affecting our data centers or cloud infrastructure that may be caused by cyber-attacks, natural disasters, fire, flood, severe storm, earthquake, power loss, outbreaks of contagious diseases, telecommunications failures, terrorist or other attacks, or other events beyond our control could negatively affect the cloud-based portion of our platform. A prolonged service disruption affecting our data centers or cloud-based services for any of the foregoing reasons would negatively impact our ability to serve our customers and could damage our reputation with current and potential customers, expose us to liability, cause us to lose customers or otherwise harm our business. We may also incur significant costs for using alternative providers or taking other actions in preparation for, or in response to, events that damage the third-party hosting services we use.

RISK FACTORS

Unauthorized or improper storage, processing, use or disclosure of personal data, cyber-attacks or other security incidents or data breaches that affect our smart BIoT solutions, whether inadvertent or purposeful, could materially and adversely affect our business, financial condition and results of operations.

We depend significantly on our technology infrastructure, IT systems, data and other equipment and systems to conduct virtually all of our business operations, ranging from our internal operations and research and development activities to our marketing and sales efforts and communications with our users, suppliers and business partners. In addition, our products and services collect and store data, some of which may involve sensitive information, including personal data, trade secrets and other proprietary information. Internal or external individuals or entities may attempt to penetrate our network security, or that of our smart devices, and to disrupt or cause harm to our business operations, including by sabotaging or misappropriating our personal or proprietary information or that of our users, suppliers and business partners or to cause interruptions of our products and services. Because the techniques used by such individuals or entities to access, disrupt or sabotage devices, systems and networks change frequently and may not be recognized until launched against a target, we may be unable to anticipate these techniques, and we may not become aware in a timely manner of such a security breach, which could exacerbate any damage we experience.

The security controls and other security practices we follow may not prevent the improper access to or disclosure of personal data or proprietary information despite the reasonable measures we have undertaken. We also rely on systems provided by third parties, which may also suffer security breaches or unauthorized access to or disclosure of personal data or proprietary information. Additionally, our business involves the processing, storage, transmission and processing of confidential and sensitive data, including user data, and the deployment of our IT resources in a safe and secure manner that does not expose our network systems to security breaches or the loss of data. Any data security incidents, including internal malfeasance by our employees, unauthorized access or usage, virus or similar breach or disruption of us or our service providers could result in loss of confidential or proprietary information or personal data, damage to our reputation, loss of users, litigation, regulatory investigations, fines, penalties and other liabilities. Accordingly, if our cybersecurity measures or those of our users or customers fail to protect against unauthorized access, attacks (which may include sophisticated cyber-attacks), the compromise or mishandling of data, or other misconduct or malfeasance, including by computer hackers, employees, contractors, vendors, users and business partners, as well as software bugs, human error or technical malfunctions, then our reputation, business, operating results and financial condition could be adversely affected.

Any unauthorized access, acquisition, use, or destruction of information we collect, store, transmit, or otherwise process, the unavailability of such information, or other disruptions of our ability to provide solutions to our users, regardless of whether it originates or occurs on our systems or those of third party service providers, could expose us to significant liability, regulatory actions, litigation, investigations, remediation obligations, damage to our reputation and brand, theft of intellectual property, supplemental disclosure obligations, loss of user, and partner confidence in the security of our applications, destruction of information, indemnity obligations, impairment to our business, and resulting fees, costs, expenses, loss of revenues, and other potential liabilities and harms to our business. In addition, if a high-profile security breach occurs within our industry, our existing and potential users may lose trust in the security of our smart devices and systems even if we are not directly affected.

We are subject to risks associated with smart BIoT related technologies. Our business operations, brand name and reputation could be harmed by real or perceived material defects or errors in our products, as well as flaws or inappropriate usage of smart BIoT related technologies.

The technology underlying our smart BIoT products is inherently complex and may contain material defects or errors, particularly when new versions are first introduced, when new features or capabilities are released, or when it is integrated with new or updated third-party hardware or software. We cannot assure you that our existing smart BIoT products will not contain defects or errors. Any real or perceived errors, failures, vulnerabilities or bugs could result in negative publicity or lead to system downtime, data loss or other performance issues, which could affect the business operations of our customers and harm our business, reputation and customer relationship. Correcting such defects or errors may be costly and time-consuming, and we cannot assure you that we will be able to detect, identify and rectify such problems in a timely manner or at all. We may also be involved in disputes and subject to legal liability in relation to real or perceived defects or errors. As a result, our reputation, business, results of operations and financial condition may be materially and adversely affected.

In addition, smart BIoT technologies continue to evolve. Flaws or deficiencies in smart BIoT technologies could undermine the accuracy and thoroughness of the analysis and decisions made by our products. We cannot assure you that we will be able to detect and remedy such flaws or deficiencies in a timely manner, or at all. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material litigations or other proceedings arising from or in relation to any misuse of our products. Any inappropriate, abusive or premature usage of smart BIoT technologies, whether actual or perceived, whether intended or inadvertent, and whether by third parties or by us, may dissuade prospective customers

RISK FACTORS

from adopting our products, impair the general acceptance of smart BIoT products by the society, bring on negative publicity, or even violate applicable laws and regulations and subject us to legal or administrative proceedings. Specifically, our smart BIoT products may be affected by the regulatory landscape of the smart BIoT industry. For instance, our research and development of smart BIoT technologies and the adoption of our smart BIoT products could be affected by the evolving laws governing the AI industry in China. For details, see “Regulatory Overview.” Any tightening of regulatory restrictions concerning the smart BIoT industry could affect our research and development activities, as well as the degree and manner of adoption of our smart BIoT products. Each of the foregoing events may, in turn, materially and adversely affect our reputation, business, results of operations, financial condition and prospects.

We face risks related to changes in global and regional macroeconomic conditions, natural disasters, geographical tensions, regional conflicts, health epidemics and other outbreaks of contagious diseases.

Uncertainties about global economic conditions, regulatory changes, geographic tensions 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 solutions. The escalated Palestinian-Israeli conflict, the conflict in Ukraine and the imposition of broad economic sanctions on Russia could raise energy prices and disrupt global markets. Unrest, terrorist threats and the potential for war in the Middle East and elsewhere may increase market volatility across the globe. The relationship between China and other countries with respect to trade policies, treaties, government regulations and tariffs (including new tariffs or tariff increases), among other matters, may affect the macroeconomic environment, both domestically and internationally, and potentially leave an impact on the market we operate in.

In addition, natural disasters such as floods, earthquakes, sandstorms, snowstorms, fire or drought, the outbreak of a widespread health epidemic or any severe epidemic disease such as SARS, Ebola, Zika or the COVID-19, 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.

Our insurance coverage strategy may not be adequate to protect us from all business risks or, if insurance carriers change the terms of such insurance in a manner not favorable to us, if we are required to purchase additional insurance for other aspects of our business, or if we fail to comply with regulations governing insurance, our business could be harmed.

We maintain various insurance policies to safeguard against risks and unexpected events. However, we do not maintain business interruption insurance or key-man insurance or any insurance covering liabilities resulting from illegal activities committed by our employees, users of smart devices or business partners. We cannot assure you that our insurance coverage is sufficient to prevent us from any loss or 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. If our insurance carriers change the terms of our policies in a manner unfavorable to us, our insurance costs could increase.

In addition, we are subject to laws, rules, and regulations relating to insurance which could result in proceedings or actions against us by governmental entities or others. Any failure, or perceived failure, by us to comply with laws, rules, and regulations or contractual obligations relating to insurance could result in proceedings or actions against us by regulatory authorities or others. If we were to incur substantial losses and liabilities arisen from uninsured occurrence of business disruption, litigation or natural disaster, we could suffer significant costs and diversion of our resources, which could have a material and adverse effect on our business, results of operations, financial conditions and business prospects. We may be required to bear our losses to the extent that our insurance coverage is insufficient. For more information about our insurance, see “Business — Insurance”.

RISKS RELATED TO DOING BUSINESS IN THE GEOGRAPHIC MARKETS IN WHICH WE OPERATE

Changes in the political and economic policies of the geographic markets in which we operate may materially and adversely affect our business, financial condition and results of operations and may result in our inability to sustain our growth and expansion strategies.

We operate our business in a number of geographic markets. Accordingly, our business, financial condition and results of operations may be influenced to a significant degree by political, economic and social conditions in these markets. In some of these markets, governments continue to play a significant role in regulating industry development by imposing industrial policies. Some local governments also have a significant impact on the economic growth and public order in their respective jurisdictions through allocating resources, regulating payment of foreign currency-denominated obligations, setting monetary policies, and providing preferential treatment to particular industries or companies. Governmental actions to control inflation and other policies and regulations have often involved, among other measures, price regulation, currency devaluations, capital regulation and limits on imports.

RISK FACTORS

Growth of the economy in each of our geographic markets has been uneven, both geographically and among various sectors of the economy. An economic downturn, whether actual or perceived, a further decrease in economic growth rates or an otherwise uncertain economic outlook in our geographic markets or any other market in which we may operate could have a material adverse effect on our business, financial condition and results of operations. Some of these markets have experienced, and may in the future experience, political instability, including strikes, demonstrations, protests, marches, guerrilla activity or other types of civil disorder. These instabilities and any adverse changes in the political environment could increase our costs, increase our exposure to legal and business risks, disrupt our operations or affect our ability to expand our user base.

In addition, the global economic, political and social conditions are evolving rapidly and subject to uncertainties. For example, health epidemics have caused significant downward pressure for the global economy. Geopolitical tension and conflicts, unfavorable trade and investment policies, energy crisis, inflation risk, interest rate fluctuations, instability in the financial system, and uncertainties regarding monetary policies of major economies impose new challenges and uncertainties on the global economy. In particular, the U.S. government has recently issued a rule imposing restrictions on U.S. outbound investment in Chinese companies engaged in certain activities involving specified sensitive technologies and issued a broadly worded “America First Trade Policy” and an “America First Investment Policy” that seek to further restrict U.S. investments involving China (including possibly expanding technologies subject to investment restrictions and narrowing related exceptions (including those related to publicly traded securities)). We are closely monitoring potential changes in international trade policy and assessing the potential impact of such trade policy changes on our business operations and financial performance. In February 2025, the United States government imposed a 10% tariff on imports from China. Such tariff was further increased to 20% in March 2025. On April 2, 2025, the United States government imposed a reciprocal tariff of 34% on imports from China. Such reciprocal tariff was subsequently raised to 84% and further revised to 125% on April 8, 2025 and April 9, 2025, respectively (the “Additional Tariffs”). On May 12, 2025, the PRC government and U.S. government issued a joint announcement acknowledging that both parties will take actions to build a sustainable and long-term trade relationship, and the U.S. government is committed to take actions to, among others, (i) suspend the tariff duty of 24% for an initial period of 90 days; and (ii) remove all of the Additional Tariffs (the “Joint Statement”). On May 13, 2025, the U.S. government issued an executive order to confirm and implement the modifications stated in the Joint Statement. These policies have adversely affected the global economy and financial markets, such as significant declines in the global stock markets. We believe that such tariffs would not have a material imminent impact on our business operations, but as relevant policies are rapidly evolving, it may be difficult to evaluate their potential future impacts. Geopolitical conflicts like this may also lead to volatility in financial markets, fluctuations in currency exchange rates, increased procurement costs and declines in trading prices of our Shares. In extreme cases, such conflicts could result in economic downturns that materially and adversely impact our operations. 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 and the ability of Chinese companies to raise capital from U.S.

There may be changes from time to time with respect to the legal systems of the markets where we operate, and any of our failure to comply with these laws and regulations could adversely affect us.

The legal systems in many of our markets vary significantly from jurisdiction to jurisdiction. Some jurisdictions, including China, have a civil law system based on written statutes and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value.

Many of our markets have not developed a fully integrated legal system, and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations, as well as the related government policies and guidance, are constantly evolving and subject to change, and the application of some of these laws and regulations to our businesses is not settled. For example, in February and March 2025, Nokia initiated legal proceedings in Germany and India against the Group (the “Dispute”) as a customary tactical response to bolster its negotiating position. In April 2025, the parties reached a comprehensive licensing settlement, and the Dispute was formally concluded. Our Directors believe the Dispute did not have a material impact on the Group’s financial or operational position, given its status and the insignificant amount of the claims. For details, see “Business — Legal Proceedings and Compliance — Nokia Dispute.” We cannot assure you that local administrative and court authorities may interpret the statutory provisions and contractual terms the same way we do, and it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the localities in which we operate. Foreign Judgments and arbitration awards may not be enforced by local courts. These circumstances may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, the regulatory

RISK FACTORS

changes may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats in attempt to extract payments or benefits from us.

Furthermore, our interpretation of the laws and regulations and the compliance of our business models therewith may be challenged by regulators and court authorities. As a result, we may not be aware of our violation of certain policies and rules until sometime after the violation. In addition, any administrative and court proceedings in our markets may be protracted, resulting in substantial costs and diversion of resources and management attention.

In addition, we are subject to various anti-corruption laws that prohibit improper payments or offers of payments to governments and their officials for the purpose of obtaining or retaining business. Our business in these markets involve operations and agreements with third parties, which may experience corruption. We are subject to the risk of unauthorized payments or offers of payments by one of our employees, consultants or agents, as these parties are not always subject to our control. It is our policy to implement safeguards to discourage these practices by our employees, consultants or agents, yet our existing safeguards and any future improvements may prove to be less than effective, and our employees, consultants and agents may engage in conduct for which we might be held responsible. Violations of applicable anti-corruption laws may result in severe criminal or civil sanctions, and we may be subject to other liabilities, which could negatively affect our business, operating results and financial condition.

It is possible that a number of laws and regulations may be adopted or construed to apply to us in our geographic markets and elsewhere that could restrict our industries. Scrutiny and regulation of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing this regulation. Changes in current laws or regulations or the imposition of new laws and regulations regarding our industries in our geographic markets may slow the growth of our industries and adversely affect our financial condition and results of operations.

Any failure to comply with PRC regulations regarding our employee share incentive plan may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

Pursuant to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (《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》), or SAFE Circular 7, issued by SAFE in February 2012, employees, directors, supervisors and other management members participating in any stock incentive plan of an overseas publicly listed company who are PRC citizens (including Hong Kong, Macau and Taiwan residents) or who are citizens of foreign countries residing in China for a continuous period of not less than one year (collectively, “Circular 7 Participants”), subject to limited exceptions, are required to register with SAFE through a domestic qualified agent, and complete certain other procedures. After our Company becomes an overseas listed company upon completion of this Global Offering, we and our Directors, executive officers and other employees who are Circular 7 Participants and who have been granted options shall follow SAFE Circular 7 to register with SAFE. We will make efforts to comply with these requirements upon completion of our offering. However, there can be no assurance that they can successfully register with SAFE in full compliance with the rules. Failure to complete the SAFE registrations may subject them to fines and legal sanctions and may also limit the ability to make payment under our share incentive plans or receive dividends or sales proceeds related thereto. Our ability to adopt additional share incentive plans for our Directors and employees who are PRC residents may also be restricted.

We are a PRC enterprise and we are subject to PRC tax on our global income, and any gains on the sales of our H Shares by investors and dividends paid to investors on our H Shares may be subject to PRC tax.

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

Non-PRC individuals are generally subject to PRC individual income tax under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) with respect to PRC source income or gains at a rate of 20%. We are required to withhold related tax from dividend payments paid to non-PRC resident individuals, unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. However, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax issued by the MOF and SAT (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》) on May 13, 1994, dividends and bonuses income gained by foreign individuals from foreign-invested enterprises is exempted from individual income tax for the time being.

According to the Circular Declaring that Individual Income Tax Continues to Be Exempted over Individual Income from Transfer of Shares issued by the MOF and the STA (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) effective as of March 30, 1998, income from individuals’ transfer of stocks of listed companies continued to be temporarily exempted from individual income tax. On February 3, 2013, the State Council

RISK FACTORS

approved and promulgated the Notice of Suggestions to Deepen the Reform of System of Income Distribution (《國務院批轉發展改革委等部門關於深化收入分配制度改革若干意見的通知》). On February 8, 2013, the General Office of the State Council promulgated the Circular Concerning Allocation of Key Works to Deepen the Reform of System of Income Distribution (《國務院辦公廳關於深化收入分配制度改革重點工作分工的通知》). According to these two documents, the PRC government is planning to cease foreign individuals' tax exemption for their dividends and bonuses income obtained from foreign-invested enterprises, and the MOF and the SAT should be responsible for making and implementing details of such plan. However, relevant implementation rules or regulations have not been promulgated by the MOF and the SAT. Considering the situations, non-resident individual H Shareholders should be aware that they may be obligated to pay PRC income tax on dividend and bonuses income realized from the H Shares.

As of the Latest Practicable Date, no aforesaid provisions had expressly provided whether individual income tax shall be levied from non-PRC individuals on the transfer of shares in PRC enterprises listed on overseas stock exchanges, and there is no assurance that the PRC tax authorities will not change these practices, which could result in levying income tax on non-PRC individuals on gains from the sale of our H Shares.

Regulations on currency exchange may limit our ability to utilize our cash effectively.

The PRC government imposes supervision on the convertibility of RMB into foreign currencies. Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. We cannot assure you that the PRC government will not restrict access to foreign currencies for current account transactions in the future. In addition, any insufficiency of foreign exchange may restrict our ability to pay dividends to shareholders or to satisfy any other foreign exchange requirements, capitalize our capital expenditure plans, and even our results of operations, financial performance and business prospects may be affected.

We face exposure to foreign currency exchange rate fluctuations, and such fluctuations could adversely affect our financing arrangements, business operations, results of operations, and financial condition.

As we expand globally with our customers, we become increasingly exposed to the effects of fluctuations in currency exchange rates, especially its potential impact on our financing arrangements. The value of the Renminbi against the U.S. dollar and other currencies has fluctuated significantly in the past, and may in the future continue to do so, affected by, among other things, changes in political and economic conditions and the foreign exchange policy adopted by the PRC government. We recorded net foreign exchange gains of RMB42.0 million 2024, and we recorded net foreign exchange losses of RMB0.8 million and RMB37.2 million in 2023 and 2025, respectively, due to the fluctuation in foreign exchange rates. For details, see Note 40 to the Accountants' Report set out in Appendix I to this Prospectus.

We do not rely on any single currency as we earn revenue in different local currencies across our markets. However, fluctuations in the exchange rates among the various currencies that we use could cause fluctuations in our operational and financial results. Our expenses may become higher and our revenue and operating metrics may become lower than would be the case if exchange rates were stable or if we were operating and reporting in one currency. A significant amount of our revenue and some of our operating metrics are denominated in certain local currencies that have been subject to significant volatility in the past. Because fluctuations in the value of these local currencies are not necessarily correlated, our results of operations in any period may be adversely affected by such volatility. We may enter into derivatives transactions and incur relevant costs from time to time to manage our exposure to exchange rate risk. Such derivatives transactions, while intended to be non-speculative, are designed to protect us against increases or decreases in exchange rates, but not both. If we have entered into derivatives transactions to protect against, for example, decreases in the value of a local currency and such local currency instead increases in value, we may incur financial losses. Such losses could materially and adversely affect our financial condition and results of operations.

It may be difficult to effect service of process upon us or our management that reside in China or to enforce against them or us in China any judgments obtained from foreign courts.

Some of our operating subsidiaries are incorporated in China. Some of our management reside in China. It may be difficult for investors to effect service of process upon us or our management inside China. China has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of many other jurisdictions. On July 3, 2008, the Supreme People's Court promulgated the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (《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》), or the Arrangement, pursuant to which a

RISK FACTORS

party with an enforceable final court judgment rendered by a Hong Kong Special Administrative Region court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in Chinese court. Similarly, a party with an enforceable final judgment rendered by a Chinese court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong Special Administrative Region court. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong Special Administrative Region court or a Chinese court in the mainland is expressly designated as the court having sole jurisdiction for the dispute.

On January 25, 2024, the Supreme People's Court promulgated issued the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《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》), or the New Arrangement, which seeks to establish a mechanism with further clarification on and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong Special Administrative Region and the Chinese mainland. The New Arrangement discontinued the requirements for a choice of court agreement for bilateral recognition and enforcement. The Arrangement was superseded upon the effectiveness of the New Arrangement on January 29, 2024.

Furthermore, China does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the U.S., the United Kingdom, or many other jurisdictions. Hence, the recognition and enforcement in China of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult.

RISKS RELATED TO THE WVR STRUCTURE

The concentration of the voting power of our Shares limits our Shareholders' ability to influence corporate matters.

Our Company will be controlled through weighted voting rights upon completion of the Global Offering. Immediately upon the completion of Global Offering, the WVR Beneficiary will be Mr. Lin. Mr. Lin is expected to have an economic interest in the Company of approximately 34.73%, representing approximately 79.63% of the total voting power in general meetings of the Company with respect to Shareholders' resolutions relating to matters other than the Reserved Matters and Special Matters. Mr. Lin therefore has significant influence over management and affairs of the Company and over certain matters requiring Shareholder approval, including the election of Directors (excluding the appointment, election or removal of any independent non-executive Director) and significant corporate transaction. In addition, because each Class B Ordinary Share carries only one-tenth of the voting rights of each Class A Share (except as required by applicable law and in relation to the Reserved Matters and Special Matters), the issuance of the Class B Ordinary Shares, including future share-based acquisition transactions and employee equity incentive programs, could prolong the duration of the WVR Beneficiary's ownership of our voting power immediately after the completion of the Global Offering and their ability to determine the outcome of most matters submitted to a vote of our Shareholders. For further details about our shareholding structure, see "Share Capital — Weighted Voting Rights Structure". This concentrated control limits or severely restricts our Shareholders' ability to influence corporate matters and, as a result, we may take actions that our Shareholders do not view as beneficial. As a result, the price of our Class B Ordinary Shares could be adversely affected. This concentrated control could discourage others from pursuing any potential merger, takeover, or other change of control transactions that holders of Class B Ordinary Shares may view as beneficial, and may also discourage, delay, or prevent a change of control of our Company, which could have the effect of depriving our other Shareholders of the opportunity to receive a premium for their Class B Ordinary Shares as part of a sale of our Company and may reduce the price of our Class B Ordinary Shares.

Holder of our Class A Shares may exert substantial influence over us and may not act in the best interests of our other Shareholders.

Following the completion of the Global Offering, Mr. Lin will be in a position to exert significant influence over the affairs of our Company and will be able to influence the outcome of any Shareholders' resolutions, irrespective of how other Shareholders vote. The interests of the holder of our Class A Shares may not necessarily be aligned with the interests of our Shareholders as a whole, and this concentration of voting power may also have the effect of delaying, deferring or preventing a change in control of our Company.

RISKS RELATED TO THE GLOBAL OFFERING AND OUR SHARES

There has been no prior public market for our Shares and the liquidity and market price of our Shares may be volatile.

Prior to the Global Offering, there has been no public market for our Shares. There can be no guarantee that an active trading market for our Shares will develop or be sustained after the completion of the Global Offering. The Offer

RISK FACTORS

Price of our Shares is the result of negotiations between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters), which may not be indicative of the price at which our Shares will be traded following the completion of the Global Offering. The market price of our Shares may drop below the Offer Price at any time after completion of the Global Offering.

The price and trading volume of our Shares may be volatile, which could result in substantial losses for investors purchasing our Shares in the Global Offering.

Factors such as fluctuations in our revenue, earnings, cash flows, new investments, regulatory development, additions or departures of key personnel, or actions taken by competitors could cause the market price of our Shares or trading volume of our Shares to change substantially and unexpectedly. In addition, stock prices have been subject to significant volatility in recent years. Such volatility has not always been directly related to the performance of the specific companies whose shares are traded. Such volatility, as well as general economic conditions, may materially and adversely affect the prices of shares, and as a result investors in our Shares may incur substantial losses.

Subscribers and purchasers of our Shares under the Global Offering will experience immediate dilution and may experience further dilution if we issue additional Shares in the future.

The Offer Price of our Shares is higher than our net tangible assets value per Share immediately prior to the Global Offering. Therefore, subscribers and purchasers of our Shares under the Global Offering will experience an immediate dilution in pro forma net tangible assets value per Share. In order to expand our business, we may consider offering and issuing additional Shares in the future or to raise additional funds in the future to finance our business expansion, for existing operations or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company, other than on a pro rata basis to existing Shareholders, then (i) the percentage ownership of the existing Shareholders may be reduced, and they may experience subsequent dilution and reduction in their earnings per share, (ii) such newly issued securities may have rights, preferences or privileges superior to those of the Shares of the existing Shareholders and/or (iii) subscribers and purchasers of our Shares may experience dilution in the net tangible assets value per Share if we issue additional Shares in the future at a price which is lower than our net tangible assets value per Share.

Future sale or major divestment of Shares by any of our substantial Shareholders could adversely affect the prevailing market price of our Shares.

The Shares held by certain Shareholders are subject to certain lock-up periods, the details of which are set out in the section headed “Underwriting” of this Prospectus. However, we cannot give any assurance that after the restrictions of the lock-up periods expire, these Shareholders will not dispose of any Shares. Sale of substantial amounts of our Shares in the public market, or the perception that these sales may occur, may materially and adversely affect the prevailing market price of our Shares.

Investors should not place undue reliance on facts, forecasts, estimates and other statistics in this Prospectus relating to the economy and our industry obtained from official or other resources.

Facts, forecasts, estimates and other statistics in this Prospectus relating to the economy and the industry in which we operate our business on have been collected from materials from official government sources. While we have exercised reasonable care in compiling and reproducing such information and statistics derived from government publications, we cannot assure you nor make any representation as to the accuracy or completeness of such information. The information and statistics from official government sources have not been independently verified by the Group, our Directors, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters or any other party involved in the Global Offering, and no representation is given as to its accuracy.

Neither we or any of our respective affiliates or advisers, nor the Underwriters or any of its affiliates or advisers, have independently verified the accuracy or completeness of such information directly or indirectly derived from official government sources. In particular, due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such information and statistics may be inaccurate or may not be comparable to information and statistics produced with respect to other countries. Statistics, industry data and other information relating to the economy and the industry derived from the official government sources used in this Prospectus may not be consistent with other information available from other sources and therefore, investors should not unduly rely upon such facts, forecasts, estimates and statistics while making investment decisions.

If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our Shares, the market price and trading volume of our Shares may decline.

The trading market for our Shares will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of the analysts who cover us downgrade our Shares, the price

RISK FACTORS

of our Shares would likely decline. If one or more of these analysts cease coverage of our Company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

We have no experience of operating as a public company.

We have no experience conducting our operations as a public company. After we become a public company, we may face enhanced administrative and compliance requirements, which may result in substantial costs. In addition, since we are becoming a public company, our management team will need to develop the expertise necessary to comply with the numerous regulatory and other requirements applicable to public companies, including requirements relating to corporate governance, listing standards and securities and investor relationships issues. As a public company, our management will have to evaluate our internal controls system with new thresholds of materiality, and to implement necessary changes to our internal controls system. We cannot guarantee that we will be able to do so in a timely and effective manner. Failure to effectively manage these new demands could adversely impact our operational efficiency and financial health, affecting our business and market perception.

We may not be able to pay any dividends to our Shareholders.

We cannot guarantee when and in what form dividends will be paid on our Shares following the Global Offering. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, such as our business and financial performance, capital and regulatory requirements and general business and operation 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.

We have significant discretions as to how we use the net proceeds of the Global Offering, and you may not necessarily agree with how we use them.

Our management may spend the net proceeds from the Global Offering in ways you may not agree with or that do not yield a favorable return. For details of our intended use of proceeds, see “Future Plans and Use of Proceeds” in this Prospectus. However, our management will have discretion as to the actual application of our net proceeds. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the net proceeds from this Global Offering.

You should read the entire Prospectus carefully and should not place any reliance on any information contained in press articles or other media regarding the Global Offering.

There may have been, prior to the publication of this Prospectus, and there may be, subsequent to the date of this Prospectus but prior to the completion of the Global Offering, press and media coverage regarding us and the Global Offering, such as the profit estimate information. You should rely solely upon the information contained in this Prospectus and any formal announcements made by us in Hong Kong in making your investment decision regarding the Global Offering. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any estimates, views or opinions expressed by the press or other media regarding the Global Offering or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

Accordingly, prospective investors should not rely on any such information, reports or publications in making their decisions whether to invest in the Global Offering. Prospective investors in the Global Offering are reminded that, in making their decisions as to whether to purchase our Shares, they should rely only on the financial, operational and other information included in this Prospectus. By applying to purchase our Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this Prospectus.

Forward-looking information contained in this Prospectus is subject to risks and uncertainties.

This Prospectus contains certain statements and information that are forward-looking and uses forward-looking terminology such as “anticipate,” “believe,” “could,” “going forward,” “intend,” “plan,” “project,” “seek,” “expect,” “may,” “ought to,” “should,” “would” or “will” and similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this Prospectus should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this Prospectus are qualified by reference to this cautionary statement.

WAIVERS

In preparation for the Listing, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

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

We do not have a sufficient management presence in Hong Kong for the purposes of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules. Our headquarters, senior management, business operations and assets are primarily based outside of Hong Kong. Our executive Directors ordinarily reside in the PRC and, given that they play very important roles in our Company's business operations, it is in our best interests for them to continue to be based where our Group has significant operations; it would not be beneficial to or appropriate for our Group, and therefore not in the best interests of our Company or the Shareholders as a whole, to relocate any of our existing executive Directors to Hong Kong or appoint additional executive Directors ordinarily resident in Hong Kong.

Therefore, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong 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 regular and effective communication between us and the Stock Exchange based on, among others, the following conditions:

- (i) pursuant to Rules 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives, who will act as our principal channel of communication with the Stock Exchange and ensure that our Company complies with the Listing Rules at all times. The authorized representatives appointed are Mr. Lin and Mr. Chen Xiaojing (陳肖旌) (“**Mr. Chen**”) (the “**Authorized Representatives**”). Both of the Authorized Representatives will be readily contactable by telephone and email to deal promptly with enquiries from the Stock Exchange and will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange. Our Company has provided contact details of the two Authorized Representatives to the Stock Exchange and will inform the Stock Exchange promptly in respect of any change in the Authorized Representatives;
- (ii) both Authorized Representatives have the means to contact all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. Our Company has implemented a policy whereby (i) each Director has provided their respective valid phone numbers or other means of communication to the Authorized Representatives; (ii) in the event that a Director expects to travel or is otherwise out of office, he/she will provide his/her phone number of the place of his/her accommodation to the Authorized Representatives or maintain an open line of communication via his/her mobile phone; and (iii) each Director has provided his/her mobile phone number, office phone number, email address and, where available, fax number to the Stock Exchange and will inform the Stock Exchange promptly if there are any changes to the contact details of the Directors;
- (iii) pursuant to Rule 3.20 of the Listing Rules, each Director has provided his/her contact information to the Stock Exchange and to the Authorized Representatives. This will ensure that the Stock Exchange and the Authorized Representatives should have means for contacting all Directors promptly at all times as and when required;
- (iv) all our Directors who are not ordinarily resident in Hong Kong have confirmed that they possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with relevant members of the Stock Exchange in Hong Kong upon reasonable notice, when required;
- (v) pursuant to Rule 3A.19 and Rule 8A.33 of the Listing Rules, we have retained the services of our Compliance Adviser upon Listing commencing on the Listing Date. The Compliance Adviser will act as an additional channel of communication with the Stock Exchange and will be available to respond to enquiries from the Stock Exchange. The contact details of the Compliance Adviser have been provided to the Stock Exchange;
- (vi) our Authorized Representatives, Directors and other officers of our Company will promptly provide such information and assistance as the Compliance Adviser may reasonably require in connection with the performance of the Compliance Adviser's duties as set forth in Chapter 3A of the Listing Rules. There will be adequate and efficient means of communication between our Company, Authorized Representatives,

WAIVERS

Directors and other officers of our Company and the Compliance Adviser, and, to the extent reasonably practicable and legally permissible, we will keep the Compliance Adviser informed of all communications and dealings between the Stock Exchange and us. Meetings between the Stock Exchange and our Directors may be arranged through our Authorized Representatives or the Compliance Adviser, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change of Authorized Representatives and/or the Compliance Adviser;

- (vii) we will appoint other professional advisers (including legal advisers in Hong Kong) after the Listing to assist us in dealing with any questions which may be raised by the Stock Exchange and to ensure that there will be prompt and effective communication with the Stock Exchange; and
- (viii) our Company has designated staff members as the communication officers at our headquarters after the Listing who will be responsible for maintaining day-to-day communication with the Authorized Representatives and our Company's professional advisers in Hong Kong, including our legal advisers in Hong Kong and the Compliance Adviser, to keep abreast of any correspondence with and/or enquiries from the Stock Exchange and report to our executive Directors to further facilitate communication between the Stock Exchange and our Company.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

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

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

- (i) a member of The Hong Kong Chartered Governance Institute;
- (ii) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and
- (iii) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

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

- (i) length of employment with the issuer and other issuers and the roles he/she played;
- (ii) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (iv) professional qualifications in other jurisdictions.

Our Company has appointed Mr. Chen and Mr. Wong Chun Wing Samuel (黃俊穎) ("Mr. Wong") as our joint company secretaries. See "Directors and Senior Management — Joint Company Secretaries" for their biographical detail.

The Company believes that it would be in the best interests of the Company and the corporate governance of the Group to have a person such as Mr. Chen as its joint company secretary, who has been the Board secretary of our Company since June 2019 and has day-to-day knowledge of the Company's affairs. Mr. Chen has the necessary nexus to the Board and close working relationship with management of the Company in order to perform the function of a joint company secretary and to take the necessary actions in the most effective and efficient manner. However, Mr. Chen presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Mr. Wong, who is a member of The Hong Kong Chartered Governance Institute and fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules, to act as the other joint company secretary and to provide assistance to Mr. Chen for an initial period of three years from the Listing Date to enable Mr. Chen to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

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

WAIVERS

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

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

Prior to the expiration of the initial three-year period, the qualifications and experience of Mr. Chen will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will demonstrate that, Mr. Chen, having benefited from the assistance of Mr. Wong for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

WAIVER IN RELATION TO POST-TRACK RECORD PERIOD ACQUISITIONS

Rules 4.04(2) and 4.04(4) of the Listing Rules require that the new applicant include in its accountants' report the results and balance sheet of any business or subsidiary acquired, agreed or proposed to be acquired, since the date to which its latest audited accounts have been made up, in respect of each of the three financial years immediately preceding the issue of this Prospectus.

Pursuant to note (4) of Rule 4.04(4) of the Listing Rules, the Stock Exchange may consider an application for a waiver of Rules 4.04(2) and 4.04(4) of the Listing Rules taking into account the following factors:

- (a) that all the percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) are less than 5% by reference to the most recent audited financial year of the new applicant's trading record period;
- (b) if the acquisition will be financed by the proceeds raised from a public offer, the new applicant has obtained a certificate of exemption from the SFC in respect of the relevant requirements under paragraphs 32 and 33 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and
- (c)
 - (i) where a new applicant's principal activities involve the acquisition of equity securities (the Stock Exchange may require further information where securities acquired are unlisted), the new applicant is not able to exercise any control, and does not have any significant influence over the underlying company or business to which Rule 4.04(2) and 4.04(4) of the Listing Rules relate, and has disclosed in its listing document the reasons for the acquisition and a confirmation that the counterparties and their respective ultimate beneficial owners are independent of the new applicant and its connected persons. In this regard, "control" means the ability to exercise or control the exercise of 30% (or any amount specified in the Hong Kong Code on Takeovers and Mergers as the level for triggering a mandatory general offer) or more of the voting power at general meeting, or being in a position to control the composition of a majority of the board of directors of the underlying company or business; or
 - (ii) with respect to an acquisition of a business (including acquisition of an associated company and any equity interest in a company other than in the circumstances covered under sub-paragraph (a) above) or a subsidiary by a new applicant, the historical financial information of such business or subsidiary is unavailable, and it would be unduly burdensome for the new applicant to obtain or prepare such financial information; and the new applicant has disclosed in its listing document information required for the announcement for a discloseable transaction under Rules 14.58 and 14.60 of the Listing Rules on each acquisition. In this regard, "unduly burdensome" will be assessed based on each new applicant's specific facts and circumstances (e.g. why the financial information of the acquisition target is not available and whether the new applicant or its controlling shareholder has sufficient control or influence over the seller to gain access to the acquisition target's books and records for the purpose of complying with the disclosure requirements under Rules 4.04(2) and 4.04(4) of the Listing Rules).

WAIVERS

Background

Investment in Shanghai Luma

We entered into an agreement in relation to our acquisition of the 1.2% equity interests in Luma Intelligent Technology (Shanghai) Co., Ltd. (鹿馬智能科技(上海)有限公司, “**Shanghai Luma**”) by way of capital injection at a consideration of RMB6 million based on arm’s length negotiation in May 2025. Shanghai Luma is a company established in the PRC which is primarily engaged in the provision of digital solutions to hotels. After completion of the acquisition, the remaining 98.8% equity interests in Shanghai Luma will be held by Independent Third Parties. The consideration of the aforesaid acquisition will be fully paid by the second quarter of 2026 in cash with the Company’s internal resources. After completion of the aforesaid investment, Shanghai Luma will not be accounted as our associated company or subsidiary.

According to the unaudited management accounts of Shanghai Luma, (i) its total assets as of December 31, 2024 was approximately RMB17.5 million, (ii) its revenue was RMB21.5 million for the year ended December 31, 2024, and (iii) it recorded a net loss of approximately RMB17.7 million for the year ended December 31, 2024.

Reasons and Benefits

The Company believes that the investment in Shanghai Luma (the “**Post-TRP Acquisition**”) will contribute to our strategic expansion into the digital services in the retail and hospitality sector, and will also strengthen the Group’s long-term business development through cooperation with our business partners. Our Directors considered that the Post-TRP Acquisition is on normal commercial terms, fair and reasonable and in the interest of our Company and the Shareholders as a whole.

Conditions to the waiver granted by the Stock Exchange

We have applied to the Stock Exchange for, and the Stock Exchange has granted a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules in respect of the Post-TRP Acquisition on the following grounds:

(a) Immateriality

Under Rule 14.04(9) of the Listing Rules, all the applicable percentage ratios under Rule 14.07 of the Listing Rules in relation to the Post-TRP Acquisition are below 5% by reference to the most recent audited financial year of the Track Record Period. We consider the Post-TRP Acquisition to be immaterial in the context of our Company’s operations as a whole and will not result in any material changes to the group’s financial position after the Track Record Period, therefore a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules and the non-disclosure of the required information will not prejudice the interests of investors nor affect their ability to assess the Company’s business, operations, financial position and future prospects when considering an investment in our Company.

(b) Acquisition of minority interests only and absence of control for Shanghai Luma

We only acquired less than 2% equity interest in Shanghai Luma after the completion of the Post-TRP Acquisition. As is typical for minority investments, we will not be able to control a majority of their board of directors and will not be involved in their daily management. In addition, Shanghai Luma has independent management and operations team, in which our Group has no participation. Shanghai Luma will not be treated as our Company’s subsidiaries upon completion of the Post-TRP Acquisition as we will not control Shanghai Luma. As Shanghai Luma will not become subsidiaries of our Company, its financial information will not be consolidated into our Company’s financial information.

(c) Impracticality and undue burden

As we have not controlled and will not control Shanghai Luma, we are unable to provide our reporting accountant with full access to their financial record, provide them opportunities to fully familiarize with Shanghai Luma’s accounting policies or to gather and compile the necessary financial information and supporting documents to prepare the financial information required under the Listing Rules. As such, it would be impracticable and unduly burdensome for us to disclose the financial information of Shanghai Luma in strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules.

(d) Alternative disclosure in this Prospectus

We have provided alternative information in this Prospectus in connection with the Post-TRP Acquisition required for the announcement for a discloseable transaction under Chapter 14 of the Listing Rules including, among other things, (i) the reasons for the Post-TRP Acquisition, (ii) description of the principal business of Shanghai Luma, (iii) descriptions of the counterparties of the Post-TRP Acquisitions and a confirmation that they are Independent Third Parties, (iv) the consideration for the Post-TRP Acquisition and how it is expected to be satisfied, (v) basis on which the consideration for the Post-TRP Acquisition was determined, and (vi) key financial information of Shanghai Luma.

WAIVERS

WAIVER IN RELATION TO CONNECTED TRANSACTIONS

We have entered into certain transactions which will constitute continuing connected transactions of our Company under the Listing Rules following the Listing. We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement requirement as set out in Chapter 14A of the Listing Rules for such continuing connected transactions. For further details, please refer to the section headed “Connected Transactions” in this Prospectus.

WAIVER FROM STRICT COMPLIANCE WITH RULE 10.04 OF AND CONSENT UNDER PARAGRAPH 1C(2) OF APPENDIX F1 TO THE LISTING RULES IN RESPECT OF SUBSCRIPTIONS OF OFFER SHARES BY A CLOSE ASSOCIATE OF AN EXISTING SHAREHOLDER AS CORNERSTONE INVESTOR

Rule 10.04 of the Listing Rules provides that a person who is an existing shareholder of the issuer may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of a new applicant either in his or its own name or through nominees if the conditions in Rules 10.03(1) and (2) of the Listing Rules are fulfilled. The conditions in Rules 10.03(1) and (2) of the Listing Rules are that (a) no securities are offered to the existing shareholders on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and (b) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved.

Paragraph 1C(2) of Appendix F1 to the Listing Rules provides that, unless with the prior written consent of the Stock Exchange, no allocations will be permitted to directors or existing shareholders of the applicant or their close associates, whether in their own names or through nominees unless the conditions set out in Rules 10.03 and 10.04 of the Listing Rules are fulfilled.

Chapter 4.15 of the Guide for New Listing Applicants provides that the Stock Exchange will consider giving consent and granting waiver from Rule 10.04 of the Listing Rules to an applicant’s existing shareholders or their close associates to participate in an initial public offering if any actual or perceived preferential treatment arising from their ability to influence the applicant during the allocation process can be addressed.

As further described in the section headed “Cornerstone Investors”, XINWUTANG CO., LIMITED is a close associate of Shanshang Investment, an existing minority Shareholder of the Company, and Jiashan Xinwutang Equity Investment Partnership Enterprise (Limited Partnership) (嘉善新武塘股權投資合夥企業(有限合夥)), which wholly owns XINWUTANG CO., LIMITED, has entered into a cornerstone investment agreement with the Company. For further details of the cornerstone investment, please refer to the section headed “Cornerstone Investors”.

We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 10.04 of, and consent under paragraph 1C(2) of Appendix F1 to, the Listing Rules to allow XINWUTANG CO., LIMITED to participate in the Global Offering as a cornerstone investor, subject to the following conditions:

- (i) Shanshang Investment is interested in less than 5% voting rights in the Company before the Listing;
- (ii) Shanshang Investment is not a core connected person of the Company or a close associate of any such core connected person;
- (iii) Shanshang Investment does not have the power to appoint Directors or any other special rights upon Listing;
- (iv) the allocation to XINWUTANG CO., LIMITED will not affect the Company’s ability to satisfy the public float requirement under Rule 8.08(1) (as amended and replaced by Rule 19A.13A(1)) of the Listing Rules; and
- (v) written confirmations pursuant to paragraph 14 of Chapter 4.15 of the Guide being provided to the Stock Exchange, which includes confirmation on matters set out in conditions (i) to (iv) above and the following:
 - (a) the Joint Sponsors confirm to the Stock Exchange in writing that based on the best of their knowledge and belief, they have no reason to believe that XINWUTANG CO., LIMITED received any preferential treatment in the allocation of Offer Shares in the Global Offering by virtue of its relationship with the Company other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide, and details of the allocation will be disclosed in the Prospectus and/or the allotment results announcement;
 - (b) the Company and the Overall Coordinators confirm to the Stock Exchange in writing that no preferential treatment has been, nor will be, given to XINWUTANG CO., LIMITED by virtue of its

WAIVERS

relationship with the Company in any allocation in the placing tranche, other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide; and

- (c) the Company confirms that the cornerstone investment agreement does not contain any material terms which are more favourable to XINWUTANG CO., LIMITED than those in other cornerstone investment agreements.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This Prospectus, for which our Directors (including any proposed Director who is named as such in this Prospectus) collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable inquiries, confirm that to the best of their knowledge and belief, the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

CSRC FILING

The CSRC has issued the filing notice confirming our completion of the PRC filing procedures pursuant to the new filing regime introduced by the Overseas Listing Trial Measures for the Global Offering, the conversion of certain Unlisted Shares into H Shares and the application for listing of the H Shares on the Hong Kong Stock Exchange.

INFORMATION ON THE GLOBAL OFFERING

This Prospectus is published solely in connection with the Hong Kong Public Offering. For applications under the Hong Kong Public Offering, this Prospectus contains the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of initially 4,262,700 H Shares and the International Offering of initially 38,364,100 H Shares (subject, in each case, to reallocation on the basis as set out in the section headed "Structure of the Global Offering" in this Prospectus).

The listing of the Offer Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is managed by the Overall Coordinators and is underwritten by the International Underwriters. The International Underwriting Agreement is expected to be entered into on or about Monday, April 27, 2026. For details of the Underwriters and the underwriting arrangements, see the section headed "Underwriting" in this Prospectus.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this Prospectus and on the terms and subject to the conditions set out herein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this Prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees, advisers, agents or representatives, or any other persons or parties involved in the Global Offering. Neither the delivery of this Prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this Prospectus or that the information in this Prospectus is correct as of any subsequent time.

For details of the structure of the Global Offering, see "Structure of the Global Offering" in this Prospectus.

INFORMATION ON THE CONVERSION OF UNLISTED SHARES INTO H SHARES

Our Company has applied for the conversion of an aggregate of 261,415,724 Unlisted Shares held by the existing Shareholders into H Shares. For details, see the sections headed "History, Development and Corporate Structure" and "Share Capital" in this Prospectus. Such H Shares to be converted from Unlisted Shares are restricted from trading for a period of one year after the Listing.

The relevant filing procedure in relation to the conversion of Unlisted Shares into H Shares has been completed.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for the Hong Kong Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this Prospectus.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the H Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of the Hong Kong Offer Shares to, confirm that he/she is aware of the restrictions on the offer and sale of the Hong Kong Offer Shares described in this Prospectus.

No action has been taken to permit a public offering of the H Shares outside Hong Kong or the distribution of this Prospectus in any jurisdiction other than Hong Kong. Accordingly, and without limitation to the following, this Prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation for subscription. The distribution of this Prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the PRC.

UNDERWRITING

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Overall Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters subject to the terms and conditions of the Hong Kong Underwriting Agreement. The International Offering is expected to be fully underwritten by the International Underwriters. For further details on the Underwriters and the underwriting arrangements, please refer to the section headed “Underwriting” in this Prospectus.

APPLICATION FOR LISTING OF THE H SHARES ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the listing of, and permission to deal in, (a) our H Shares to be converted from the Unlisted Shares, and our H Shares to be issued pursuant to the Global Offering, and (b) the Class B Ordinary Shares that may be issued upon conversion of the Class A Shares on a one-to-one basis subject to compliance with regulations on H share “full circulation”. Dealings in the H Shares on the Stock Exchange are expected to commence on Wednesday, April 29, 2026. No part of our Shares is listed on or dealt in on any other stock exchange, and no such listing or permission to list is being or proposed to be sought in the near future. We satisfy the requirements under Rule 8.05 and Rule 8A.06 of the Listing Rules with reference to (i) our revenue for the year ended December 31, 2025, which exceeds HK\$1 billion, and (ii) our expected market capitalization at the time of Listing, which exceeds HK\$10 billion based on the Offer Price.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the H Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Stock Exchange.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the H Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time. All necessary arrangements have been made for the H Shares to be admitted in to CCASS. Investors should seek the advice of their stockbrokers or other professional advisers for the details of the settlement arrangements as such arrangements may affect their rights and interests.

REGISTER OF MEMBERS AND STAMP DUTY

All H Shares issued pursuant to applications made in the Global Offering and converted from Unlisted Shares will be registered on our H Share register to be maintained in Hong Kong by our H Share Registrar, Computershare Hong Kong Investor Services Limited. Our principal register of members will be maintained by us at our headquarters in the PRC.

Dealings in the H Shares registered in our H Share register will be subject to Hong Kong stamp duty. Hong Kong stamp duty is charged to each of the seller and purchaser at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the H Shares transferred. In other words, a total of 0.2% will be payable on a typical sale and purchase transaction of the H Shares. In addition, a fixed stamp duty of HK\$5.00 is currently payable on each instrument of transfer of H Shares.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed our H Share Registrar, and our H Share Registrar has agreed, not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless and until such holder delivers a signed form to our H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

- agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law, the Overseas Listing Trial Measures and our Articles of Association;

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

- agrees with us, each of our Shareholders, Directors, managers and officers, and we, acting for ourselves and for each of our Directors, managers and officers agree with each of our Shareholders, to refer all differences and claims arising from our Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award, which arbitration shall be final and conclusive;
- agrees with us and each of our Shareholders that the H Shares are freely transferable by the holders thereof; and
- authorizes us to enter into a contract on his or her behalf with each of our Directors, managers and officers whereby such Directors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association. Persons applying for or purchasing H Shares under the Global Offering are deemed, by their making an application or purchase, to have represented that they are not associates of any of our Directors or existing Shareholder or a nominee of any of the foregoing.

DIVIDENDS PAYABLE TO HOLDERS OF H SHARES

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of our H Shares will be paid to the Shareholders as recorded on the H Share register of our Company in Hong Kong and sent by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposal of, or dealing in, or the exercise of any rights in relation to, our H Shares. None of our Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees, advisers, agents or representatives, or any other persons or parties involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposal of, or dealing in, or the exercise of any rights in relation to, our H Shares.

LANGUAGE

If there is any inconsistency between the English version of this Prospectus and its Chinese translation, the English version of this Prospectus shall prevail unless otherwise stated. For ease of reference, the names of the Chinese laws and regulations, government authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this Prospectus in both the Chinese and English languages. In the event of any inconsistency, the Chinese version shall prevail.

ROUNDING

Certain amounts and percentage figures included in this Prospectus have been subject to rounding adjustments, or have been rounded to one or two decimal places. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figure preceding them. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

CURRENCY TRANSLATION

Solely for your convenience, this Prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars at specified rates.

Unless otherwise specified, the translation of Renminbi into Hong Kong dollars, of Renminbi into U.S. dollars and of Hong Kong dollars into U.S. dollars, and vice versa, in this Prospectus was made at the following rates:

RMB1.00 to HK\$1.1410

US\$1.00 to RMB6.8657

US\$1.00 to HK\$7.8318

No representation is made that any amounts in Renminbi, Hong Kong dollars or U.S. dollars can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Lin Zhe (林喆)	Room 102, No. 163 University Road Yangpu District Shanghai PRC	Chinese
Mr. Chen Xiaojing (陳肖旌)	602, Building 405, Shanghai Yard, Lane 399, Jiangwancheng Road Yangpu District Shanghai PRC	Chinese
Mr. Zhang Jinpu (張金普)	No.107 Guoxiang Road, Yangpu District, Shanghai PRC	Chinese
Mr. Chen Guihong (陳桂鴻)	Room 1003, No.6 Lane 98, Songtang Road, Baoshan District, Shanghai PRC	Chinese
Non-Executive Directors		
Mr. Wang Huan (王歡)	Room 2801, No.6 Lane 299, Dapu Road, Huangpu District, Shanghai PRC	Chinese
Ms. Zhang Yi (張一)	Xiaomi Science and Technology Park A10 003 No. 33 Xierqi Middle Road Haidian District Beijing PRC	Chinese
Independent Non-Executive Directors		
Mr. Li Shihong (李詩鴻)	No. 1575, Wanhangu Road Changning District Shanghai PRC	Chinese
Ms. Wang Xia (王霞)	Room 201, No. 24 Lane 788, Wanyuan Road Minhang District Shanghai PRC	Chinese
Mr. Poon Wing Shing, Anthony (潘永誠)	Room 6A, Tower 1, Tregunter 14 Tregunter Path Mid-Levels Central Hong Kong	Chinese

For further details of our Directors, see the section headed “Directors and Senior Management” in this Prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors

Deutsche Securities Asia Limited

Level 60, International Commerce Centre
1 Austin Road West, Kowloon,
Hong Kong

CITIC Securities (Hong Kong) Limited

18/F, One Pacific Place,
88 Queensway, Hong Kong

ABCI Capital Limited

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

Sponsor-Overall Coordinators and Overall- Coordinators

Deutsche Bank AG, Hong Kong Branch

Level 60, International Commerce Centre
1 Austin Road West, Kowloon,
Hong Kong

CLSA Limited

18/F, One Pacific Place,
88 Queensway, Hong Kong

ABCI Capital Limited

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

Overall Coordinator

CMB International Capital Limited

45/F, Champion Tower
3 Garden Road, Central
Hong Kong

Joint Global Coordinators and Joint Bookrunners

Deutsche Bank AG, Hong Kong Branch

Level 60, International Commerce Centre
1 Austin Road West, Kowloon,
Hong Kong

CLSA Limited

18/F, One Pacific Place,
88 Queensway, Hong Kong

ABCI Capital Limited

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

CMB International Capital Limited

45/F, Champion Tower
3 Garden Road, Central
Hong Kong

Joint Bookrunners

Shenwan Hongyuan Securities (H.K.) Limited

Level 6, Three Pacific Place,
1 Queen's Road East, Hong Kong

Yue Xiu Securities Company Limited

Rooms Nos. 4917-4937,
49/F, Sun Hung Kai Centre,
No.30 Harbour Road, Wanchai,
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Lead Managers

Yellow River Securities Limited

Room 2701B, 27/F,
Tower 1, Admiralty Center,
18 Harcourt Road,
Admiralty, Hong Kong

Tiger Brokers (HK) Global Limited

23/F, Li Po Chun Chambers,
189 Des Voeux Road Central, Hong Kong

Futu Securities International (Hong Kong) Limited

34/F, United Centre,
No.95 Queensway, Admiralty, Hong Kong

Tianda Securities Limited

Suites 2401-2410, CITIC Tower,
1 Tim Mei Avenue, Central,
Hong Kong

Webull Securities Limited

Suites 2509-12, 25/F,
Tower 6, The Gateway,
Harbour City, Kowloon,
Hong Kong

Yuen Meta (International) Securities Limited

2601, 26/F, Wanchai Central Building,
89 Lockhart Road,
Wanchai, Hong Kong

West Bull Securities Limited

2701-2703, 27/F, Infinitus Plaza,
199 Des Voeux Rd Central,
Sheung Wan, Hong Kong

Livermore Holdings Limited

Unit 1214A, 12/F, Tower II Cheung Sha Wan Plaza,
833 Cheung Sha Wan Road, Kowloon, Hong Kong

Deutsche Bank AG, Hong Kong Branch

Level 60, International Commerce Centre
1 Austin Road West, Kowloon,
Hong Kong

CLSA Limited

18/F, One Pacific Place,
88 Queensway, Hong Kong

ABCI Securities Company Limited

10/F, Agricultural Bank of China Tower,
50 Connaught Road Central,
Hong Kong

CMB International Capital Limited

45/F, Champion Tower
3 Garden Road, Central
Hong Kong

Shenwan Hongyuan Securities (H.K.) Limited

Level 6, Three Pacific Place,
1 Queen's Road East, Hong Kong

Yue Xiu Securities Company Limited

Rooms Nos. 4917-4937,
49/F, Sun Hung Kai Centre,
No.30 Harbour Road, Wanchai,
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Capital Market Intermediaries

Yellow River Securities Limited

Room 2701B, 27/F,
Tower 1, Admiralty Center,
18 Harcourt Road,
Admiralty, Hong Kong

Tiger Brokers (HK) Global Limited

23/F, Li Po Chun Chambers,
189 Des Voeux Road Central, Hong Kong

Futu Securities International (Hong Kong) Limited

34/F, United Centre,
No. 95 Queensway, Admiralty, Hong Kong

Tianda Securities Limited

Suites 2401-2410, CITIC Tower,
1 Tim Mei Avenue, Central,
Hong Kong

Webull Securities Limited

Suites 2509-12, 25/F,
Tower 6, The Gateway,
Harbour City, Kowloon,
Hong Kong

Yuen Meta (International) Securities Limited

2601, 26/F, Wanchai Central Building,
89 Lockhart Road,
Wanchai, Hong Kong

West Bull Securities Limited

2701-2703, 27/F, Infinitus Plaza,
199 Des Voeux Rd Central,
Sheung Wan, Hong Kong

Livermore Holdings Limited

Unit 1214A, 12/F, Tower II Cheung Sha Wan Plaza,
833 Cheung Sha Wan Road, Kowloon, Hong Kong

Deutsche Bank AG, Hong Kong Branch

Level 60, International Commerce Centre
1 Austin Road West, Kowloon,
Hong Kong

CLSA Limited

18/F, One Pacific Place,
88 Queensway, Hong Kong

ABCI Capital Limited

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

ABCI Securities Company Limited

10/F, Agricultural Bank of China Tower,
50 Connaught Road Central,
Hong Kong

CMB International Capital Limited

45/F, Champion Tower
3 Garden Road, Central
Hong Kong

Shenwan Hongyuan Securities (H.K.) Limited

Level 6, Three Pacific Place,
1 Queen's Road East, Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Yue Xiu Securities Company Limited

Rooms Nos. 4917-4937,
49/F, Sun Hung Kai Centre,
No. 30 Harbour Road, Wanchai,
Hong Kong

Yellow River Securities Limited

Room 2701B, 27/F,
Tower 1, Admiralty Center,
18 Harcourt Road,
Admiralty, Hong Kong

Tiger Brokers (HK) Global Limited

23/F, Li Po Chun Chambers,
189 Des Voeux Road Central,
Hong Kong

Futu Securities International (Hong Kong) Limited

34/F, United Centre,
No. 95 Queensway, Admiralty, Hong Kong

Tianda Securities Limited

Suites 2401-2410, CITIC Tower,
1 Tim Mei Avenue, Central,
Hong Kong

Webull Securities Limited

Suites 2509-12, 25/F,
Tower 6, The Gateway,
Harbour City, Kowloon,
Hong Kong

Yuen Meta (International) Securities Limited

2601, 26/F, Wanchai Central Building,
89 Lockhart Road,
Wanchai, Hong Kong

West Bull Securities Limited

2701-2703, 27/F, Infinitus Plaza,
199 Des Voeux Rd Central,
Sheung Wan, Hong Kong

Livermore Holdings Limited

Unit 1214A, 12/F, Tower II Cheung Sha Wan Plaza,
833 Cheung Sha Wan Road, Kowloon, Hong Kong

Legal Advisers to our Company

As to Hong Kong and U.S. laws

Davis Polk & Wardwell

10/F, The Hong Kong Club Building
3A Chater Road
Central
Hong Kong

As to PRC laws

Jingtian & Gongcheng

45/F, K.Wah Center,
1010 Huaihai Road(M),
Shanghai
PRC

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

As to Hong Kong laws

Li & Partners

22nd Floor Word-Wide House
19 Des Voeux Road Central
Hong Kong

As to Singapore laws

Shook Lin & Bok LLP

1 Robinson Road
#18-00 AIA Tower
Singapore 048542

As to International Sanctions laws

Sheppard, Mullin, Richter & Hampton LLP

480 Avenue Louise
1050 Brussels
Belgium

As to PRC data compliance

Shanghai Landing Law Offices

16th Floor, East Tower,
Raffles City North Bund,
1089 East Daming Road, Hongkou District
Shanghai
PRC

As to U.S. data compliance

Bay WinBird, A Professional Corp.

300 Spectrum Center Drive, Suite 442
Irvine, California
U.S.A

As to Europe data compliance

Zhengen GONG & Me.Aurore BONAVIA

(Attorney at Law at French Bar)

242 bis Boulevard saint germain
75007 paris
France

As to arbitration matter

Zhong Lun Law Firm

22-24/F & 27-31/F
South Tower of CP Center
20 Jin He East Avenue
Chaoyang District
Beijing
PRC

Legal Advisers to the Joint Sponsors and the Underwriters

As to Hong Kong and U.S. laws

Cleary Gottlieb Steen & Hamilton (Hong Kong)

37th Floor, Hysan Place,
500 Hennessy Road,
Causeway Bay,
Hong Kong

As to PRC laws

Commerce & Finance Law Offices

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

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Reporting Accountants and Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor
35/F, One Pacific Place,
88 Queensway,
Hong Kong

Industry Consultant

China Insights Consultancy
10F, Block B,
Jing'an International Center,
88 Puji Road,
Shanghai,
PRC

Compliance Adviser

Rainbow Capital (HK) Limited
Office No. 710, 7/F Wing On House
71 Des Voeux Road Central
Central
Hong Kong

Receiving Bank

CMB Wing Lung Bank Limited
14/F, CMB Wing Lung Bank Building
45 Des Voeux Road
Central
Hong Kong

CORPORATE INFORMATION

Registered Office, Headquarters and Principal Place of Business in the PRC	Floor 6, Building 7, No. 388, Songhu Road Yangpu District Shanghai PRC
Principal Place of Business in Hong Kong	31/F., Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
Company's Website	<u>https://www.sunmi.com</u> <i>(information contained on this website does not form part of this Prospectus)</i>
Joint Company Secretaries	Mr. Chen Xiaojing (陳肖旌) 602, Building 405, Shanghai Yard, Lane 399, Jiangwancheng Road Yangpu District Shanghai PRC Mr. Wong Chun Wing Samuel (黃俊穎) 31/F., Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
Authorized Representatives	Mr. Lin Zhe (林喆) Room 102, No. 163 University Road Yangpu District Shanghai PRC Mr. Chen Xiaojing (陳肖旌) 602, Building 405, Shanghai Yard, Lane 399, Jiangwancheng Road Yangpu District Shanghai PRC
Audit Committee	Ms. Wang Xia (王霞) (<i>Chairman</i>) Mr. Li Shihong (李詩鴻) Mr. Poon Wing Shing, Anthony (潘永誠)
Nomination Committee	Mr. Li Shihong (李詩鴻) (<i>Chairman</i>) Mr. Zhang Jinpu (張金普) Ms. Wang Xia (王霞)
Remuneration Committee	Mr. Poon Wing Shing, Anthony (潘永誠) (<i>Chairman</i>) Mr. Lin Zhe (林喆) Mr. Li Shihong (李詩鴻)
Corporate Governance Committee	Mr. Li Shihong (李詩鴻) (<i>Chairman</i>) Ms. Wang Xia (王霞) Mr. Poon Wing Shing, Anthony (潘永誠)
H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Principal Bank	Industrial Bank Co., Ltd. Shanghai Wujiaochang Sub-branch 1/F, Building 10, Chuangzhi Tiandi Plaza, No. 290 Songhu Road Yangpu District Shanghai PRC

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this document were extracted from a report prepared by CIC under our commission, various official government publications and other publicly available sources. We have engaged CIC to prepare an independent industry report, or the CIC Report, in connection with the Global Offering. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the sponsors, the overall coordinators, the underwriters or any other party involved in the global offering and no representation is given as to its accuracy.

Emergence and Evolvement of BIoT Industry

The Business Internet of Things (BIoT) refers to the integration of IoT technologies for commercial use. These solutions include terminal hardware equipped with an operating system, complemented by supporting software developed based on the hardware.

It empowers merchants to operate more efficiently, make data-driven decisions, and respond to consumer needs in real time through advanced technologies and smart products. In response to these developments, the BIoT industry has undergone three stages of evolution:

- BIoT 1.0 marked the beginning, with hardware and software developed for narrowly defined, single-function use cases. The focus was on building basic digital capabilities for specific commercial scenario.
- BIoT 2.0 is the stage where intelligent operating systems redefined the value of hardware to enable diverse applications. In this stage, BIoT terminals evolved from simple point-of-sale devices into smarter BIoT devices. This evolution laid the foundation for more adaptable and scalable business solutions.
- BIoT 3.0 characterized cloud-edge collaboration and AI-enabled low-code/no-code development, accelerates the digitalization of real-world business scenarios. Human-centric interfaces, seamless cross-scenario connectivity, and intelligent automation have emerged as key differentiators in this new landscape.

As the industry has evolved, the BIoT ecosystem has expanded to include players from different stages, ranging from BIoT 1.0 providers to BIoT 3.0 providers. BIoT 3.0 serves as a digital gateway for businesses by lowering the barriers to digital transformation through cost-effective and integrated solutions. It enables SMEs to access digital capabilities more efficiently, thereby broadening the adoption of business digitalization. BIoT 3.0 also promotes closer software-hardware integration, turning devices into ecosystem hubs within a more connected commercial ecosystem. Supported by lower development costs and broader scenario coverage, BIoT 3.0 players are expected to support the next stage of industry development.

	BIoT 1.0 and 2.0 Players	BIoT 3.0 Players
Technology used	OS-driven hardware operated with customized software with limited extensibility, provided by fragmented participants.	Integrated end-to-end solution based on unified infrastructure (hardware, OS, modularized PaaS, etc.).
Operating system used	Various systems.	Primarily Android-based.
Product offerings	Multifunctional all-in-one machines that are predominantly hardware-driven, without ecosystem integration.	Integrated hardware-software solution as an ecosystem. Hardware serves as the ecosystem hubs, hosting both software and data flow, collectively forming the complete ecosystem. The software enables edge-cloud coordination and low-code development capabilities, while the circulating data can be integrated and analyzed to empower commercial scenarios.
Target customers	Medium and large businesses.	Comprehensive coverage, including medium and large businesses, SMBs and merchants
Application scenarios	Limited scope with single-scenario focus.	Full-scenario support covering end-to-end business processes.
Estimated number of players	In terms of Android BIoT players, the number is approximately 2,500.	A few.

INDUSTRY OVERVIEW

Challenges in the Development of the BIoT Industry

As the BIoT industry continues to grow, it faces a range of challenges, including the following:

- ***Prolonged Iteration and Digital Penetration Process.*** The adoption cycle for new technologies and products is relatively long, as the pace of digitalization varies significantly across industries, business functions and enterprise sizes. In general, leading enterprises tend to adopt new solutions first, while broader market penetration takes time. As a result, the iteration and penetration of BIoT solutions is typically gradual.
- ***Highly Fragmented Demand and High Customization Costs.*** BIoT hardware and software often need to serve diverse and non-standardized application scenarios, which increases development and maintenance costs under traditional customized models. For many SMEs with long-tail demand, such investment is often difficult to justify or sustain. This creates strong demand for more cost-effective, agile and scalable BIoT solutions.
- ***Low Efficiency of Industry-Wide Collaboration.*** The lack of uniform standards across BIoT hardware and software, together with fragmented interfaces among equipment, cloud services and business tools, often results in poor interoperability and limited cross-scenario collaboration. This drives demand for standardized and integration-capable hardware and PaaS solutions that can support a more open and collaborative digital ecosystem.

Market Drivers of the BIoT Industry

The BIoT industry is supported by multiple structural drivers that collectively contribute to the increasing adoption of smart commercial devices and solutions across vertical industries.

- ***Technological Advancements, Cost Efficiency and Ecosystem Expansion.*** Advances in AI, cloud computing, edge computing and connectivity technologies, together with improvements in chips, networks and open-source platforms such as Android, have lowered the cost and complexity of BIoT deployment. At the same time, the expansion of open ecosystems, including operating systems, developer communities and PaaS toolkits, has accelerated application development and broadened adoption.
- ***Digitalization Initiatives Across Vertical Industries.*** The growing demand for digital and data-driven operations is accelerating the replacement of legacy systems with integrated smart devices and solutions across sectors such as retail, food service, logistics and manufacturing, thereby driving the adoption of BIoT terminals, platforms and services.
- ***Policy Support.*** Government policies in major markets continue to promote digitalisation and IoT adoption, supporting the deployment of BIoT devices, platforms and applications across industries.

Opportunities Emerging with BIoT 3.0

BIoT 3.0 creates opportunities by promoting openness, strengthening software-hardware integration and improving the use of cloud-based intelligence. Through integrated hardware platforms, open-source PaaS components and development templates, it lowers development barriers, reduces costs and enables partners to build and customize solutions more efficiently. As the ecosystem expands, BIoT 3.0 is expected to support broader digital commerce adoption across industries.

Key opportunities include:

- ***Smart Devices as Ecosystem Hubs.*** With AI technologies becoming more widely used across industries, smart devices are emerging as ecosystem hubs. These devices can combine AI processing, edge computing, and sensor networks, allowing different systems to work together more seamlessly. This interconnectivity enables the development of more intelligent solutions and allows developers to adapt tools to a wider variety of industries and use cases.
- ***PaaS and Software Integration.*** BIoT 3.0 supports a modular PaaS structure that simplifies the development of applications. By offering reusable solution components, this approach helps developers to develop and launch software faster, especially for niche or long-tail business needs, without having to build everything from scratch.
- ***Android-Based Open Architecture.*** By predominantly building on the Android operating system, BIoT 3.0 offers a flexible and cost-effective alternative to more closed-source or expensive platforms like Windows or iOS. This open environment allows developers to create a broader range of applications while keeping development and maintenance costs lower.

INDUSTRY OVERVIEW

- **Unified Cloud-Enabled Infrastructure.** With real-time cloud connectivity built into its architecture, BIoT 3.0 supports features like remote updates, cloud-based training, and functional expansion. This helps devices become smarter over time and gives businesses more agility in how they respond to changing needs or scenarios.
- **Continuous Data-Driven Improvement.** The data generated through BIoT deployments plays a vital role in improving commercial operations. Solution providers can use this data to refine AI models and enhance analytics capabilities, creating a self-reinforcing loop that continuously improves product performance and decision-making over time.

	SUNMI	Other BIoT 3.0 players
Product offering	All types of devices and accessories	Desktop digital terminals, handheld digital terminals, integrated cashier scales, self-service machines.
Price range (RMB)	0.4k-18.5k	1.1k-6.2k
Target Customers	Full-scenario coverage, including retail, catering, food & beverage (F&B), and chain stores.	Retails, Transportation and logistics, Accommodation and food, and Finance
Geographical area of operations	APMEA, Americas, Europe	Asia, North American states and Europe
Competitive advantages	• Advanced smart capabilities with AI-driven automation • Self-developed operating system and PaaS platform • Robust ecosystem development with open APIs	• Unified platform for device management with global expansion • ISV supporting development platform

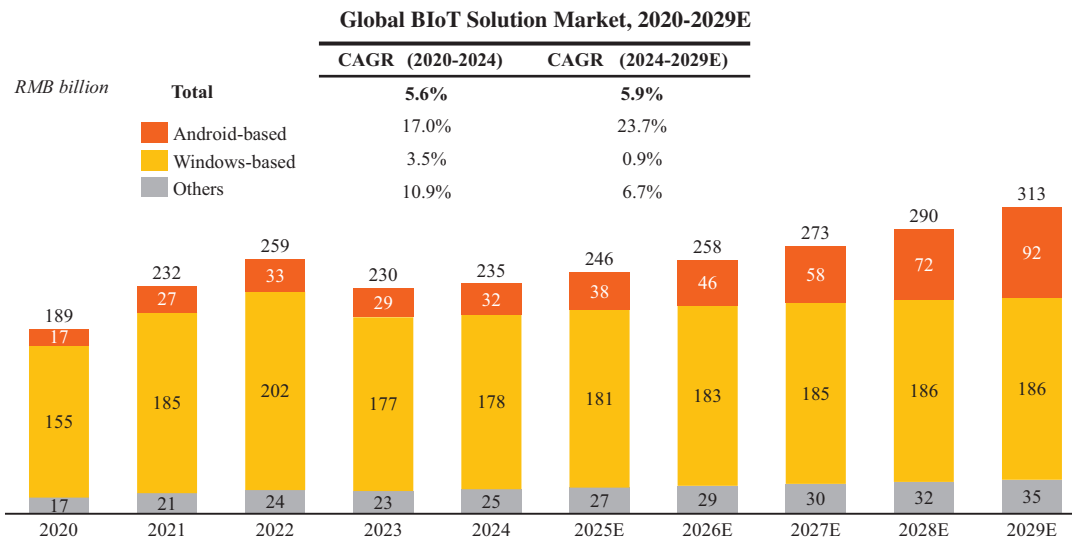
Global BIoT Solution Market Size

The global BIoT solution market has experienced steady growth, expanding from approximately RMB189 billion in 2020 to around RMB235 billion in 2024, representing a CAGR of approximately 5.6% over the period. BIoT solutions are widely used in high-frequency commercial sectors, such as retail and food services. As digital transformation gains momentum across more industries, such as healthcare, education, and tourism, BIoT adoption is expected to penetrate across a broader range of industry sectors. In addition, ongoing upgrades of existing devices and systems are expected to further drive market growth. The global BIoT solution market is projected to reach RMB313 billion by 2029 at a CAGR of approximately 5.9% from 2024 to 2029. This indicates continued demand and substantial room for continued development and adoption across industries worldwide.

From 2020 to 2022, the COVID-19 pandemic accelerated demand for contactless services. This shift led to rapid adoption of BIoT solutions in areas such as food delivery and self-service operations. By 2023, as the pandemic eased and economic activities normalized, the global BIoT solution market transitioned from rapid, pandemic-driven growth to a phase of steady, sustained development. The contraction of the global BIoT solutions market in 2023 was driven by several factors. First, although consumer activity gradually recovered, the lingering effects of the pandemic continued to weigh on brick-and-mortar merchants. Business closures and operational downsizing led to terminals being canceled or left idle, reducing the overall installed base. Second, the rapid adoption of mobile payment methods partially substituted for traditional card-based transactions, dampening demand for incremental POS hardware. In addition, based on publicly available shipment data, the global POS market experienced strong growth during 2020 to 2022, resulting in an industry-wide destocking phase in 2023, as elevated shipments from prior years required time to be absorbed by end users. This dynamic contributed to a temporary slowdown in new device procurement and deployment.

Windows-based solutions historically took a large share, and it was supported by earlier adoption in the market and the prevalence of desktop-oriented deployments at the early stage of commercial terminals. Going forward, Android-based solutions have a rising penetration rate, driven by its open-source nature, faster device-side customization and iteration, and broader application support.

INDUSTRY OVERVIEW



Source: Industry expert interviews, CIC

The Value Chain of BIoT Industry

The BIoT industry can be broken down into three primary segments within the value chain: (i) component suppliers, including LCD screens, casings, chips, and electronic elements; (ii) BIoT industry participants, divided into three categories: providers of integrated hardware-software solutions, hardware-only, and software-only; (iii) the application of BIoT into specific industries, ranging from restaurants, food delivery, retail, transportation, logistics, hospitality to healthcare. BIoT industry participants typically adopt two business models: direct sales to end customers or collaboration with distributors for downstream delivery. SUNMI operates in the midstream of the BIoT value chain, providing end-to-end hardware-software integrated solutions that empower downstream enterprises to achieve digital transformation and intelligent upgrading.

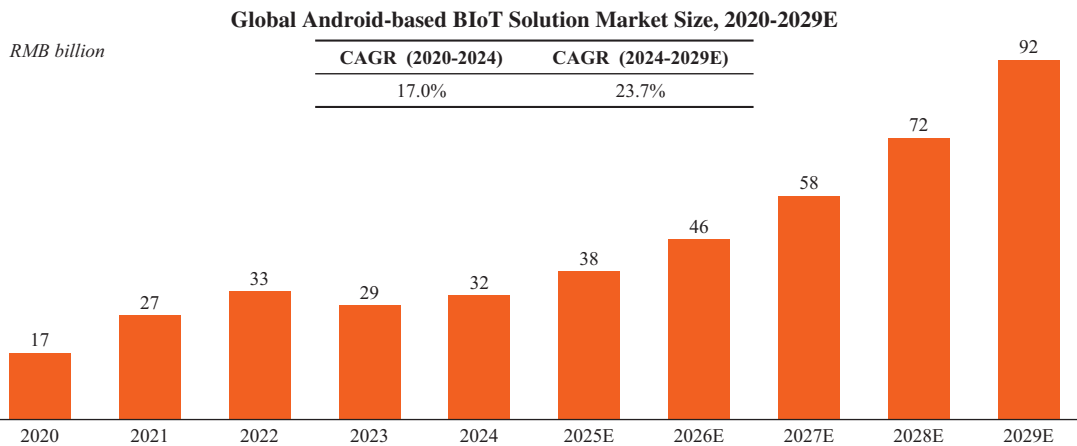
Global Android-based BIoT Solution Market Overview

Android-based BIoT solutions refer to the integration of IoT, AI, and big data technologies into hardware and software systems for commercial use, based on Android's open-source nature. These solutions help businesses streamline operations, improve operational efficiency, and enhance user experience in day-to-day interactions. SUNMI developed the world's first Android-based POS terminal, and has built a full ecosystem that integrates intelligent operating systems, cloud-based services, with a developer platform tailored to its smart devices.

Global Android-based BIoT Solution Market Size

The global market size of Android-based BIoT solutions was approximately RMB32 billion in 2024. It is projected to reach approximately RMB92 billion by 2029, at a CAGR of 23.7% from 2024 to 2029. Android's high level of compatibility supports a wide range of functions, which has helped speed up its use in many commercial settings. The penetration rate of Android-based BIoT solutions in the global market, measured by the global market size of Android-based BIoT solutions over the global market size of BIoT solutions, is expected to increase from approximately 14% in 2024 to around 29% by 2029. In APMEA, the total market size of Android-based solutions amounted to RMB14 billion in 2024, including RMB10 billion from China. In comparison, the market size in the Americas and Europe was RMB11 billion and RMB7 billion, respectively.

INDUSTRY OVERVIEW

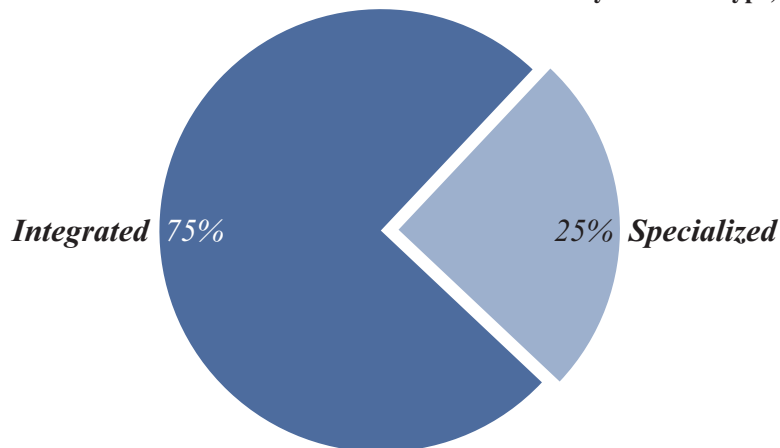


Source: Industry expert interviews, CIC

The Android-based BIoT Solution market is primarily composed of two types of providers, as further elaborated below. Customers with basic needs, such as small retail shops requiring only cashier functions, may opt to purchase hardware alone. In contrast, businesses with more sophisticated digital demands, such as chain grocery stores and restaurant brands, are more likely to invest in integrated software-and-hardware solutions.

- **Software-and-Hardware Integrated Solution Providers:** These providers dominate the market, collectively accounting for approximately 75% of the total market size in 2024. The prevailing trend in this space is the integration of IoT terminals with PaaS and other software services, and the leading players include the Company. However, there are notable differences in hardware and software capabilities among integrated solution providers. Only a select few can deliver both robust functionality and a seamless user experience.
- **Specialized Providers:** These players make up the remaining 25% of the market. These players typically specialize in only one part of the stack, either hardware or software, and purchase the other part from third-party vendors rather than developing it themselves, resulting in a lack of a fully integrated solution. The segment is more fragmented, with individual companies generally smaller in scale. Their limited scope often results in a weaker understanding of specific applications compared to integrated providers.

Market Share of Android-based BIoT Solution Providers by Provider Type, 2024



Source: CIC

With the adoption of Android-based BIoT solutions and AI technologies, smart devices have evolved from basic execution tools into ecosystem hubs that support diverse applications, process data and improve operational efficiency. As a key gateway to business digitalization, BIoT 3.0 participants are leveraging such ecosystem hubs to help merchants improve operations and expand more efficiently across verticals and markets. The total global addressable market for Android-based BIoT solution providers, including software subscriptions, acquiring services and business intelligence solutions, is estimated at approximately RMB3.4 trillion.

The global market for non-Android BIoT solutions expanded from RMB172 billion in 2020 to RMB203 billion in 2024, reflecting a CAGR of 4.2%. It is estimated that the global market size of non-Android BIoT solutions will

INDUSTRY OVERVIEW

from RMB203 billion in 2024 to RMB221 billion in 2029, representing a CAGR of 1.7%. Among them, the market size of Windows-based BIoT solution amounted to RMB178 billion in 2024, according to CIC.

	Android-based BIoT Solution	Non-Android-based BIoT Solution
Technology used	- Mostly based on ARM architecture. - Android OS (often with custom UI) - Lightweight, modular design - Deep cloud-native integration (IoT, remote updates)	- Mostly based on x86 architecture - Windows Embedded OS - Heavyweight systems with high compatibility - Non-modular apps integration
Product/service offering	Forms vary, including handheld terminals, tablets, desktops, and more. Integrated with cloud platforms.	Primarily desktop AIOs or detachable tablets. Tailored for integration with existing systems.
Functionalities	Touch-optimized UI. Suitable for mobile operations and remote maintenance. App-based architecture allows modular functions.	Robust support for complex applications. High degree of customization for enterprise needs.
Pricing	A wide range of pricing options.	Usually higher upfront and maintenance costs compared to Android-based solutions.
Downstream application scenarios	Full-scenario compatibility, widely adopted in retail, F&B, logistics, education, healthcare and other industries with high demands for mobility, cost-effectiveness and cloud access.	Primarily deployed in manufacturing, transportation, government, and energy sectors where high system stability and legacy software compatibility are critical requirements.
Growth rates	Rapid growth with 24% CAGR projected over the next five years.	Moderate growth with 2% CAGR projected over the next five years, primarily in existing markets.
Strength and weakness	- Advancing device-cloud integration - Broad product portfolio - Real-time iteration - Expanding scenarios	- Enterprise-grade security - High compatibility with legacy systems - Trusted in traditional IT governance - Higher cost and complexity - Less agile in cloud scenarios
Source code accessibility	Built on Android (often AOSP-based), leveraging its open-source nature to enable deeper OS-level customization and faster device-side capability integration	Typically based on non-Android OS platforms (e.g., Windows ecosystem), which are typically not open-source at the OS level; OS-level customization is generally more constrained.

Competitive Landscape

Competitive Landscape of Global BIoT Solution Market

Competitive Landscape of Global BIoT Solution Providers, 2024

Ranking	Player	Founding year	Revenue in 2024 (RMB in billions)	Market share in terms of revenue (%)
1	Company E	1950	~15.7	~7%
2	Company C	1984	~15.1	~6%
3	Company F	1972	~13.2	~6%
4	Company B	1969	~11.6	~5%
5	Company D	1980	~6.9	~3%
			...	
10	The Company	2013	~3.5	~1%

Note:

- Company E is a leading global provider of retail and payment technology solutions that offers a wide range of point-of-sale systems, electronic cash registers, and auto-identification equipment. Company E, established in 1950 and headquartered in Tokyo, Japan, is listed on the Tokyo Stock Exchange.
- Company F is a global payments and transactional services provider that delivers comprehensive solutions covering payment terminals, merchant acquiring, and digital payment processing. Company F, established in 1972 and headquartered in Paris, France, is listed on Euronext Paris.

INDUSTRY OVERVIEW

Competitive Landscape of Global Android-based BIoT Solution Market

The global Android-based BIoT solution market remains at an early stage of digital transformation, with players spanning different stages of BIoT development. Many providers still operate at the BIoT 1.0 or 2.0 stage and focus on single-function use cases such as card payments, with Android adoption often limited to specific functions rather than broader business operation scenarios. By contrast, BIoT 3.0 players address more complex and fragmented digitalization needs through more open ecosystems and software-hardware integrated solutions, positioning them to support broader business operations and expand across digital application scenarios more effectively.

SUNMI is the world's largest Android-based BIoT solution provider in terms of revenue in 2024. According to CIC, SUNMI also has the broadest coverage of application verticals, the widest range of sub-verticals, and the most extensive global presence. Furthermore, SUNMI has launched a series of innovative products that have accelerated the evolution of the industry. SUNMI achieved market leadership within a relatively short period, surpassing competitors that have operated in the industry for decades.

The global market landscape is expected to gradually consolidate, with players capable of scaling across multiple verticals and geographies expected to gain a lasting competitive edge.

Competitive Landscape of Global Android-based BIoT Solution Providers, 2024

Player	Founding year	Revenue in 2024 (RMB in billions)	Market share in terms of revenue (%)	Geographical coverage	Vertical coverage	Geographical regions of sales	Price range(RMB)	Product types	Technical Capabilities
The Company	2013	~3.5	~11%	over 200 countries and regions	15	APMEA, Americas, Europe	0.4k-18.5k	All types of devices and accessories	- Advanced WiFi technology - DMP system - Device-cloud integration - Open source and modular solution - Developer supporting services "Plug-and-Play" applications - AI algorithms - Proprietary app store
Company A	2000	~3.2	~10%	~120 countries and regions	4	Asia, North American states and Europe	1.1k-6.2k	Desktop digital terminals, handheld digital terminals, integrated cashier scales, self-service machines	- Proprietary OS - Unified peripheral API & consistent UI - Proprietary app store - ISV development supporting platform
Company B	1969	~2.4	~8%	~170 countries and regions	6	North America and Europe,	5k-14.3k	Handheld digital terminals and tablets	- Self-developing scanning engine - RFID enabled - Data capture technologies - Data analytics technologies - Voice and video collaboration tools
Company C	1984	~2.0	~6%	~13 countries and regions	2	APMEA, Americas, Europe	2.5k-13.5k	Desktop digital terminals, handheld digital terminals, integrated cashier scales, self-service machines	- Integration with the back-end financial technology - End-to-end encryption - Vertical software solutions - Proprietary app store
Company D	1980	~1.4	~4%	~120 countries and regions	6	North American states and Europe	2.5k-6.3k	Handheld financial digital terminals, handheld retail terminals, self-service machines	- Cloud estate and key management - Security with PCI PTS v6 - Proprietary app store

Source: Annual reports, industry expert interviews, CIC

- (1.) The specific shipment data has not been publicly disclosed by companies, making it difficult to obtain comprehensive shipment figures. Given the broad range of product lines, estimating shipment volumes based solely on price ranges could lead to substantial inaccuracies.
- (2.) Price range information is obtained from sources such as companies' disclosure, official websites, annual reports, investor materials and procurement websites like Amazon, POSGuys, Barcode Inc.

Note:

- (1) Company A is a leading global E-payment terminal solutions provider that provides a wide range of payment terminals, PIN pads, and point-of-sale hardware and software, generating over 90% of its revenue from card payment solutions. Company A, established in 2000 and headquartered in China, is listed on the Hong Kong Stock Exchange.
- (2) Company B is a global leader in the automatic identification and data capture industry, focusing on the design, production and sales of AIDC offerings. Company B, established in 1969 and headquartered in the U.S., is listed on the NASDAQ Stock Exchange.
- (3) Company C is a global fintech and payments company with solutions for banking, merchant acquiring, global commerce, billing and payments, and point-of-sale. Company C, established in 1984 and headquartered in the U.S., is listed on the New York Stock Exchange.
- (4) Company D is a merchant services technology company with expertise in secure payment solutions. Company D is a private company established in 1980 and headquartered in France.

INDUSTRY OVERVIEW

Historical Prices of Main Materials

The core components of BIOT devices primarily include LCD screens, casings, and a range of chips and electronic elements that enable device functionality. Due to differences in design among industry participants, the specific components used in devices may vary. Overall, the prices of LCD screens and DRAM memory in BIOT devices are relatively comparable across the industry. Prices of LCD screens vary by size and fluctuate in response to supply and demand dynamics. Since 2020, the unit price of 11.6-inch LCD screens has ranged between RMB150 and RMB300, while that of 17.3-inch LCD screens has ranged between RMB250 and RMB400. Due to capacity expansion, the price of 11.6-inch LCD screens is forecast to decrease to the range of RMB135 to RMB150 by 2029, while the price of 17.3-inch screens will decline to the range of RMB 200 to RMB 230. Similarly, DRAM memory prices vary depending on capacity and are affected by factors, such as supply and demand and the semiconductor industry cycle. For example, since 2020, the price of DDR4 (8Gb (1Gx8), 2133Mbps, 8G capacity) has fluctuated between RMB10 and RMB26 per unit.

SOURCE OF INFORMATION

We engaged CIC, an independent market research and consulting company that provides industry consulting services, commercial due diligence, and strategic consulting, to conduct detailed research on and analysis of the global BIOT Solution industry. We have agreed to pay a fee of RMB0.5 million to CIC in connection with the preparation of the CIC Report. We have incorporated certain information from the CIC Report into this section, as well as into “Summary,” “Business,” “Financial Information,” and elsewhere in this document to provide potential investors with a comprehensive presentation of the industries where we operate.

During the preparation of the CIC Report, CIC conducted both primary and secondary research, and gathered knowledge, statistics, information, and insights on industry trends within the target research markets. The primary research involved interviews with key industry experts and leading industry participants. The secondary research consisted of analyzing data from various publicly available sources, such as the National Bureau of Statistics.

The CIC Report was compiled based on the following assumptions: (i) the overall social, economic, and political environment in globally is expected to remain stable during the forecast period; (ii) related key industry drivers are likely to propel continued growth in the global BIOT Solution industry throughout the forecast period, including the increasing demand in digitalization in verticals and the advancement of BIOT related technologies; and (iii) there will be no extreme force majeure or unforeseen industry regulations in which the market may be affected in either a dramatic or fundamental way during the forecast period.

REGULATORY OVERVIEW

REGULATIONS RELATING TO CORPORATION AND FOREIGN INVESTMENT

The establishment, operation and management of corporate entities in the PRC is governed by the Company Law of the PRC (《中華人民共和國公司法》), which was promulgated by the Standing Committee of the National People's Congress of the PRC (the "SCNPC") on December 29, 1993 and came into effect on July 1, 1994, and was last amended on December 29, 2023 and became effect on July 1, 2024. The Company Law of the PRC generally governs two types of companies, namely limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the liability of shareholders of a limited liability company or a joint stock limited company is limited to the amount of registered capital they have contributed. The Company Law of the PRC shall also apply to foreign invested companies in form of limited liability company or joint stock limited company. Where laws on foreign investment have other stipulations, such stipulations shall apply.

On January 1, 2020, the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "FIL") and the Regulations on the Implementation of the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) became effective. The FIL sets out the definition of foreign investment and the framework for promotion, protection and administration of foreign investment activities. On December 30, 2019, the Ministry of Commerce of the PRC (the "MOFCOM") and the State Administration for Market Regulation jointly promulgated the Measures for Reporting of Information on Foreign Investment (《外商投資信息報告辦法》), which came into effect on January 1, 2020, pursuant to which, the establishment of the foreign invested enterprises by foreign investors and establishment through purchasing the equities of a non-foreign invested enterprise and its subsequent changes are required to submit an initial or change report through the Enterprise Registration System.

Pursuant to the FIL, China has adopted a system of national treatment which includes a negative list with respect to foreign investment administration. The negative list will be issued by, amended or released upon approval by the State Council, from time to time. The negative list will set forth industries in which foreign investments are prohibited and industries in which foreign investments are restricted. Foreign investment in prohibited industries is not allowed, while foreign investment in restricted industries must satisfy certain conditions stipulated in the negative list. Foreign investments and domestic investments in industries outside the scope of the prohibited industries and restricted industries stipulated in the negative list will be treated equally. The Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "Negative List"), which were promulgated by the NDRC and the MOFCOM on September 6, 2024 and became effective on November 1, 2024 and the Catalog of Industries for Encouraging Foreign Investment (2025 Version) (《鼓勵外商投資產業目錄(2025年版)》) (the "Encouraging Catalog"), which was promulgated by the NDRC and the MOFCOM on December 15, 2025 and became effective on February 1, 2026, listed the categories of encouraged, restricted, and prohibited industries. Any industry not included in the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment. According to the Negative List and the Encouraging Catalog, as of the Latest Practicable Date, our business does not fall within the scope of the Negative List and is not subject to special management measures thereunder.

REGULATIONS RELATING TO OVERSEAS DIRECT INVESTMENT

Pursuant to the Measures for the Administration of Outbound Investment by Enterprises (《企業境外投資管理辦法》), which was promulgated by the National Development and Reform Commission on December 26, 2017 and came into effect on March 1, 2018. Under these Measures, "outbound investment" refers to investment activities conducted directly by enterprises within China (the "investors") or through their controlled overseas enterprises, by contributing assets or equity interests, or providing financing or guarantees, to obtain overseas ownership, control rights, management rights and other related interests. When making outbound investments, investors shall complete approval or filing procedures for outbound investment projects, report relevant information and cooperate with supervision and inspection.

The Measures for the Administration of Outbound Investment (《境外投資管理辦法》), which was originally promulgated by the MOFCOM on March 16, 2009 and effective as of May 1, 2009, with the latest revision promulgated on September 6, 2014 and effective as of October 6, 2014. Under these Measures, outbound investment refers to activities conducted by enterprises established in China in accordance with law to establish or acquire ownership, control rights, management rights or other interests in non-financial enterprises overseas through greenfield investment, mergers and acquisitions or other means. The Ministry of Commerce and provincial commerce authorities implement either approval or filing administration depending on the nature of the outbound investment, with investments involving sensitive countries or sensitive industries subject to approval while other investments subject to filing requirements. The competent authorities shall process applications efficiently in accordance with law through the "Outbound Investment Management System" and issue uniformly coded "Outbound Investment Certificates" to qualified enterprises, which serve as proof of completion of the approval or filing procedures and are issued based on the ultimate destination of the investment.

REGULATORY OVERVIEW

REGULATIONS RELATING TO PRODUCT LIABILITY

Pursuant to the PRC Product Quality Law (《中華人民共和國產品質量法》), which was promulgated on February 22, 1993 and amended on July 8, 2000, August 27, 2009, and December 29, 2018, a manufacturer is prohibited from producing or selling industrial products that do not meet applicable standards and requirements for safeguarding human health and ensuring human and property safety. Products must be free from unreasonable dangers threatening human and property safety. Where a defective product causes personal injury or property damage, the aggrieved party may make a claim for compensation from the manufacturer or the seller of the product. Manufacturers and sellers of non-compliant products may be ordered to cease the production or sale of the products and could be subject to confiscation of the products and fines. Earnings from sales in violation of such standards or requirements may also be confiscated, and in severe cases, an offender's business license may be revoked.

REGULATIONS ON COMPULSORY PRODUCT CERTIFICATION

According to the Administrative Regulations on Compulsory Product Certification (《強制性產品認證管理規定》) as promulgated by the General Administration of Quality Supervision Inspection and Quarantine of the PRC (the "QSIO"), which has been merged into the SAMR afterwards, on July 3, 2009 and became effective on September 1, 2009 and was recently amended on September 29, 2022 and became effective on November 1, 2022 and the List of the First Batch of Products Subject to Compulsory Product Certification (《第一批實施強制性產品認證的產品目錄》) as promulgated by the QSIO in association with the State Certification and Accreditation Administration Committee, on December 3, 2001, the SAMR is responsible for the regulation and quality certification, telecommunication terminal equipment and information technology equipment must not be sold, exported or used in operating activities unless they are certified by certification authorities designated by the State Certification and Accreditation Administration Committee as qualified products and granted certification marks.

REGULATIONS RELATING TO IMPORT AND EXPORT OF GOODS

Pursuant to the Regulations of the PRC on the Administration of Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) promulgated by the State Council on December 10, 2001 which came into effect on January 1, 2002 and was latest amended on March 10, 2024, the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) promulgated by the SCNPC on May 12, 1994 which came into effect on July 1, 1994 and was latest amended on December 30, 2022, the Customs Law of the PRC (《中華人民共和國海關法》) promulgated by the SCNPC on January 22, 1987 which came into effect on July 1, 1987 and was latest amended on April 29, 2021, the Measures for Record Filing and Registration by Foreign Trade Dealer (《對外貿易經營者備案登記辦法》) promulgated by MOFCOM on June 25, 2004, which came into effect on July 1, 2004 and was latest amended on May 10, 2021 and the Administrative Provisions of the PRC on the Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs of the PRC on November 19, 2021 which came into effect on January 1, 2022, foreign trade business operators engaging in the import or export of goods or technology must go through the record filing and registration formalities with the MOFCOM or the agency entrusted by the MOFCOM. Unless otherwise provided by laws and regulations, the PRC government allows free export and import of goods and technologies, and protects the intellectual property rights associated with international trade. Unless otherwise provided for, the declaration of import or export goods and the payment of duties may be made by the consignees or consignors themselves, or by entrusted customs brokers that have been registered with the customs. Consignees and consignors of import and export goods and customs declaration enterprises that apply for record-filing shall obtain the qualification as market players.

REGULATIONS RELATING TO OUTBOUND INVESTMENTS

On October 28, 2024, the U.S. Department of the Treasury (the "Treasury") issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the "Outbound Investment Rule" or the "Rule"). The Outbound Investment Rule, effective on January 2, 2025, targets investments by U.S. persons that involve persons and entities associated with "countries of concern," currently only China, including Hong Kong and Macau. The Outbound Investment Rule imposes investment prohibitions and notification requirements on U.S. persons (which are broadly defined under the Rule, including, among others, U.S.-incorporated entities, U.S. citizens and permanent residents wherever located, branches of U.S. entities outside the United States, and any person in the United States) participating in a range of transactions relating to three technology sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems.

Under the Outbound Investment Rule, these investment prohibitions and notification requirements apply to certain transactions involving "Covered Foreign Persons," which include, but are not limited to, (i) companies that are engaged in one of these three technology sectors and that are headquartered, incorporated in, or have their principal place of business in a "country of concern," and (ii) companies with significant financial ties to companies described in (i). Under the Outbound Investment Rule, transactions involving U.S. persons that are subject to the Outbound

REGULATORY OVERVIEW

Investment Rule are referred to as “covered transactions,” and they include, with limited exceptions, certain acquisitions of equity interests and contingent equity interests, debt financing, joint ventures, and investments as a limited partner in a pooled investment fund. The Outbound Investment Rule also requires U.S. persons that are the parents of non-U.S. entities to “take all reasonable steps to prohibit and prevent any transaction by” their non-U.S. entities that would be a prohibited transaction if engaged in by a U.S. person. The notification requirements under Outbound Investment Rule also apply to U.S. persons that are the parents of non-U.S. entities that enter into transactions that would be notifiable transactions if entered into by a U.S. person. In addition, the Outbound Investment Rule prohibits U.S. persons from knowingly directing a non-U.S. person to enter into a transaction that would be prohibited if entered into by a U.S. person.

The Outbound Investment Rule is aimed, in part, at exerting greater U.S. government oversight over certain U.S. direct and indirect investments involving China in the identified technology sectors, and it may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities for China-based issuers. Failing to comply with the Outbound Investment Rule’s notification requirements or prohibitions or failing to provide accurate and complete information in the filing under the Outbound Investment Rule may subject the relevant U.S. persons to civil penalties including fines of up to the greater of two times the transaction value or US\$377,700 (as such amount may be adjusted for inflation), and—for willful violations—criminal penalties of fines of up to US\$1 million and imprisonment of up to 20 years.

We do not believe we are a Covered Foreign Person as defined under the Outbound Investment Rule, and, accordingly, we do not believe investors purchasing our H Shares in the Global Offering will be subject to the Rule’s prohibitions or notification requirements. This is because (i) we are not involved in any of the technologies specified under the Outbound Investment Rule’s prohibitions, and (ii) we do not have the requisite financial relations with other companies engaged in those specified technologies such that we would be a Covered Foreign Person. Although we have developed a number of AI-powered applications and features that are for functions such as gesture recognition and speech recognition to enhance the functionality and user experience of our products, none of these AI-powered applications and features are used for or designed for use in any of the Rule’s specified end uses for prohibited or notifiable transactions. Also, the quantum of computing power used to train our in-house developed AI-powered applications and features is well below the criteria for prohibited or notifiable transactions as specified under the Outbound Investment Rule. The Company’s international sanctions counsel has reviewed the Company’s business as well as its investments in and relationships with other companies and has concluded that the Company is not a Covered Foreign Person because it is not engaged in any of the activities described in the Outbound Investment Rule, nor does it have a relationship described in the Outbound Investment Rule with other companies engaged in such activities, and therefore under current law U.S. persons are allowed to invest in the Company without being required to file a notification with the U.S. Treasury Department. However, the Rule is a relatively new regulatory regime and is subject to changes, see “Risk Factors—Geopolitical tensions and disruptions in the international trading and investment environment may seriously decrease our international sales and affect our operations.”

Investors, however, including those that are U.S. persons or are subsidiaries of U.S. persons, should consult their legal counsel regarding the applicability of the Outbound Investment Rule to this Global Offering and any potential obligations thereunder.

REGULATIONS RELATING TO VALUE-ADDED TELECOMMUNICATIONS BUSINESS AND APPS STORE

The Telecommunications Regulations of the People’s Republic of China (《中華人民共和國電信條例》), or the Telecommunications Regulations, promulgated by the State Council on September 25, 2000, and most recently amended on February 6, 2016, stipulate that telecommunications service providers must obtain a Telecommunications Business Operating License before engaging in telecommunications business activities. The Telecommunications Regulations categorize telecommunications businesses into basic telecommunications businesses and value-added telecommunications businesses, according to the Catalog of Telecommunications Business (《電信業務分類目錄》), attached to the Telecommunications Regulations and last amended by the Ministry of Industry and Information Technology (“MIIT”) on June 6, 2019.

According to the Administrative Provisions on Mobile Internet Applications Information Services (《移動互聯網應用程序信息服務管理規定》), which was promulgated by the Cyberspace Administration of China (the “CAC”) on June 28, 2016, amended on June 14, 2022 and became effect on August 1, 2022, an Apps distribution platform shall undergo the recordation formalities with the cyberspace administration of the province, autonomous region, or municipality directly under the Central Government where it is located within 30 days of its online operation.

REGULATORY OVERVIEW

REGULATIONS RELATING TO FOOD OPERATION

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

REGULATIONS RELATING TO ANTI-UNFAIR COMPETITION

According to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), or the Anti-Unfair Competition Law, which was passed by the SCNPC on September 2, 1993, became effective on December 1, 1993 and was most recently amended on April 23, 2019, unfair competition refers to that the operator disrupts the market competition order and damages the legitimate rights and interests of other operators or consumers in violation of the provisions of the Anti-unfair Competition Law in the production and operating activities. Pursuant to the Anti-unfair Competition Law, operators shall abide by the principle of voluntariness, equality, impartiality, integrity, and adhere to laws and business ethics during market transactions. Operators in violation of the Anti-unfair Competition Law shall bear corresponding civil, administrative or criminal liabilities depending on the specific circumstances.

REGULATIONS RELATING TO LEASING

Pursuant to the Law on Administration of Urban Real Estate of the People’s Republic of China (《中華人民共和國城市房地產管理法》) promulgated by the SCNPC on July 5, 1994 and last amended on August 26, 2019 and became effective on January 1, 2020, when leasing premises, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, use of the premises, rental and repair liabilities, and other rights and obligations of both parties. Both lessor and lessee are also required to register the lease with the real estate administration department.

On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures for Leasing of Commodity Housing (《商品房屋租賃管理辦法》), which became effective on February 1, 2011. According to such measures, landlords and tenants are required to enter into lease contracts which should generally contain specified provisions, and lease contracts should be registered with the relevant construction or property authorities at municipal or county level within 30 days after its conclusion. If the landlords and tenants fail to go through the registration procedures, both landlords and tenants may be subject to fines.

REGULATIONS RELATING TO PRODUCTION SAFETY

Pursuant to the Production Safety Law of the PRC (《中華人民共和國安全生產法》) amended by the SCNPC on June 10, 2021, and taking into effect on September 1, 2021, an enterprise shall provide production safety conditions as stipulated in this law and other relevant laws, administrative regulations, national and industry standards, establish the responsibility system and rules and regulations for production safety, and develop production safety standards to ensure production safety. Any entity that fails to provide required production safety conditions is prohibited from engaging in production activities.

REGULATIONS RELATING TO DATA PRIVACY AND CYBERSECURITY

Cyber Security

On June 1, 2017, the Cyber Security Law of the People’s Republic of China (《中華人民共和國網絡安全法》), or the Cyber Security Law, promulgated by SCNPC, and was amended on October 28, 2025, with the revised version coming into effect on January 1, 2026 which is formulated to maintain the network security, safeguard the cyberspace sovereignty, national security and public interests, protect the lawful rights and interests of citizens, legal persons and other organizations, and requires that a network operator, which includes, among others, internet information services providers, take technical measures and other necessary measures to safeguard the safe and stable operation of the networks, effectively respond to the network security incidents, prevent illegal and criminal activities, and maintain the integrity, confidentiality and availability of network data. Any violation of the provisions and requirements under the Cyber Security Law and other related regulations and rules may result in administrative liabilities such as warnings, fines, confiscation of illegal gains, revocation of licenses, suspension of business, and shutting down of websites, or, in severe cases, criminal liabilities.

On December 28, 2021, the CAC, together with other relevant administrative departments, jointly promulgated the Cybersecurity Review Measures (2021) (《網絡安全審查辦法 (2021)》) which became effective from February 15, 2022. According to the Cybersecurity Review Measures (2021), operators of critical information infrastructure who

REGULATORY OVERVIEW

purchase network products and services and network platform operators who carry out data processing activities that affect or may affect national security shall be subject to cybersecurity review. Before critical information infrastructure operator purchases network products and services, it should assess the potential risk of national security that may be caused by the use of such products and services. If such use of products and services may give rise to national security concerns, it should apply for a cyber security review by the Cyber Security Review Office and a report of analysis of the potential effect on national security shall be submitted when the application is made. In addition, an Internet platform operator who possesses personal information of more than 1 million users shall apply for cybersecurity review before listing of the Internet platform operator's securities in a foreign country, and the relevant governmental authorities may initiate cybersecurity review if such governmental authorities consider relevant network products or services and data processing affect or may affect national security.

On July 23, 2025 and January 21, 2026, our PRC data compliance advisor made telephone consultations on a named basis with the CCRC, respectively. The CCRC confirmed that in general, if a company has not been formally notified by the competent authority that it is an operator of critical information infrastructure, it is not considered an operator of critical information infrastructure. The CCRC reiterated this view in a second telephone consultation. Based on the consultation and considering the following facts: the likelihood that our products and services are identified as important network infrastructure or information systems that may gravely harm national security, the national economy and people's livelihoods, or public interests is low; as of the Latest Practicable Date, we have not been notified by any department that we have been designated as a critical information infrastructure operator. Therefore, our PRC data compliance advisor believes that the likelihood of us being classified as a critical information infrastructure operator is low.

Data Security

On June 10, 2021, the SCNPC promulgated the Data Security Law of People's Republic of China (《中華人民共和國數據安全法》), which become effective on September 1, 2021. It is formulated so as to regulate the handling of data, ensure data security, promote the development and exploitation of data, protect the legitimate rights and interests of citizens and organizations, and preserve state sovereignty, security, and development interests. The law stipulates that the carrying out of data handling activities shall obey laws and regulations, respect social mores and ethics, comply with commercial ethics and professional ethics, be honest and trustworthy, perform obligations to protect data security, and undertake social responsibility; it must not endanger national security, the public interest, or individuals' and organizations' lawful rights and interests.

On July 7, 2022, the CAC promulgated the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) which came into effect on September 1, 2022. According to which, a data processor shall declare security assessment for its outbound data transfer to the CAC through the local cyberspace administration at the provincial level to provide data abroad under any of the following circumstances: (i) where a data processor provides important data outside the territory of the PRC; (ii) where a critical information infrastructure operator or a data processor processing the personal information of more than one million individuals provides personal information outside the territory of the PRC; (iii) where a data processor has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals in total outside the territory of the PRC since January 1 of the previous year; and (iv) other circumstances prescribed by the CAC for which declaration for security assessment for cross-border data transfers is required. As of the Latest Practicable Date, all data collected in the course of our business operations in China is stored within China and is not transferred overseas. Therefore, we are not required to declare security assessment for outbound data transfer.

The Provisions on Facilitating and Regulating Cross-Border Data Flows (《促進和規範數據跨境流動規定》), which was promulgated by the CAC and took effect on March 22, 2024, redefines the subjects and circumstances that require security assessment of cross-border data transfer, signing and filing standard contracts, and applying for protection certification, stipulates the conditions for data cross-border transfer that are exempted from declaring the security assessment, signing and filing standard contracts, and applying for protection certification, and establishes a negative list system for pilot free trade zones, to promote the free flow of data in an orderly manner in accordance with the law.

The Administrative Regulations on Cyber Data Security (《網絡數據安全管理條例》), which was promulgated by the State Council and took effect on January 1, 2025, stipulates that network data processors engaging in network data processing activities that affect or may affect national security, shall be subject to national security review pursuant to the relevant government regulations. The Administrative Regulations on Cyber Data Security provides no further explanation or interpretation for "affect or may affect national security." Article 10 of the Cybersecurity Review Measures stipulates the national security risk factors that should be considered during cybersecurity review. Taking into account the type and nature of the data we process and the products and services we provide, we believe that the

REGULATORY OVERVIEW

likelihood of us being involved in national security risks is relatively low. Moreover, the Administrative Regulations on Cyber Data Security also sets forth other specific requirements regarding data processing activities by network data processors in aspects of personal data protection, security of important data, security management of cross-border data and obligations of internet platform service providers. According to the Administrative Regulations on Cyber Data Security, no individual or organization may use cyber data for illegal activities. The regulations stipulate that cyber data processors must inform individuals of the rules governing the processing of their personal information prior to such processing and provide convenient methods and channels for individuals to exercise their rights. The Administrative Regulations on Cyber Data Security also require cyber data processors to identify and report important data in accordance with national regulations and fulfill their responsibilities for the protection of cyber data security. Internet platform service providers shall clearly define the cyber data security protection obligations of third-party product and service providers accessing their platforms through platform rules or contracts, and urge such third-party product and service providers to strengthen cyber data security management.

On July 10, 2023, the CAC issued the “Interim Measures for the Administration of Generative Artificial Intelligence Services”(《生成式人工智能服務管理暫行辦法》), which took effect on August 15, 2023. These measures apply to services that use generative artificial intelligence technology to provide text, images, audio, video, and other content to the public within the territory of the PRC. Considering that our generative AI tools are still under development and are not yet available to the general public, our PRC data compliance advisor believes that the provisions of these measures do not currently apply to us.

On March 7, 2025, the CAC, together with the MIIT, MPS, and the National Radio and Television Administration, jointly issued the “Measures for the Labeling of Artificial Intelligence Generated and Synthesized Content”(《人工智能生成合成內容標識辦法》), which will formally take effect on September 1, 2025. The Measures primarily regulate the labeling of information generated or synthesized through artificial intelligence technologies, including text, images, audio, video, and virtual scenarios, and establish corresponding labeling obligations and management requirements with the aim of enhancing the identifiability and transparency of AI-generated and synthesized content.

As advised by our PRC data compliance advisor, the Measures do not presently apply to us, as our generative AI tools are currently in an internal development stage and have not been made available to the public.

We and our PRC data compliance advisor believe that we are in compliance with the Administrative Regulations on Cyber Data Security in all material respects. In addition, we are not currently required to actively apply for cybersecurity review in accordance with the Cybersecurity Review Measures. Therefore, we do not expect the Administrative Regulations on Cyber Data Security or the Cybersecurity Review Measures to have a material adverse effect on us.

Privacy Protection

On August 20, 2021, the Standing Committee of the National People’s Congress promulgated the Personal Information Protection Law《中華人民共和國個人信息保護法》 of the People’s Republic of China (the “Personal Information Protection Law”), which came into effect on November 1, 2021. The Law aims to protect the rights and interests relating to personal information and regulate personal information processing activities. The Personal Information Protection Law defines several important concepts concerning the processing of personal information: (i) “personal information” refers to various kinds of information recorded electronically or otherwise related to identified or identifiable natural persons, excluding information that has been anonymized; (ii) “processing of personal information” includes the collection, storage, use, processing, transmission, provision, disclosure and deletion of personal information; and (iii) “personal information processor” refers to an organization or individual that autonomously determines the purposes and means of processing in personal information processing activities.

The Personal Information Protection Law also stipulates obligations in the context of entrusting the processing of personal information. Where a personal information processor entrusts others to process personal information, (i) the processor shall agree with the entrusted party on the purposes, duration, methods, categories of personal information and protection measures of the entrusted processing, among other important matters, and supervise the processing activities of the entrusted party; and (ii) the entrusted party shall strictly process personal information within the agreed scope, ensure the security of the processed personal information, and assist the processor in fulfilling its legal obligations.

REGULATIONS RELATING TO INTELLECTUAL PROPERTY

Trademark

According to the Trademark Law of the People’s Republic of China (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, and amended on February 22, 1993, October 27, 2001, August 30, 2013 and

REGULATORY OVERVIEW

April 23, 2019 respectively, registered trademarks are valid for ten years from the date the registration is approved. A registrant may apply to renew a registration within twelve months before the expiration date of the registration. If the registrant fails to apply in a timely manner, a grace period of six additional months may be granted. If the registrant fails to apply before the grace period expires, the registered trademark shall be deregistered. Renewed registrations are valid for ten years.

Patent

According to the Patent Law of the People's Republic of China (《中華人民共和國專利法》), or the Patent Law, promulgated by the SCNPC on March 12, 1984 and the latest amendment took effect on June 1, 2021, respectively, and the Implementation Rules of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》), or the Implementation Rules of the Patent Law, promulgated by the State Council on June 15, 2001, last amended on December 11, 2023 and came into effect on January 20, 2024, respectively, invention patents are valid for twenty years, while utility model patents are valid for ten years, and design patents are valid for fifteen years, in each case from the date of application. Third Parties must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the unauthorized use constitutes an infringement on the patent rights.

Copyright

On September 7, 1990, the SCNPC promulgated the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), or the Copyright Law, effective on June 1, 1991 and the latest amendment took effect on June 1, 2021. The amended Copyright Law extends copyright protection to internet activities, products disseminated over the internet and software products. According to the Copyright Law, Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their copyrightable works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software.

In order to further implement the Regulations on Computer Software Protection (《計算機軟件保護條例》), promulgated by the State Council on December 20, 2001 and amended on January 8, 2011 and January 30, 2013, respectively, the National Copyright Administration issued the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) on February 20, 2002, which specify detailed procedures and requirements with respect to the registration of software copyrights.

Domain Names

Domain names are protected under the Administrative Measures on the Internet Domain Names (《互聯網域名管理辦法》) which was promulgated by MIIT on August 24, 2017 and became effective on November 1, 2017. MIIT is the major regulatory body responsible for the administration of the PRC internet domain names. The registration of domain names generally adopts the "first to file" principle. On November 27, 2017, MIIT promulgated the Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Providing Internet-based Information Services (《工業和信息化部關於規範互聯網信息服務使用域名的通知》), which became effective on January 1, 2018. Pursuant to the notice, the domain name used by an internet-based information service provider in providing internet-based information services must be registered and owned by such provider in accordance with the law. If the internet-based information service provider is an entity, the domain name registrant must be the entity (or any of the entity's shareholders), or the entity's principal or senior manager.

REGULATIONS RELATING TO FOREIGN EXCHANGE

The Regulations on the Control of Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》), which was promulgated by the State Council on January 29, 1996, became effective on April 1, 1996 and was last amended and took effect on August 5, 2008, set out that foreign exchange receipts of domestic institutions or individuals may be remitted back to the PRC or deposited abroad and that SAFE shall specify the conditions relating to the requirements, time periods and other aspects of such remittance and deposits in accordance with the international receipts, payments status and requirements of foreign exchange administration. Domestic institutions or individuals that make direct investments abroad or are engaged in the distribution or sale of valuable securities or derivative products overseas shall register according to SAFE regulations. Such institutions or individuals subject to prior approval or record-filing with other competent authority shall complete the required approval or record-filing prior to foreign exchange registration. The exchange rate for RMB follows a managed floating exchange rate system based on market demand and supply.

The Regulations on the Administration of the Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), which was promulgated by the People's Bank of China on June 20, 1996 and came into effect on July 1, 1996, provides that foreign exchange earnings under the current account of FIEs may be retained to the fullest extent specified by the relevant foreign exchange bureau. Any portion in excess of such amount shall be sold to a designated foreign exchange bank or through a foreign exchange swap centre.

REGULATORY OVERVIEW

According to the Notice of the State Administration of Foreign Exchange on Issues concerning the Foreign Exchange Administration of Overseas Listing (《關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE on December 26, 2014, a domestic company shall, within 15 working days after the completion of its overseas listing, go through the registration of overseas listing with the foreign exchange bureau at its place of registration. A domestic issuer may transfer the capital raised through overseas listing to its local bank account or deposit at its overseas account. The use of proceeds shall be consistent with the purposes disclosed in this document or other public documents.

According to the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies for the Administration over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) announced by SAFE and effective on June 9, 2016, and the Notice of the State Administration of Foreign Exchange on Further Deepening Reform to Promote Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) announced and effective on December 4, 2023, the foreign exchange receipts under capital accounts of domestic institutions are subject to discretionary settlement policies. The foreign exchange receipts under capital accounts (including foreign exchange capital, foreign debts, and repatriated funds raised through overseas listing) subject to discretionary settlement as expressly prescribed in the relevant policies may be settled with banks according to the actual need of the domestic institutions for business operation. Domestic institutions may, at their discretion, settle up to 100% of foreign exchange receipts under capital accounts for the time being. SAFE may adjust the above proportion in due time according to the balance of payments. While eligible for the discretionary settlement of foreign exchange receipts under capital accounts, domestic institutions may also opt to use their foreign exchange receipts according to the payment-based settlement system. A bank shall, in handling each transaction of foreign exchange settlement for a domestic institution according to the principle of payment-based settlement, review the authenticity and compliance of the use of the funds settled in the previous foreign exchange settlement (including discretionary settlement and payment-based settlement) of such domestic institution. Domestic institutions' foreign exchange receipts under the capital account and the Renminbi funds obtained from the settlement thereof shall not, directly or indirectly, be used for expenditure beyond the enterprise's business scope or expenditure prohibited by laws and regulations of the state. Unless otherwise specified, the funds shall not, directly or indirectly, be used for investments in securities or other investments or wealth management other than banks' principal-secured products. The funds shall not be used for the granting of loans to non-affiliated enterprises, except where it is expressly permitted in the business scope. The funds shall not be used for the construction or purchase of real estate for purposes other than self-use (except for real estate enterprises).

REGULATIONS RELATING TO DIVIDEND DISTRIBUTIONS

The principal laws, rules and regulations governing dividends distribution by companies in the PRC are the Company Law, which applies to both PRC domestic companies and foreign-invested companies, and the Foreign Investment Law and the implementing rules, which apply to foreign-invested companies. Under these laws, regulations and rules, both domestic companies and foreign-invested companies in the PRC are required to set aside as general reserves at least 10% of their after-tax profit, until the cumulative amount of their reserves reaches 50% of their registered capital. Companies are not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

REGULATIONS RELATING TO STOCK INCENTIVE PLANS

According to the Notice of the State Administration of Foreign Exchange on Issues Relating to the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Listed Company (《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》), or the Share Incentive Rules, which was issued on February 15, 2012 and other regulations, directors, supervisors, senior management and other employees participating in any share incentive plan of an overseas publicly-listed company who are PRC citizens or non-PRC citizens residing in China for a continuous period of not less than one year, subject to certain exceptions, are required to register with SAFE. All such participants need to authorize a qualified PRC agent, to register with SAFE and handle foreign exchange matters such as opening accounts, and transfer and settlement of the relevant proceeds. The Share Incentive Rules further require an offshore agent to be designated to handle matters in connection with the exercise of share options and sales of proceeds for the participants of the share incentive plans. Failure to complete the said SAFE registrations may subject the participating directors, supervisors, senior management and other employees to fines and other legal sanctions.

The State Administration of Taxation has promulgated several notices concerning employee stock options and restricted shares, including the Notice on Individual Income Tax Issues Related to Equity Incentives (《關於股權激勵有關個人所得稅問題的通知》) promulgated and effective on August 24, 2009, and the Notice of the State Administration

REGULATORY OVERVIEW

of Taxation on Several Measures for Further Deepening the Reform of “Streamlining Administration, Delegating Powers, Improving Regulation, and Upgrading Services” in the Tax Field to Cultivate and Stimulate Market Vitality (《國家稅務總局關於進一步深化稅務領域“放管服”改革培育和激發市場主體活力若干措施的通知》) promulgated and effective on October 12, 2021. Pursuant to Circular 461 and other relevant laws and regulations, employees working in China who exercise stock options or are granted restricted shares are subject to Chinese individual income tax, and Chinese subsidiaries of overseas listed companies are required to file relevant documents with competent tax authorities and withhold individual income tax for such employees. Failure to comply with these tax obligations may subject the Chinese subsidiaries to sanctions imposed by tax authorities or other Chinese government departments.

REGULATIONS RELATING TO TAXATION

Income tax

According to the Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法》), or the EIT Law, which was promulgated on March 16, 2007, became effective from January 1, 2008 and amended on February 24, 2017 and December 29, 2018, respectively, an enterprise established outside the PRC with de facto management bodies within the PRC is considered a resident enterprise for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income. The Implementing Rules of the Enterprise Income Law of the People’s Republic of China (《中華人民共和國企業所得稅法實施條例》), or the Implementing Rules of the EIT Law defines a de facto management body as a managing body that in practice exercises “substantial and overall management and control over the production and operations, personnel, accounting, and properties” of the enterprise. Non-PRC resident enterprises without any branches in the PRC pay an enterprise income tax in connection with their income originating from the PRC at the tax rate of 10%.

According to the Announcement on Issues Related to the Implementation of Preferential Income Tax Policies for High-Tech Enterprises (《關於實施高新技術企業所得稅優惠政策有關問題的公告》) promulgated by SAT on June 19, 2017, and Administrative Measures for the Certification of High-tech Enterprises (《高新技術企業認定管理辦法》) amended by Ministry of Science and Technology, MOF and SAT on January 29, 2016 and came into effect since January 1, 2016, upon the accreditation of the qualification of High-tech enterprises, such enterprises may apply for the entitlement of the preferential enterprise income tax treatment since the current year beginning from the valid period approved by the accreditation. Enterprises with “High-Tech Enterprise Certificate” along with its copies and relevant information may apply to competent tax authorities for tax reduction or exemption. Upon the fulfillment of those procedures, the high and new technology enterprise can make advance enterprise income tax declaration at a tax rate of 15% or enjoy a transitional preferential tax treatment.

Tax on dividend distribution

For Individual Investors

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), or the Individual Income Tax Law, amended by the SCNPC on August 31, 2018 and effective on January 1, 2019, and the Implementation Rules of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》) amended by the State Council on December 18, 2018 and effective on January 1, 2019, dividends paid by PRC companies to individual investors are ordinarily subject to a withholding income tax levied at a flat rate of 20%. Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) issued by the MOF, the SAT and the CSRC on September 7, 2015 and effective on September 8, 2015, where an individual holds the shares of a listed company obtained from the public offering for more than one year and transfers the stock of the listed company on the stock market, the dividend and bonus income shall be temporarily exempted from individual income tax. Where an individual acquires shares of a listed company from the public offering and transfers the stock of the listed company on the stock market, if the holding period is within one month (inclusive), the dividend income shall be included in the taxable income in full; if the holding period is more than one month but less than one year (inclusive), the dividend income shall be included in the taxable income at the rate of 50%; the aforesaid income shall be subject to individual income tax at a uniform rate of 20%.

For Enterprise Investors

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), or the EIT Law, amended by the SCNPC and effective on December 29, 2018, and the Implementation Rules of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), or the Implementation Rules of the EIT Law, last amended by the State Council on December 6, 2024 and effective on January 20, 2025, a non-resident enterprise is subject to a reduced rate of 10% enterprise income tax on PRC-sourced income, including dividends paid by a PRC

REGULATORY OVERVIEW

resident enterprise that issues and lists shares in Hong Kong, if such non-resident enterprise does not have an establishment or place of business in the PRC or has an establishment or place of business in the PRC but the PRC-sourced income is not actually connected with such establishment or place of business in the PRC. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, and the payer shall be the withholding agent, and the tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

Pursuant to the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the SAT and effective on November 6, 2008, a PRC resident enterprise is required to withhold enterprise income tax at a rate of 10% on dividends paid to non-PRC resident enterprise holders of H Shares which are derived out of profit generated since 2008. The Reply on the Collection of Enterprise Income Tax on Dividends Received by Non-resident Enterprises from Holding B Shares and Other Shares (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) promulgated by the SAT and effective July 24, 2009 further provides that PRC-resident enterprises listed on Chinese and overseas stock exchanges by issuing stocks (including A shares, B shares and overseas shares) must withhold enterprise income tax at a flat rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

Value-Added Tax

Pursuant to the Value-added Tax Law of the PRC (《中華人民共和國增值稅法》) and the Regulations for the Implementation of the Value-Added Tax Law of the PRC (《中華人民共和國增值稅法實施條例》), both amended by the SCNPC on December 25, 2024 and effective on January 1, 2026, which replace the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) and the Detailed Rules for the Implementation of the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例實施細則》), entities and individuals (including individual businesses) engaged in sale of goods, services, intangible assets and immovables and importation of goods within the territory of the PRC are VAT payers and shall pay VAT in accordance with this Law. Taxpayers that sell goods, provide processing, repair and replacement services, tangible movables leasing services or import goods are subject to a tax rate of 13% unless otherwise specified in the aforesaid regulations. On April 4, 2018, the Ministry of Finance and the STA issued the Circular on Adjustment of VAT Rates (《關於調整增值稅稅率的通知》), which took effect on May 1, 2018. According to the abovementioned circular, the taxable goods previously subject to VAT rates of 17% and 11% respectively became subject to lower VAT rates of 16% and 10% respectively starting from May 1, 2018. Furthermore, according to the Announcement on Relevant Policies for Deepening VAT Reform (《關於深化增值稅改革有關政策的公告》) jointly promulgated by the Ministry of Finance, the STA and the General Administration of Customs, which took effect on April 1, 2019, the taxable goods previously subject to VAT rates of 16% and 10% respectively became subject to lower VAT rates of 13% and 9% respectively starting from April 1, 2019.

REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL WELFARE

According to the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), or the Labor Contract Law, promulgated by the SCNPC on June 29, 2007 and amended on December 28, 2012, and the Implementation Rules of the Labor 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》), or the Implementation Rules of the Labor Contract Law, promulgated by the State Council on September 18, 2008, a written employment contract shall be concluded in the establishment of an employment relationship. If an employer fails to enter into a written employment contract with an employee within one year from the date on which the employment relationship is established, the employer must rectify the situation by entering into a written employment contract with the employee and pay the employee twice the employee's salary for the period from the day following the lapse of one month from the date of establishment of the employment relationship to the day prior to the execution of the written employment contract. The Labor Contract Law and its implementation rules also require compensation to be paid upon certain terminations. In addition, if an employer intends to enforce a non-compete provision in an employment contract or non-competition agreement with an employee, it has to compensate the employee on a monthly basis during the term of the restriction period after the termination or expiry of the labor contract. Employers in most cases are also required to provide severance payment to their employees after their employment relationships are terminated. According to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated on July 5, 1994, last revised on December 29, 2018 and became effective on the same day, every employer must ensure workplace safety and sanitation in accordance with national regulations and provide relevant training to its employees.

REGULATORY OVERVIEW

Pursuant to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010, effective on July 1, 2011 and last amended on December 29, 2018, the Interim Regulations on the Collection of Social Insurance Fees (《社會保險費征繳暫行條例》), issued by the State Council on January 22, 1999 and last amended on March 24, 2019, and the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》), issued by the State Council on April 3, 1999 and last amended on March 24, 2019, enterprises in China are required to participate in certain employee benefit plans, including social insurance funds and housing provident funds, and contribute to the funds in amounts equal to certain percentages of salaries, including bonuses and allowances, of the employees as specified by the local government from time to time at locations where they operate their businesses or where they are located.

Pursuant to the Social Insurance Law of the People's Republic of China, enterprises in China shall present their business license, registration certificate or organization seal to complete social security registration with the local social security agency within 30 days from the date of incorporation, and enterprises in China shall complete social security registration with the social security agency for their employees within 30 days from the date of recruitment. If the employer fails to go through the formalities for social insurance registration, the administrative department of social insurance shall order it to rectify within a prescribed time limit; where it fails to rectify within the prescribed time limit, the employer shall be subject to a fine of not less than one time but not more than three times the amount of the payable social insurance premiums, and the person directly in charge and other persons directly liable shall be subject to a fine of not less than RMB500 but not more than RMB3,000. Also, enterprises in China shall declare on their own and pay social insurance premiums in full and on time, and shall not postpone, reduce or exempt the payment of social insurance premiums not due to force majeure and other statutory causes. Where an employer fails to pay social insurance premiums in full and on time, the social insurance premiums collecting agency shall order it to pay or supplement the premiums within a time limit, and shall, as of the date of default, impose an overdue fine at the rate of 0.05% per day; where the employer fails to make the payment within the time limit, the relevant administrative department shall impose a fine of not less than one time but not more than three times the amount of the arrears.

Pursuant to the Regulations on the Administration of Housing Provident Funds, a newly established entity shall, within 30 days from the date of its establishment, undertake registration of payment and deposit of housing provident fund with a housing provident fund management center, and within 20 days from the date of the registration, go through the formalities of opening housing provident fund accounts on behalf of its staff and workers. Otherwise, it will be subject to a fine of not less than RMB10,000 but not more than RMB50,000. Also, entities shall pay housing provident funds on time and in full, and shall not be overdue in the payment and deposit or underpay. If an entity fails to pay housing fund contributions within a time limit or underpays housing fund contributions, it shall be ordered by the housing fund management center to pay the outstanding housing fund contributions within a time limit; if it fails to pay the outstanding housing fund contributions within the time limit, the housing fund management center may apply to the people's court for enforcement.

On July 31, 2025, the PRC Supreme People's Court promulgated the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in 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)》), which took effect on September 1, 2025. Article 19(1) thereof stipulates that if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the People's Court shall deem such agreement or undertaking invalid. Furthermore, where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38(3) of the PRC Labor Contract Law, the People's Court shall support such claims in accordance with the law, which clarifies that employees are entitled to request termination of their labor contracts and receive corresponding economic compensation under the PRC Labor Contract Law if the employer fails to make social insurance contributions in accordance with the law.

REGULATIONS RELATING TO OVERSEAS LISTING

On February 17, 2023, the CSRC released the Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》), or the Trial Measures, and five supporting guidelines, which came into effect on March 31, 2023. According to the Trial Measures, PRC domestic companies that seek overseas listing and offering, both directly and indirectly, should fulfill the filing procedure and report relevant information to the CSRC.

On February 24, 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance 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》) (the "Provision on Confidentiality"), which took effect on March 31, 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing

REGULATORY OVERVIEW

subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the State.

H-share Full Circulation

“Full circulation” means listing and circulating on the stock exchange of the domestic unlisted shares of an H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. On November 14, 2019, the CSRC issued the Guidelines for the “Full Circulation” Program for Domestic Unlisted Shares of H-share Listed Companies (《H股公司境內未上市股份申請“全流通”業務指引》) (the “Guidelines for the Full Circulation”), which was partly revised on August 10, 2023 by the Decision on Revising and Abolishing Part of Securities and Futures Policy Documents by CSRC (《中國證券監督管理委員會關於修改、廢止部分證券期貨制度文件的決定》).

According to the Guidelines for the Full Circulation, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for full circulation.

RELEVANT LAWS AND REGULATIONS IN HONG KONG

Regulations Relating to Business Registration

The Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) requires every person carrying on any business to make application to the Commissioner of Inland Revenue in the prescribed manner for the registration of that business. The Commissioner of Inland Revenue must register each business for which a business registration application is made and as soon as practicable after the prescribed business registration fee and levy are paid, and issue a business registration certificate or branch registration certificate for the relevant business or the relevant branch as the case may be.

Regulations Relating to Taxes

The Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (“IRO”) is an ordinance for the purposes of imposing taxes on property, earnings and profits in Hong Kong. The IRO provides, among others, that persons, which include corporations, partnerships, trustees and bodies of persons, carrying on any trade, profession or business in Hong Kong are chargeable to tax on all profits (excluding profits arising from the sale of capital assets) arising in or derived from Hong Kong from such trade, profession or business.

The Inland Revenue (Amendment) (No. 3) Ordinance 2018 was enacted on March 29, 2018 (the “IRO Amendment Bill”), which introduces the two-tiered profit tax rates regime, i.e., the first HK\$2 million of profit of the qualifying group entity will be taxed at 8.25%, and profit above HK\$2 million will be taxed at 16.5%. The profit of group entity not qualifying for the two-tiered profit tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, starting from the year of assessment 2018/19, the Hong Kong profit tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profit and at 16.5% on the estimated assessable profit above HK\$2 million for the qualifying group entity.

The IRO also contains provisions relating to, among others, permissible deductions for outgoings and expenses, set-offs for losses and allowances for depreciation.

Laws and Regulations Relating to Sale of Goods

In Hong Kong, laws and regulations on the sale of goods are provided in legislation as well as common law. Civil liability in relation to product liability claims under the sale of goods arises under the law of contract and the law of negligence.

Contracts for the sale of goods in Hong Kong are mainly governed by the Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong) which codified the law relating to the sale of goods. The Sale of Goods Ordinance provides that the seller of goods shall have an implied right to sell the goods and that the goods for sale shall be of merchantable quality, fit for their purposes, as described on the package or a display sign or by the seller and correspond with the sample.

REGULATORY OVERVIEW

Regulations Relating to Importation and Exportation of Goods

The Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) (the “Import and Export Ordinance”) provides for the regulation and control of the import of articles into Hong Kong, the export of articles from Hong Kong, the handling and carriage of articles within Hong Kong which have been imported into Hong Kong or which may be exported from Hong Kong, and any matter incidental to or connected with the foregoing.

Pursuant to the Import and Export (Registration) Regulations (Chapter 60E of the Laws of Hong Kong), every person who imports/exports any article other than an exempted article shall lodge with the Commissioner an accurate and complete import/export declaration relating to such article using services provided by a specified body, in accordance with the requirements that the Commissioner of Customs and Excise may specify. Every declaration required to be lodged shall be lodged within 14 days after the importation/exportation of the article to which it relates.

RELEVANT LAWS AND REGULATIONS IN SINGAPORE

Laws and Regulations Relating to Employment of Personnel

Employment Act 1968 of Singapore (“Employment Act”)

The Employment Act is administered by the Ministry of Manpower (“MOM”) and sets out the basic terms and conditions of employment and the rights and responsibilities of employers as well as employees who are covered under the Employment Act, comprising local and foreign employees under a contract of service with an employer on a full-time, part-time, temporary or contract basis, but which excludes persons employed as:

- (a) a seafarer;
- (b) a domestic worker; and
- (c) a statutory board employee or civil servant.

Notwithstanding the foregoing, Part 4 of the Employment Act, which provides for rest days, hours of work and other conditions of service, only applies to:

- (a) workmen who are in receipt of a salary not exceeding S\$4,500 a month (excluding overtime payments, bonus payments, annual wage supplements, productivity incentive payments and any allowance however described) or such other amount as the MOM may prescribe; and
- (b) every employee (other than a workman or a person employed in a managerial or an executive position) who receives a salary not exceeding S\$2,600 a month (excluding any overtime payment, bonus payment, annual wage supplement, productivity incentive payment and any allowance however described) or such other amount as the MOM may prescribe.

All employers are required to issue to their employees who (a) enter into a contract of service on or after April 1, 2016 with the employer, (b) are covered by the Employment Act and (c) are employed for 14 days or more, a written record of the key employment terms (“KETs”) of the employee not later than 14 days after the day that the employee starts employment with the employer, or within such other period as may be prescribed in substitution. The KETs required to be provided (unless inapplicable to such employee) include, amongst others, full name of employer and employee, job title and main duties and responsibilities, start date of employment, working arrangements (such as daily working hours, number of working days per week and rest day(s)), salary period, basic salary, fixed allowances and deductions, overtime rate of pay, other salary-related components, types of leave, other medical benefits and notice period.

Employment of Foreign Manpower Act 1990 of Singapore (“EFMA”) and Immigration Act 1959 of Singapore (“Immigration Act”)

The employment of foreign workers in Singapore is governed by the EFMA and administered by the MOM. Under Section 5(1) of the EFMA, no person shall employ a foreign employee unless the foreign employee has obtained a valid work pass. Any person who contravenes Section 5(1) of the EFMA shall be guilty of an offence and shall

- (a) be liable on conviction to a fine at least S\$5,000 and not more than S\$30,000 or to imprisonment for a term not exceeding 12 months or to both; and
- (b) on a second or subsequent conviction:
 - (i) in the case of an individual, be punished with a fine of at least S\$10,000 and not more than S\$30,000 and with imprisonment for a term of not less than one (1) month and not more than 12 months; or
 - (ii) in any other case, be punished with a fine of at least S\$20,000 and not more than S\$60,000.

REGULATORY OVERVIEW

A work pass includes, amongst others:

- (a) Employment Pass, for foreign professionals, managers and executives who meet the relevant eligibility criteria and:
 - (i) in the financial services sector, earn at least S\$5,500 per month (increasing progressively with age from age 23); or
 - (ii) in other sectors, earn at least S\$5,000 per month (increasing progressively with age from age 23);
- (b) S Pass, for skilled workers who meet the relevant eligibility criteria and:
 - (i) in the financial services sector, earn at least S\$3,650 per month (increasing progressively with age from age 23); or
 - (ii) in other sectors, earn at least S\$3,150 per month (increasing progressively with age from age 23);
- (c) Work Permit for skilled or semi-skilled workers in the construction, manufacturing, marine shipyard, process or services sectors.

The availability of foreign workers holding S Passes and Work Permits is regulated and dependent on, amongst others, the policies of the MOM in connection with:

- (a) source countries or regions;
- (b) the imposition of security bonds and levies;
- (c) dependency ratio ceilings determined based on the ratio of local to foreign workers; and
- (d) the classification of sector the employer operates in.

Further, the Immigration Act provides that no person, other than a citizen of Singapore, shall enter or attempt to enter Singapore unless, amongst others, he or she is in possession of a valid pass lawfully issued to him or her to enter Singapore. Accordingly, an employer of foreign workers is also subject to the Employment Act and the Immigration Act, and the regulations issued pursuant thereto.

Work Injury Compensation Act 2019 of Singapore (“WICA”)

Work injury compensation is governed by the WICA and is regulated by the MOM. The WICA applies to any person who has entered into or works under a contract of service with an employer, except:

- (a) any member of the Singapore Armed Forces;
- (b) any officer of the Singapore Police Force, the Singapore Civil Defence Force, the Central Narcotics Bureau or the Singapore Prisons Service; and
- (c) a domestic worker, being an individual employed in or in connection with the domestic services of any private premises,

in respect of injury suffered by such persons arising out of and in the course of their employment and sets out, among other things, the amount of compensation that they are entitled to and the method(s) of calculating such compensation.

Section 7(1) of the WICA provides that where personal injury is caused to an employee by an accident arising out of and in the course of the employee’s employment with an employer, the employer is liable to pay compensation under the WICA. The amount of such compensation shall be computed in accordance with the provisions of the First Schedule to the WICA, subject to a maximum and minimum limit, taking into account factors such as the severity and permanence of the personal injury suffered.

Additionally, under Section 24(1) of the WICA (read with the Second Schedule to the Work Injury Compensation (Insurance) Regulations 2020), every employer must insure and maintain insurance under one or more approved policies with one or more designated insurers against all liabilities that the employer may incur under the WICA in respect of every employee of the employer who is either engaged in manual labour, or is earning a salary of S\$2,600 or less a month (excluding any overtime payment, bonus payment, annual wage supplement, productivity incentive payment and any allowance however described).

An employer who contravenes Section 24(1) of the WICA shall be guilty of an offence and shall be liable on conviction:

- (a) to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 12 months or to both; or

REGULATORY OVERVIEW

- (b) if the person is a repeat offender, to a fine not exceeding S\$20,000 or to imprisonment for a term not exceeding 12 months or to both.

Central Provident Fund Act 1953 of Singapore (“CPF Act”)

The Central Provident Fund (“CPF”) is a mandatory social security savings scheme funded by contributions from employers and employees. The CPF Act governs the contributions made by employers and employees into the CPF, and the CPF Act is administered by the Central Provident Fund Board.

Section 7(1) of the CPF Act provides that subject to Section 69 of the CPF Act and any regulations made under Section 77(1) of the CPF Act, every employer of an employee must pay to the CPF monthly in respect of each employee contributions at the appropriate rates set out in the First Schedule of the CPF Act. Pursuant to Section 7(2) of the CPF Act, notwithstanding the provisions of any written law or any contract to the contrary, an employer is entitled to recover from the monthly wages of an employee the amount shown in the First Schedule of the CPF Act as so recoverable from the employee. Section 7(3) of the CPF Act further provides that where any employer who has recovered any amount from the monthly wages of an employee in accordance with the CPF Act fails to pay the contributions to the CPF within such time as may be prescribed, the employer shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding seven (7) years or to both.

Laws and Regulations Relating to Trade Marks

The registration and protection of trade marks in Singapore is governed by the Trade Marks Act 1998 of Singapore (“TMA”) and is administered by the Intellectual Property Office of Singapore. The TMA provides the framework for, amongst others, the registration, validity, renewal, and enforcement of trade mark rights in Singapore.

Under Section 18 of the TMA, a trade mark, when registered, is registered for a period of 10 years from the date of registration, which may be renewed in accordance with Section 19 of the TMA for further periods of 10 years. However, a registered trade mark may be revoked pursuant to Section 22 of the TMA on the grounds that, amongst others, within the period of 5 years following the date of completion of the registration procedure, the registered trade mark has not been put to genuine use in the course of trade in Singapore, by the proprietor or with the proprietor’s consent, in relation to the goods or services for which it is registered, and there are no proper reasons for non-use.

In addition, Sections 27(1) and 27(2) of the TMA provide that a person infringes a registered trade mark if, without the consent of the proprietor of the trade mark, the person uses in the course of trade a sign:

- (a) which is identical with the trade mark in relation to goods or services which are identical with those for which it is registered; or
- (b) where because
 - (i) the sign is identical with the trade mark and is used in relation to goods or services similar to those for which the trade mark is registered; or
 - (ii) the sign is similar to the trade mark and is used in relation to goods or services identical with or similar to those for which the trade mark is registered,there exists a likelihood of confusion on the part of the public.

Section 27(3) of the TMA also provides that a person infringes a registered trade mark which is well known in Singapore if

- (a) without the consent of the proprietor of the trade mark, the person uses in the course of trade a sign which is identical with or similar to the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered;
- (b) the use of the trade mark in relation to those goods or services would indicate a connection between those goods or services and the proprietor;
- (c) there exists a likelihood of confusion on the part of the public because of such use; and
- (d) the interests of the proprietor are likely to be damaged by such use.

Under the TMA, an infringement of a registered trade mark is actionable by the proprietor of the trade mark, and remedies available to the proprietor in civil proceedings include an injunction, damages or an account of profits. Infringement of a registered trade mark can also lead to criminal liabilities. These include offences such as counterfeiting of a registered trade mark, falsely applying a registered trade mark to goods or services, or making or possessing of article for the purpose of committing an offence. A person who contravenes these provisions may be liable on conviction to a fine or an imprisonment term, or to both.

REGULATORY OVERVIEW

Laws and Regulations Relating to Personal Data Protection

The Personal Data Protection Act 2012 of Singapore (“**PDPA**”) governs the collection, use and disclosure of personal data by organisations. For the purposes of the PDPA, “*personal data*” means data, whether true or not, about an individual who can be identified from that data, or from that data and other information to which the organisation has or is likely to have access.

An organisation is required to comply with, amongst others, the data protection obligations prescribed by the PDPA, which includes as follows:

- (a) Accountability obligation – to develop and implement policies and practices that are necessary for the organisation to meet the obligations of the organisation under the PDPA, develop a process to receive and respond to complaints that may arise with respect to the application of PDPA, communicate to its staff information about the organisation’s policies and practices, and make information available on request about such policies and practices and the organisation’s complaints process;
- (b) Consent obligation – not to collect, use or disclose personal data about an individual unless (i) the individual gives, or is deemed to have given, his or her consent under the PDPA to the collection, use or disclosure, as the case may be; or (ii) such collection, use or disclosure without the consent of the individual is required or authorised under the PDPA or any other written law;
- (c) Purpose limitation obligation – to collect, use or disclose personal data about an individual only for purposes (i) that a reasonable person would consider appropriate in the circumstances; and (ii) that the individual has been informed of, if applicable;
- (d) Notification obligation – to inform an individual of the purposes for the collection, use or disclosure of his or her personal data, on or before collecting such personal data, except if the individual is deemed to have consented to the collection, use or disclosure in accordance with the provisions of the PDPA or the organisation collects, uses or discloses the personal data without the consent of the individual in accordance with the provisions of the PDPA;
- (e) Access and correction obligation – on request of an individual, to, as soon as reasonably possible, (i) provide the individual with personal data about the individual that is in the possession or under the control of the organisation, and information about the ways in which such personal data has been or may have been used or disclosed by the organisation within a year before the date of the request, unless certain specified exceptions apply and/or (ii) correct an error or omission in the personal data about the individual that is in the possession or under the control of the organisation, unless certain specified exceptions apply;
- (f) Accuracy obligation – to make a reasonable effort to ensure that personal data collected by or on behalf of the organisation is accurate and complete, if the personal data is likely to be used by the organisation to make a decision that affects the individual to whom the personal data relates or is likely to be disclosed by the organisation to another organisation;
- (g) Protection obligation – to protect personal data in the possession or under the control of the organisation by making reasonable security arrangements to prevent unauthorised access, collection, use, disclosure, copying, modification, disposal or similar risks, and the loss of any storage medium or device on which personal data is stored;
- (h) Retention limitation obligation – to cease to retain documents containing personal data, or remove the means by which the personal data can be associated with particular individuals, as soon as it is reasonable to assume that the purpose for which that personal data was collected is no longer being served by retention of the personal data and retention is no longer necessary for legal or business purposes;
- (i) Transfer limitation obligation – not to transfer any personal data to a country or territory outside Singapore except in accordance with the requirements prescribed under the PDPA; and
- (j) Data breach notification obligation – to assess if a data breach will result in, or is likely to result in, significant harm to an affected individual, or is, or is likely to be, of a significant scale. If so, to notify the Personal Data Protection Commission as soon as is practicable, but in any case no later than three (3) calendar days after making such an assessment. Each affected individual must also be notified in any manner that is reasonable in the circumstances,

the maximum financial penalty that can be imposed on organisations is S\$1,000,000, or 10% of the organisation’s annual turnover in Singapore, whichever is higher. The severity of the penalties will be assessed based on, amongst others, the amount of personal data involved, and the degree of harm caused to individuals.

REGULATORY OVERVIEW

Laws and Regulations Relating to General Corporate Governance

The Companies Act 1967 of Singapore generally governs, among others, matters relating to the status, powers and capacity of a company, shares and share capital of a company (including allotments and issuances and transfers of ordinary shares and preference shares), treasury shares, share splits, share buybacks, redemption of shares, conversion of shares, reduction of share capital, declaration of dividends, financial assistance, directors and officers and shareholders of a company (including meetings and proceedings of directors and shareholders and dealings between such persons and the company), protection of minority shareholders' rights, accounts and audit requirements, arrangements, reconstructions and amalgamations, winding up and dissolution.

In addition, members of a company are subject to, and bound by, the provisions of the constitution of the company. The constitution of a company contains, among others, provisions relating to some of the matters in the foregoing paragraph as well as the rights and privileges attached to the different classes of shares of the company (if applicable).

Laws and Regulations Relating to Taxation

The discussion in this section is not intended to be and does not constitute legal or tax advice. It is based on the current tax laws and practice in Singapore and is subject to changes in such laws, or in the interpretation thereof. Such changes may be retrospective. No assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws and practice will not occur on a retrospective basis.

Corporate Tax

Corporate taxpayers (whether Singapore tax resident or non-Singapore tax resident) are generally subject to Singapore income tax on income accruing in or derived from Singapore or received in Singapore from outside Singapore (unless specified conditions for exemption are satisfied). Foreign income in the form of foreign-sourced dividends, foreign branch profits, and foreign-sourced service income by a Singapore tax resident corporate taxpayer may however be exempt from Singapore tax if specified conditions are satisfied.

Section 43(1) of the Income Tax Act 1947 of Singapore ("ITA") provides, among others, that the prevailing corporate income tax rate is 17%. Section 43(6B) of the ITA provides, among others, that there is partial tax exemption for chargeable income of up to S\$200,000 as follows:

- (a) for every dollar of the first \$10,000 of the chargeable income, only 25% is chargeable with tax; and
- (b) for every dollar of the next \$190,000 of the chargeable income, only 50% is chargeable with tax,

the chargeable income of a company in excess of the first S\$200,000 (after the partial tax exemption) will be fully taxable at the prevailing corporate income tax rate of 17%.

Dividend Distributions and Withholding Tax

All Singapore tax resident companies are under the one-tier corporate taxation system of Singapore ("**One-Tier System**"). Under the One-Tier System, the tax collected from corporate profits is a final tax and the after-tax profits of a company resident in Singapore can be distributed to its shareholders as tax-exempt dividends. Such dividends are tax-exempt in the hands of the shareholders, irrespective of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

Singapore currently does not impose withholding tax on dividends paid to resident or non-resident shareholders.

Goods and Services Tax

The Goods and Services Tax Act 1993 of Singapore governs goods and services tax ("**GST**"), which is a consumption tax that is levied on the import of goods into Singapore, as well as nearly all supplies of goods and services in Singapore at a prevailing rate of 9%.

Stamp Duty

There is no stamp duty payable on the subscription and issuance of shares.

Stamp duty is payable on a transfer of shares if there is an instrument of transfer executed in Singapore or if there is an instrument of transfer executed outside Singapore which is received in Singapore. In such situations, stamp duty is payable on the instrument of transfer of shares at the rate of 0.2% of the consideration for, or net asset value of, the shares, whichever is higher.

REGULATORY OVERVIEW

U.S. AND EUROPEAN LAWS AND REGULATIONS

Regulations on Tariff

On May 14, 2024, the U.S. government announced higher tariffs on steel and aluminum, semiconductors, electric vehicles, batteries, critical minerals, solar cells, ship-to-shore cranes and medical products. These higher tariffs were based on claims that China has engaged in unfair trade practices. The highest of these tariffs are applicable to electric vehicles, which have been subject to a tariff rate of 100% since September 27, 2024, an increase from the earlier rate of 25%. Separately, from October 30, 2024, the European Commission imposed higher countervailing tariffs on imports of electric vehicles made in China. These new tariffs, which will apply across the European Union, range from 17.0% to 35.5% (except for Tesla, which has been assigned a countervailing duty of 7.8%), depending on the OEM that produced the vehicle. These new tariffs are applicable to electric vehicles, not solutions that we develop, accordingly, these new U.S. and EU tariffs are not applicable to our sales.

Since February 2025, the U.S. administration has cumulatively imposed additional 145% tariffs on Chinese imports. On October 30, 2025, the United States and China announced that in lieu of the 145%, the United States would impose a 10% “reciprocal” and 10% “fentanyl” tariff on goods imported from China for one year while they continued to negotiate a longer-term trade agreement.

On June 10 and 11, 2025, the U.S. government reaffirmed that tariffs on Chinese imports would remain at a combined rate of 55%, comprising three existing components: a 25% Section 301 tariff imposed since 2018, a 20% tariff introduced in February 2025, and a 10% reciprocal tariff imposed on April 2, 2025. A de minimis exemption under U.S. customs regulations does not cover our shipments. Between 2022 and 2024, the applicable U.S. import tariff rates on our smart devices ranged from 0% to 7.5%, and on accessories from 0% to 25%. In the first half of 2025, following further policy actions, the applicable tariff rates on smart devices increased to approximately 20% to 37.5%, and on accessories to 20% to 55%. Subsequent agreements between the United States and China have reduced these rates by 10%. On February 20, 2026, the U.S. Supreme Court struck down the U.S. action that accounted for another 20% of these tariff rates with China, but the Trump administration has announced that it expects the tariff rates under trade agreements like the one reached with China to continue to apply.

Regulations on Cybersecurity, Information Security, Privacy and Data Protection

The United States

The United States does not have a comprehensive federal personal data law. Instead, personal data protections and regulation are currently left to individual states.

The US-based data collected by the Group is stored in the State of Oregon. In June 2023, the Oregon Legislature passed Senate Bill 619, the Oregon Consumer Privacy Act (the “OCPA”) or “the law”. The OCPA was signed into law by Governor Kotek and took effect on July 1, 2024. According to Section 646A.572 (1) of the OCPA, the law applies to any person that conducts business in this state, or that provides products or services to residents of this state, and that during a calendar year, controls or processes: (a) The personal data of 100,000 or more consumers, other than personal data controlled or processed solely for the purpose of completing a payment transaction; or (b) The personal data of 25,000 or more consumers, while deriving 25 percent or more of the person’s annual gross revenue from selling personal data. According to Section 646A.570 (13)(a) of the OCPA, “personal data” means data, derived data or any unique identifier that is linked to or is reasonably linkable to a consumer or to a device that identifies, is linked to or is reasonably linkable to one or more consumers in a household. According to Section 646A.570 (7) of the OCPA, “consumer” means a natural person who resides in this state and acts in any capacity other than in a commercial or employment context.

The Group’s products are primarily distributed and sold to end users who are merchants in California, Texas, New York, Florida, Illinois, Massachusetts, Georgia, Pennsylvania, North Carolina, Washington, and Ohio. Among these states, California, Texas, and Florida have personal data legislation in effect as of September 30, 2025. From January 1, 2022 to June 30, 2024, among California, Texas, and Florida, only California had personal data legislation in effect.

In California, consumer data privacy is governed by the California Consumer Privacy Act of 2018 (the “CCPA”), Cal. Civ. Code § 1798.100 et seq., as amended and expanded by the California Privacy Rights Act of 2020 (the “CPRA”). The CCPA was signed into law on June 28, 2018. Its substantive privacy requirements became effective starting January 1, 2020, and were fully enforceable as of July 1, 2020. The CCPA applies to businesses, defined as for-profit entities that conduct business in California that collect and control the processing of consumers’ personal information (alone or with others), and meet at least one of the following jurisdictional thresholds: (1) from 2022 to 2024, annual gross revenue during the preceding calendar year that exceeds US\$25 million, subject to inflation adjustment; with effect from January 1, 2026, the annual gross revenues in excess of US\$26,625,000 in the preceding

REGULATORY OVERVIEW

calendar year, (2) annually buys, sells, or shares the personal information of 100,000 or more consumers or households (alone or in combination), or (3) derives 50% or more of annual revenues from selling or sharing consumers' personal information. Under the CCPA, "personal information" is defined as information that identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household; "consumer" is defined as a natural person who is a California resident; "collects" means buying, renting, gathering, obtaining, receiving, or accessing any personal information pertaining to a consumer, including receiving information from the consumer or by observing the consumer's behavior.

In 2023, the Texas Legislature passed House Bill 4, enacting the Texas Data Privacy and Security Act (the "TDPSA"). The TDPSA took effect on July 1, 2024. According to Section 541.002 (a) of the TDPSA, the law applies only to a person that: (1) conducts business in this state or produces a product or service consumed by residents of this state; (2) processes or engages in the sale of personal data; and (3) is not a small business as defined by the United States Small Business Administration, except to the extent that Section 541.107 applies to a person described by this subdivision. According to Section 541.001 (19) of the TDPSA, "personal data" means any information, including sensitive data, that is linked or reasonably linkable to an identified or identifiable individual. The term includes pseudonymous data when the data is used by a controller or processor in conjunction with additional information that reasonably links the data to an identified or identifiable individual. The term does not include deidentified data or publicly available information. According to Section 541.001 (15) of the TDPSA, "identified or identifiable individual" means a consumer who can be readily identified, directly or indirectly. According to Section 541.001 (7) of the TDPSA, "consumer" means an individual who is a resident of this state acting only in an individual or household context. The term does not include an individual acting in a commercial or employment context.

In June 2023, the Florida governor signed SB 262, otherwise known as the Florida Digital Bill of Rights (the "FDBR"). The FDBR took effect on July 1, 2024. According to Section 501.703 (1) of the FDBR, the law applies only to a person who: (a) Conducts business in this state or produces a product or service used by residents of this state; and (b) Processes or engages in the sale of personal data. According to Section 501.702 (19) of the FDBR, "personal data" means any information, including sensitive data, which is linked or reasonably linkable to an identified or identifiable individual. The term includes pseudonymous data when the data is used by a controller or processor in conjunction with additional information that reasonably links the data to an identified or identifiable individual. The term does not include deidentified data or publicly available information. According to Section 501.702 (16) of the FDBR, "identified or identifiable individual" means a consumer who can be readily identified, directly or indirectly. According to Section 501.702 (8) of the FDBR, "consumer" means an individual who is a resident of or is domiciled in this state acting only in an individual or household context. The term does not include an individual acting in a commercial or employment context.

The table below sets forth a summary of personal data legislation in our main operating states in the U.S. during the Track Record Period.

State	Effective date of state's personal data legislation	Jurisdictional threshold	Meet jurisdictional threshold	Comply with state's personal data legislation
Oregon	July 1, 2024	The Oregon Consumer Privacy Act (OCPA) applies to any person that conducts business in Oregon, or that provides products or services to residents of Oregon and that during a calendar year, controls, or processes: • The personal data of 100,000 consumers or more during a calendar year other than personal data controlled or processed solely for the purpose of completing a payment transaction, or • The personal data of 25,000 or more consumers, while deriving 25% or more of the person's annual gross revenue from selling personal data. The OCPA defines personal data as data, derived data, or any unique identifier that is linked to or is reasonably linkable to a consumer or to a device that identifies, is linked to, or is reasonably linkable to one or more consumers in a household. The OCPA defines consumer as a natural person who resides in this state and acts in any capacity other than in a commercial or employment context.	No	N/A

REGULATORY OVERVIEW

State	Effective date of state's personal data legislation	Jurisdictional threshold	Meet jurisdictional threshold	Comply with state's personal data legislation
Texas	July 1, 2024	The Texas Data Privacy and Security Act (TDPSA) applies to a person that: • Conducts business in Texas or produces a product or service consumed by residents of Texas; • Processes or engages in the sale of personal data, and • Is not a small business defined by the U.S. Small Business Administration, except to the extent that such businesses may not sell sensitive personal information without consumer consent. The TDPSA defines personal data as any information that is linked or reasonably linkable to an identified or identifiable individual. The TDPSA defines identified or identifiable individual as a consumer who can be readily identified, directly or indirectly. The TDPSA defines consumer as an individual who is a resident of this state acting only in an individual or household context. The term does not include an individual acting in a commercial or employment context.	No	N/A
Florida	July 1, 2024	The Florida Digital Bill of Rights (FDBR), Fla. Stat. § 501.701, applies to a person that (1) conducts business in Florida or produces a product or service used by Florida residents, and (2) processes or engages in the sale of personal data, including a “controller” that: • Is organized or operated for the profit or financial benefit of its shareholders or owners; • Collects personal data about consumers, or is the entity on behalf of which such information is collected; • Determines the purposes and means of processing personal data about consumers alone or jointly with others; • Makes in excess of US\$1 billion in global gross annual revenues, and • Satisfies at least one of the following criteria: ◦ Derives 50% or more of its global gross annual revenues from the sale of advertisements online, including providing targeted advertising or the sale of ads online; ◦ Operates a consumer smart speaker and voice command component service with an integrated virtual assistant connected to a cloud computing service that uses hands-free verbal activation (except for motor vehicle); ◦ Operates an app store or a digital distribution platform that offers at least 250,000 different software applications for consumers to download and install. The FDBR defines personal data as any information, including sensitive data, which is linked or reasonably linkable to an identified or identifiable individual. The FDBR defines identified or identifiable individual as a consumer who can be readily identified, directly or indirectly. The FDBR defines consumer as an individual who is a resident of or is domiciled in this state acting only in an individual or household context. The term does not include an individual acting in a commercial or employment context.	No	N/A

REGULATORY OVERVIEW

State	Effective date of state's personal data legislation	Jurisdictional threshold	Meet jurisdictional threshold	Comply with state's personal data legislation
California	January 1, 2020	The California Consumer Privacy Act (CCPA), Cal. Civ. Code § 1798.100 et seq., applies to businesses defined as a for-profit legal entity that: • Collects consumers' personal information; • Determines the purposes and means of processing consumers' personal information; • Conducts business in the state of California, and • Satisfies one or more of the following thresholds: ◦ From 2022 to 2024, annual gross revenue during the preceding calendar year that exceeds US\$25 million, subject to inflation adjustment; with effect from January 1, 2026, the annual gross revenues in excess of US\$26,625,000 in the preceding calendar year ◦ Buys, sells, or shares the personal information of 100,000 or more consumers or households, or ◦ Derives 50% or more of its annual revenues from selling or sharing consumers' personal information.	Yes	We understand, after consultation with our data compliance counsel in the U.S. and taking into account their view, we have complied with CCPA pertaining to data collection and process in the California.
New York, Illinois, Massachusetts, Georgia, Pennsylvania, North Carolina, Washington, and Ohio	No personal data legislation in effect	N/A	N/A	N/A

The Europe

The General Data Protection Regulation ("GDPR") applies to all of our activities conducted from an establishment in the European Economic Area ("EEA") or related to products and services that we offer to EEA users or customers, or the monitoring of their behavior in the EEA. The GDPR creates a range of restrictions and compliance obligations, including those concerning the consent and rights of individuals to whom the personal data relates, the transfer of personal data out of the EEA, security breach notifications and the security and confidentiality of personal data. If our operations are found to violate GDPR requirements, we may incur substantial fines, have to change our business practices, and face reputation harm, any of which could have an adverse effect on our business. In particular, serious breaches of the GDPR can result in administrative fines of upto 4% of annual total revenues. Fines of up to 2% of annual total revenues can be levied for other specified violations. In China and Europe (including the U.K.), data is collected and stored in accordance with the China Personal Information Protection Law and the GDPR. In order to support our regional sales teams in Europe, certain customer services are handled by our team in China, which collects certain customer contact information with proper consent, authorization, assessment, and protection measures in place.

Save from the aforementioned contact information, there was no other cross-border transfer of data between China, the U.S., and Europe (including the U.K.) during the Track Record Period and up to the Latest Practicable Date. As advised by our data compliance counsel in the PRC, the U.S., and Europe, except for the notice of rectification from the Yangpu Branch of the Shanghai Public Security Bureau, we are overall in compliance with relevant laws and regulations. Other than the aforementioned, there are no cross-border data transfer in other jurisdictions during the Track Record Period and up to the Latest Practicable Date.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

Tracking back to 2013, our Group was founded by Mr. Lin, our executive Director, chairman of the Board and one of our Controlling Shareholders. During our years of development, Mr. Lin has been materially responsible for the growth of the Company's business since its establishment by way of his skills, knowledge and/or insights to the industry. Prior to the founding of our Group, Mr. Lin has been a serial entrepreneur and a recognized leader in digital commerce with nearly 20 years of experience. In 1999, he developed the world's first PC-based POS terminal, and in the early 2010s, he foresaw the mobile internet trend and launched the world's first Android-based POS terminal. Being at the core of the Group's leadership team and leveraging his professional experience in the industry, Mr. Lin is pivotal to the success of the Group and has continuously introduced innovation to the Group's business model and technologies through his visionary leadership. Mr. Lin led the launch of the Company's intelligent commercial IoT platform in 2015. Driven by a pioneering spirit and extensive experience in commercial hardware research and design, Mr. Lin was among the first to introduce the next-generation concept of "hardware + software + services" in the field of commercial IoT terminals. With a profound understanding of computing and commercial informatization, Mr. Lin also introduced the concepts of the "IoT PaaS platform" and "IoT-centric data solutions" and laid the foundation of the Company's major products and technologies through his continuous efforts on their invention, development and commercialization, including but not limited to SUNMI Max Program, All-in-one IoT terminal and SUNMI LINK protocol and Hyper Wi-Fi. Today, we are the largest Android-based BIoT solution provider in the world in terms of revenue in 2024, with a market share of over 10%, the market for Android-based BIoT solutions is expected to experience growth over the next five years, according to CIC.

MILESTONES

The following is a summary of our key business development milestones since the commencement of our business:

Time	Milestone
2013	Our Company was established in Shanghai, PRC. We introduced <i>Yes, I Deliver</i> (我有外賣) as the first on-demand delivery POS solution in the world.
2016	We announced the official global debut of our flagship product, V Series. SUNMI introduced the world's first all-in-one BIoT terminal and developed the world's first omnipresent BIoT platform supported by SUNMI OS and SUNMI APP Store for merchants and software developers, empowering merchants to embrace the mobile Internet era.
2017	The number of applications in the Sunmi App Store exceeded 1,000.
2018	We released the industry's first facial recognition payment cashier product that supports financial-level payment. Our products are sold to 100 countries and regions with overseas shipments accounting for nearly half of the total sales.
2019	Our valuation exceeded US\$1 billion with shareholder basis including investment entities of Ant Group Co., Ltd., Xiaomi Corporation and Meituan. We released SUNMI OS 3.0, with more than 10,000 platform software developers. Opening of Beijing SUNMI Home, providing localized services to merchants offline.
2020	We achieved more than 1.9 million monthly active devices in more than 200 countries and regions.
2021	We upgraded Sunmi's BIoT strategy and were dedicated to creating a interconnected full-scene digitalization. We launched the industry's first self-developed AI product identification technology and barcode deep learning algorithms, which received widespread acclaim in the industry.
2022	We launched the world's 1st IoT PaaS platform that offers a common software infrastructure to enable merchants and/or developers to develop, manage, and upgrade their IoT software applications.
2023	We launched SUNMI OS 4.0. We launched SUNMI third-generation products.
2024	We organized the first developer conference with developers. SUNMI Hyper WiFi was officially launched.

OUR MAJOR SUBSIDIARIES

Set forth below are details of our major subsidiaries which made a material contribution to our results of operations during the Track Record Period. Both of our major subsidiaries are wholly owned by our Company.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of subsidiary	Date of establishment	Principal businesses
Sunmi Kemao	July 14, 2023	Sales of smart terminals and related services
Sunmi Technology HK	July 2, 2019	Sales of smart terminals and related services

There has been no change of shareholdings in our major subsidiaries during the Track Record Period and up to the Latest Practicable Date.

MAJOR SHAREHOLDING CHANGES IN THE COMPANY

Our Company was established in the PRC as a limited liability company on December 11, 2013 with 70% and 30% equity interests held by Mr. Lin and Ms. Chen Chuxiang (陳楚香) who is the mother of Mr. Lin, respectively.

In October 2014, Ms. Ding Di (丁迪) acquired 5.56% equity interests in our Company by way of capital injection of RMB10 million and Mr. Jiang Weiqiang (江偉強) acquired a total of 2.5% equity interests in our Company from Mr. Lin and Ms. Chen Chuxiang in May 2015 at a total consideration of RMB7.65 million. Both Ms. Ding Di (丁迪) and Mr. Jiang Weiqiang (江偉強) are our early-stage individual angel investors who are experienced investors and our Independent Third Parties. In May 2015, Mr. Lin and Ms. Chen Chuxiang transferred a total of 19.1624% equity interests to Woyou Partnership and Ningbo Woyou with each of them holding 13.1176% and 6.0448% equity interests in our Company after the completion of the share transfers. Both Woyou Partnership and Ningbo Woyou are shareholding platforms of our employees or former employees managed by Mr. Lin as general partner since their establishment.

Between 2014 and 2019, we completed several rounds of Pre-IPO Investments through capital injection from and equity transfers between our Pre-IPO Investors. For further details, please refer to “— Pre-IPO Investments” below. In the course of the Pre-IPO Investment, Mr. Lin’s shareholdings continuously got diluted throughout the period and his shareholding in the Company decreased to 22.3845% only in April 2019. Considering Mr. Lin’s significant roles in the operation of the Company’s business and future development, to enhance the efficiency of the Company’s decision-making process and to maintain the control of Mr. Lin to the Group, pursuant to a shareholders’ resolution in June 2019, the Company adopted its WVR structure with its registered share capital comprising of class A shares and class B shares, all being domestic shares. Each of the class A shares held by Mr. Lin, Woyou ESOP, Woyou Partnership and Ningbo Woyou entitles the holders thereof to exercise ten votes and each of the class B shares entitles the holders thereof to exercise one vote, on any resolution tabled at the Company’s general meetings, other than customary reserved matters on which the weighted voting rights attached to the class A shares shall be disregarded pursuant to the Company’s then existing articles of association. In June 2019, our Company was converted into a joint stock company with limited liability, and our registered capital was increased to RMB360,000,000.

In early 2024, the class A shares held by Woyou ESOP, Woyou Partnership and Ningbo Woyou were reclassified as class B shares. In February 2024, Mr. Lin acquired 3.5% and 1.5% equity interests in the Company from Woyou Partnership and Ningbo Woyou, at the consideration of RMB59,047,151.6 and RMB25,305,922.11, respectively. As of the Latest Practicable Date, Woyou Partnership is interested in as to 87.0066%, 10.9523% and 2.0411% by Ningbo Woyouyi Investment Partnership Enterprise (Limited Partnership) (寧波沃有逸投資合夥企業(有限合夥)), Ms. Lin Ying and Mr. Lin, respectively. Ningbo Woyouyi Investment Partnership Enterprise (Limited Partnership) is managed by Mr. Lin as general partner and interested in as to 98.6247% and 1.3753% by Ms. Lin Ying (林影) and Mr. Lin, respectively. Ningbo Woyou is interested in as to 87.2734% and 12.7266% by Mr. Kong Min (孔敏) and Mr. Lin, respectively. Both Ms. Lin Ying and Mr. Kong Min are our employees and Independent Third Parties. Mr. Lin controls the voting rights of Woyou ESOP, Woyou Partnership and Ningbo Woyou in our Company as their general partners.

ACQUISITIONS, MERGERS AND DISPOSALS

Throughout the Track Record Period and up to the Latest Practicable Date, we did not conduct any material acquisitions, mergers or disposals.

EMPLOYEE SHAREHOLDING PLATFORM

In recognition of the contributions of our employees and to incentivize them to further promote our development, Woyou ESOP was established in the PRC in April 2017 as our employee shareholding platform and Mr. Lin has been its general partner since its establishment.

As of the Latest Practicable Date, all of the options under the platform have been granted and exercised, and as a result, the grantees held the partnership interest in our employee shareholding platform, subject to terms and conditions

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

of our share incentive scheme. As of the Latest Practicable Date, there is no outstanding options or share awards under our share incentive scheme. The partnership interests of our Directors and senior management of the Company in Woyou ESOP are set out below:

- Mr. Lin is the general partner of Woyou ESOP controlling the voting rights of Woyou ESOP in the Company with partnership interests of 1%. Mr. Lin is also the general partner of Ningbo Woyouba Investment Partnership (Limited Partnership) (寧波沃郵壩投資合夥企業(有限合夥)) (“Woyouba”), Ningbo Woyoushan Investment Partnership (Limited Partnership) (寧波沃郵善投資合夥企業(有限合夥)) (“Woyoushan”), Ningbo Woyouwu Investment Partnership (Limited Partnership) (寧波沃郵物投資合夥企業(有限合夥)) (“Woyouwu”), Ningbo Woyouqi Investment Partnership (Limited Partnership) (寧波沃郵期投資合夥企業(有限合夥)) (“Woyouqi”), Ningbo Woyouyi Investment Partnership (Limited Partnership) (寧波沃郵易投資合夥企業(有限合夥)) (“Woyouyi”), Tianjin Woyoujiuhao Enterprise Management Center (Limited Partnership) (天津握友玖號企業管理中心(有限合夥)) (“Woyoujiuhao”), Ningbo Wyouer Investment Partnership (Limited Partnership) (寧波沃郵爾投資合夥企業(有限合夥)) (“Wyouer”) and Ningbo Wyouliu Investment Partnership (Limited Partnership) (寧波沃郵榴投資合夥企業(有限合夥)) (“Wyouliu”) with partnership interests of 0.0143%, 1.1670%, 1.8285%, 2.8064%, 0.0909%, 0.9997%, 0.3186% and 3.9531%, respectively. Woyouba, Woyoushan, Woyouwu, Woyouqi, Woyouyi, Woyoujiuhao, Wyouer and Wyouliu are limited partnerships established in the PRC and are limited partners of Woyou ESOP with partnership interests as to 63.3716%, 10.4296%, 8.7237%, 3.9801%, 3.4196%, 3.3933%, 3.1380% and 2.5441%, respectively; and
- Each of Mr. Chen Xiaojing, Mr. Zhang Jinpu, Mr. Chen Guihong, all being our executive Directors, and Ms. Zeng Guirong, one of the members of our senior management, is interested in Woyouba as limited partners as to 7.3233%, 14.9642%, 19.7610% and 3.4158%, respectively.

Save as disclosed above, there is no other connected persons or senior management of the Company who are interested in Woyou ESOP and there is no limited partners who is interested in Woyou ESOP as to 30% or more.

Woyou ESOP has entrusted to file the application for H share “full circulation”, after obtaining the full circulation approval and the Listing, if Woyou ESOP intends to decrease its shares in the Company, it shall complete the overseas shareholding registration with the relevant foreign exchange authority in accordance with the Notice of the State Administration of Foreign Exchange on Issues concerning the Foreign Exchange Administration of Overseas Listing. After the Company becomes an overseas listed company upon completion of this Global Offering, if the Company intends to implement a new share option incentive plan, it will need to complete the relevant registration in accordance with Document SAFE Circular 7. Under the currently applicable PRC laws and regulations, our PRC Legal Adviser is of the view that there is no foreseeable impediment to their registration as of the date of this Prospectus.

PRE-IPO INVESTMENTS

Overview

We have undergone the following rounds of Pre-IPO Investments, details of which are set forth below.

Name of Shareholder	Date of agreement	Date of last payment of consideration	Approximate total consideration	Post-money valuation	Cost per Share ⁽¹⁾⁽⁷⁾	Discount to the Offer Price ⁽²⁾
			(RMB)	(RMB)	(RMB)	
Baolong Investment	January 26, 2014	March 21, 2014	5,000,000	71,428,569	0.49	97.76%
Shenzhen Capital Group	August 8, 2014	September 2, 2014	20,000,000	180,000,000	0.89	95.94%
	May 8, 2015	June 5, 2015	15,000,000	675,000,000	2.68	87.76%
Jinxing Venture	August 8, 2014	August 29, 2014	20,000,000	180,000,000	0.89	95.94%
	May 8, 2015	June 18, 2015	15,000,000	675,000,000	2.68	87.76%
Hantao Consulting	May 8, 2015	May 28, 2015	105,000,000	675,000,000	2.68	87.76%
Guangyi Investment	June 28, 2017	September 21, 2017	20,000,000	2,827,300,816	9.35	57.30%
Yunxin Venture	January 18, 2019	February 1, 2019	292,191,000	5,346,608,276	16.53	24.50%
	January 18, 2019 ⁽³⁾	January 30, 2019	192,809,000	3,207,915,200	9.92	54.69%
	April 22, 2019	April 24, 2019	680,000,000	6,680,000,667	18.56	15.23%
	April 17, 2019 ⁽⁴⁾	July 10, 2019	508,008,000	5,344,039,211	14.84	32.22%
Nongyin Wenying	January 18, 2019	January 22, 2019	54,400,000	5,346,608,276	16.53	24.50%
	January 18, 2019 ⁽⁵⁾	January 28, 2019	13,600,000	3,207,915,200	9.92	54.69%
Shanshang Investment	March 6, 2024 ⁽⁶⁾	March 11, 2024	229,814,836	5,578,030,000	15.49	29.25%

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Notes:

- (1) The cost per Share paid by the Pre-IPO Investors was calculated based on the amount of investment made by the relevant Pre-IPO Investors and number of Shares held by them immediately before the completion of the Global Offering.
- (2) The discount to the Offer Price is calculated based on the Offer Price and the exchange rates as set out in this Prospectus.
- (3) The shares were transferred from Jiaxing Woyou Investment Management Partnership Enterprise (Limited Partnership) (嘉興沃郵投資管理合夥企業(有限合夥)), a former shareholding platform in the form of limited partnership controlled by Mr. Lin as general manager and, Mr. Lin and Ms. Lin Ying are interested in 99.9919% and 0.0081% since its establishment.
- (4) The shares were transferred from (i) Ms. Ding Di, Hantao Consulting, Shenzhen Capital Group, Baolong Investment, all being our existing Shareholders, (ii) Jiaxing Huiling No.8 Investment Partnership Enterprise (Limited Partnership) (嘉興會凌捌號投資合夥企業(有限合夥)) and Jiaxing Huiling No.9 Investment Partnership Enterprise (Limited Partnership) (嘉興會凌玖號投資合夥企業(有限合夥)), both being our former Shareholders and Independent Third Parties, and (iii) Ms. Chen Chuxiang and Woyou Partnership.
- (5) The shares were transferred from Jiaxing Woyou Investment Management Partnership Enterprise (Limited Partnership) (嘉興沃郵投資管理合夥企業(有限合夥)). It ceased to be a Shareholder of our Company since such share transfer.
- (6) The shares were transferred from Yunxin Venture and Ningbo Woyou.
- (7) The increase of valuation was primarily due to (i) the introduction of our POS solutions, (ii) the increasing number of applications in the Sunmi App Store and downloads, (iii) the establishment of our product lines and expansion to overseas countries, (iv) the release of our SUNMI OS 3.0, and (v) the launch of the industry's first self-developed AI product identification technology and barcode deep learning algorithms.

Other Principal Terms of the Pre-IPO Investments

Basis of determination of the valuation and consideration	The considerations for each round of the Pre-IPO Investments were determined based on arm's length negotiations amongst the Pre-IPO Investors and our Group, as applicable after taking into consideration of the timing of the investments, our valuation when the investment agreement was entered into, the operation of our business, the financial performance of our Group, and the prospects of our business.
Lock-up period	Pursuant to PRC Company Law, Shares issued by our Company prior to the Global Offering (including those held by the Pre-IPO Investors) will be subject to a lock-up period of one year from the Listing Date. Sophisticated investors (which satisfy the criteria in Chapter 2.2 of the Guide for New Listing Applicants), including Hantao Consulting and Shenzhen Capital Group, are expected to retain at least an aggregate of 50% of their investment at the time of Listing for a period of at least six months following the Listing, in accordance with paragraph 6 under Chapter 2.2 of the Guide for New Listing Applicants.
Use of proceeds from the Pre-IPO Investments	We have utilized the proceeds from the Pre-IPO Investments for the principal business of our Group, including but not limited to research and development activities, the growth and expansion of our Company's business and general working capital purposes. As of the Latest Practicable Date, all of the funds raised from the Pre-IPO Investments have been utilized.
Strategic benefits to our Company brought by the Pre-IPO Investors	At the time of the relevant Pre-IPO Investments, our Directors were of the view that our Group could benefit from the additional funds provided by the Pre-IPO Investments in our Group and the knowledge and experience of the Pre-IPO Investors in the industry. The Pre-IPO Investments demonstrated the Pre-IPO Investors' confidence in the operation and development of our Group.

Special Rights of the Pre-IPO Investors

The Pre-IPO Investors were granted certain special rights, including but not limited to information rights, inspection rights, pre-emptive rights and anti-dilution rights. All these special rights have been terminated before the first filing of the listing application by our Company with the Stock Exchange.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Compliance with Pre-IPO Investment Guidance

On the basis that (i) the consideration for the Pre-IPO Investments was settled more than 28 clear days before the first filing of the listing application, and (ii) the special rights granted to the Pre-IPO Investors as disclosed in “—Special Rights of the Pre-IPO Investors” above will be terminated before the first filing of the listing application by our Company with the Stock Exchange, the Joint Sponsors confirm that the Pre-IPO Investments are in compliance with the guidance in chapter 4.2 of the Guide for New Listing Applicants issued by the Stock Exchange.

Information of the Pre-IPO Investors

Set forth below are details for each of our Pre-IPO Investors as of the Latest Practicable Date. To the best knowledge of our Company, all of our Pre-IPO Investors are Independent Third Parties.

Yunxin Venture

Yunxin Venture was established in the PRC on February 11, 2014 and is wholly owned by Ant Group Co., Ltd. (螞蟻科技集團股份有限公司). Ant Group Co., Ltd. traces its roots to Alipay, now has grown to become one of the world’s leading open Internet platforms.

Hantao Consulting

Hantao Consulting is a limited liability company established in the PRC on September 23, 2003 and a consolidated affiliated entity wholly owned by Meituan pursuant to certain contractual arrangements. Meituan is a company listed on the Stock Exchange Limited (stock code: 3690) and China’s leading e-commerce platform for services.

Jinxing Venture

Jinxing Venture is a limited liability company established in the PRC on December 26, 2013 and is wholly owned by Xiaomi Inc. (小米科技有限責任公司), which is in turn controlled by Xiaomi Corporation, a company listed on the Stock Exchange (stock code: 1810) and a consumer electronics and smart manufacturing company with smartphones and smart hardware connected by an IoT platform at its core.

Shenzhen Capital Group

Shenzhen Capital Group is a limited liability company established in the PRC on August 25, 1999 and is (i) ultimately controlled and directly owned as to 28.20% by State-owned Assets Supervision and Administration Commission of the People’s Government of Shenzhen Municipal (深圳市人民政府國有資產監督管理委員會) as its largest shareholder, and (ii) 71.80% by the remaining shareholders all being our Independent Third Parties, with none of them holds one third or more of equity interests therein. None of the shareholders of Shenzhen Capital Group holds more than 30% equity interests in it and five shareholders holding an aggregate of around 26% equity interests in Shenzhen Capital Group among the remaining 71.8% shareholders are connected to the State-owned Assets Supervision and Administration Commission of the People’s Government of Shenzhen Municipal (深圳市人民政府國有資產監督管理委員會). As of date of this Prospectus, Shenzhen Capital Group has assets under management of approximately RMB510 billion.

Shanshang Investment

Shanshang Investment is a limited partnership established in the PRC on October 31, 2023. It is owned as to 1% by its general manager, Zhejiang Kunxin Investment Management Co. Ltd. (浙江坤鑫投資管理有限公司), which is ultimately controlled by Zhejiang Equity Service Group Company Limited (浙江股權服務集團有限公司). The single largest shareholder of Zhejiang Equity Service Group Company Limited is Zhejiang Finance Market Investment Company Limited (浙江省金融市場投資有限公司), a state owned company holding the equity interests therein as to 12%, and its remaining shareholders include professional investors, other state owned companies and enterprises. The remaining 39.6% partnership interests of Shanshang Investment is owned by Jiashan County Shanrui Venture Capital Co., Ltd. (嘉善縣善瑞創業投資有限公司) and 59.40% partnership interests is owned by Jiashan County Zhongxin Industrial Development Investment Co., Ltd. (嘉善縣中新產業發展投資有限公司) as limited partners, both of which are ultimately controlled by Jiashan County Finance Bureau (Jiashan County People’s Government State-owned Assets Supervision and Administration Office) (嘉善縣財政局(嘉善縣人民政府國有資產監督管理辦公室)).

Nongyin Wenying

Nongyin Wenying is a limited partnership established in the PRC on June 12, 2017. It is owned as to approximately 0.3322% by its general partner, Nongying Hubei Corporate Management Co. Ltd. (農盈湖北企業管理有限公司), and approximately 99.6678% by ABC International Corporate Management Co. Ltd. (農銀國際企業管理有限公司), as limited partner, both of which are ultimately controlled by AGRICULTURAL BANK OF CHINA LIMITED, a company listed on the Stock Exchange (stock code: 1288).

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Baolong Investment

Baolong Investment is a limited partnership established in the PRC on February 28, 2014. Its partnership interests are owned as to (i) 2.50% by its general partner, Mai Tao (麥濤), an Independent Third Party, (ii) 2.50% by Mr. Lin as limited partner, (iii) 5.00% by Ms. Ding Di, our existing Shareholder, as limited partner, and (iv) 90.00% by 20 other limited partners who are all Independent Third Parties with none of them interested therein as to more than 10%.

Shanghai Guangyi

Shanghai Guangyi is a limited partnership established in the PRC on December 30, 2015. Shanghai Guangyi is owned as to (i) 1.00% by its general partner, Shanghai Guangyi Investment Management Limited Partnership (上海光熠投資管理合夥企業(有限合夥)), which is owned as to 52.00% by Shanghai Suying Enterprise Management Consulting Company Limited (上海速影企業管理諮詢有限公司), a company owned by Han Yan (韓彥) and Chai Aibao (柴愛寶) as to 50% and 50% respectively, both being our Independent Third Parties, and (ii) approximately 99.00% by 17 other limited partners who are all Independent Third Parties with none of them interested therein as to more than 25%.

PREVIOUS LISTING ATTEMPT

In June 2021, we submitted our A share listing application to the Shanghai Stock Exchange, which we subsequently withdrew voluntarily in March 2022 taking into account the change in the capital market and regulatory environment in the PRC, which resulted in uncertainty of the Company's listing timetable. Subsequently in 2024, considering a listing on the Stock Exchange would (a) provide our Company with an international platform to promote our market awareness worldwide, (b) gain access to international capital and optimize our capital structure, (c) further raise our market profile and help us to attract international talents, (d) facilitate our business expansion overseas, and (e) contribute to our long-term development and strategies, we started our H share listing preparation based on our latest corporate development strategies. Our Directors confirm that, to their best knowledge, the CSRC did not raise any major comments or had any material concerns in respect of the Company's A share listing application to the Shanghai Stock Exchange, including the WVR structure, that would affect the Company's suitability for a listing on the Stock Exchange, and there are no matters relating to the Company's WVR structure that need to be brought to the Stock Exchange's attention or that are necessary to be disclosed in this Prospectus for investors to form an informed assessment of our Company. The Joint Sponsors concur with the aforementioned views of the Directors.

CAPITALIZATION

The table below is a summary of the capitalization of our Company as of the Latest Practicable Date:

Name of Shareholders	Number of Shares held in total	Approximate beneficial interests in the Company	Approximate voting rights in the Company
Class A Shares			
Mr. Lin	98,584,276	27.38%	79.04%
Class B Ordinary Shares			
Woyou ESOP	28,877,670	8.02%	2.32%
Woyou Partnership	10,622,371	2.95%	0.85%
Ningbo Woyou	1,751,241	0.49%	0.14%
Yunxin Venture	98,182,427	27.27%	7.87%
Hantao Consulting	29,515,358	8.20%	2.37%
Jinxing Venture	28,011,271	7.78%	2.25%
Shenzhen Capital Group	24,777,737	6.88%	1.99%
Shanshang Investment	14,832,000	4.12%	1.19%
Ding Di	9,444,524	2.62%	0.76%
Jiang Nanchun*	5,042,068	1.40%	0.40%
Nongyin Wenying	4,660,874	1.29%	0.37%
Baolong Investment	3,559,097	0.99%	0.29%
Guangyi Investment	2,139,086	0.59%	0.17%
Total	360,000,000	100%	100%

Note: To the best knowledge of the Company, the Shares held by Mr. Jiang Weiqiang were transferred to Mr. Jiang Nanchun, the son of Mr. Jiang Weiqiang.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

The table below is a summary of the capitalization of our Company upon completion of the Global Offering (assuming the conversion of Unlisted Shares into H Shares):

Name of Shareholder	Number of Unlisted Shares held	Number of H Shares held	Number of Shares held in total	Approximate beneficial interests in the Company	Approximate voting rights in the Company
Class A Shares					
Mr. Lin	98,584,276	–	98,584,276	24.49%	76.43%
Class B Ordinary Shares					
Woyou ESOP	–	28,877,670	28,877,670	7.17%	2.24%
Woyou Partnership	–	10,622,371	10,622,371	2.64%	0.82%
Ningbo Woyou	–	1,751,241	1,751,241	0.43%	0.14%
Yunxin Venture	–	98,182,427	98,182,427	24.39%	7.61%
Hantao Consulting	–	29,515,358	29,515,358	7.33%	2.29%
Jinxing Venture	–	28,011,271	28,011,271	6.96%	2.17%
Shenzhen Capital Group	–	24,777,737	24,777,737	6.15%	1.92%
Shanshang Investment ⁽¹⁾	–	14,832,000	14,832,000	3.68%	1.15%
Ding Di	–	9,444,524	9,444,524	2.35%	0.73%
Jiang Nanchun	–	5,042,068	5,042,068	1.25%	0.39%
Nongyin Wenying	–	4,660,874	4,660,874	1.16%	0.36%
Baolong Investment	–	3,559,097	3,559,097	0.88%	0.28%
Guangyi Investment	–	2,139,086	2,139,086	0.53%	0.17%
Other public Shareholders	–	42,626,800	42,626,800	10.59%	3.30%
Total	98,584,276	304,042,524	402,626,800	100%	100%

Note:

- (1) XINWUTANG CO., LIMITED, a close associate of Shanshang Investment, will participate in the Global Offering as a Cornerstone Investor and will subscribe for 9,945,700 Offer Shares (based on an Offer Price of HK\$24.86 per Share); upon completion of the Global Offering, they will together hold 24,777,700 Shares, representing approximately 6.15% of the total issued Shares of the Company (assuming the conversion of Unlisted Shares into H Shares).

Our Company has applied for H-share full circulation to convert certain Unlisted Shares into H Shares after the Listing. The conversion of Unlisted Shares into H Shares will involve an aggregate of 261,415,724 Unlisted Shares, representing approximately 64.93% of the total issued share capital of the Company as of the date of this Prospectus.

PUBLIC FLOAT

Following the conversion of Unlisted Shares into H Shares and upon completion of the Global Offering, (i) Mr. Lin, Woyou ESOP, Woyou Partnership and Ningbo Woyou, being our Controlling Shareholders, and (ii) Yunxin Venture, being our substantial shareholder, will be deemed as our core connected persons and a total of 238,017,985 Shares held by them, representing 59.12% of our total issued Shares, will not be counted towards the public float.

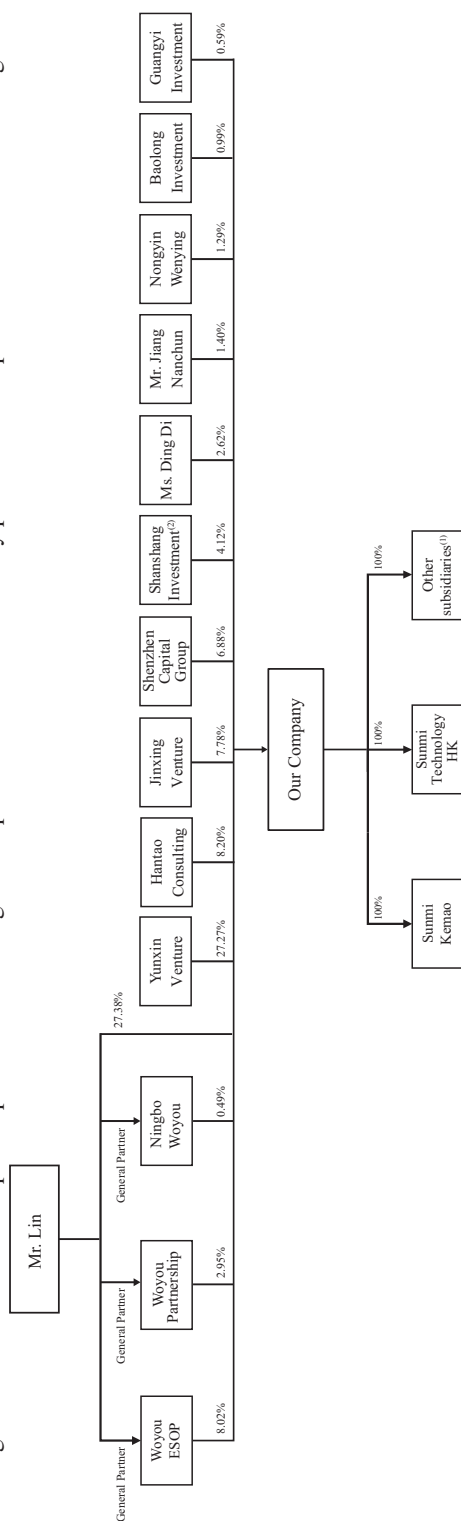
To the best knowledge of our Directors, upon the completion of the Global Offering and the conversion of Unlisted Shares into H Shares, 164,608,815 H Shares, representing approximately 54.14% of the total number of H Shares of our Company, will be counted towards the public float, which is higher than the prescribed percentage of H Shares required to be held in public hands, being 15% based on the Offer Price, which is the higher of (i) the percentage that would result in the expected market value of such securities in public hands to be HK\$1.5 billion at the time of Listing, and (ii) 15%, under Rule 8.08(1) based on the Offer Price. Therefore, our Company will be able to meet the minimum public float requirements under Rules 8.08 (as amended and replaced by Rule 19A.13A(1)) of the Listing Rules.

FREE FLOAT

Under Rule 19A.13C(1)(b), where a new applicant is a PRC issuer with no other listed shares at the time of listing, 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 have an expected market value at the time of listing of not less than HK\$600,000,000. Pursuant to the PRC Company Law, all Shares issued prior to the Listing shall not be transferred within one year from the Listing Date. Therefore, all Shares held by our existing Shareholders shall not be counted towards free float. It is expected that immediately following completion of the Listing, a market capitalization of approximately HK\$773 million of the H Shares listed on the Stock Exchange are not subject to such disposal restrictions at the time of the Listing (based on the Offer Price), representing 10.23% of our total number of H Shares, which will be counted as the free float. Accordingly, our Company will be able to satisfy the requirements under Rule 19A.13C(1)(b) of the Listing Rules.

SHAREHOLDING AND CORPORATE STRUCTURE IMMEDIATELY PRIOR TO THE COMPLETION OF THE GLOBAL OFFERING

The following chart sets forth our Group's simplified shareholding and corporate structure immediately prior to the completion of the Global Offering:

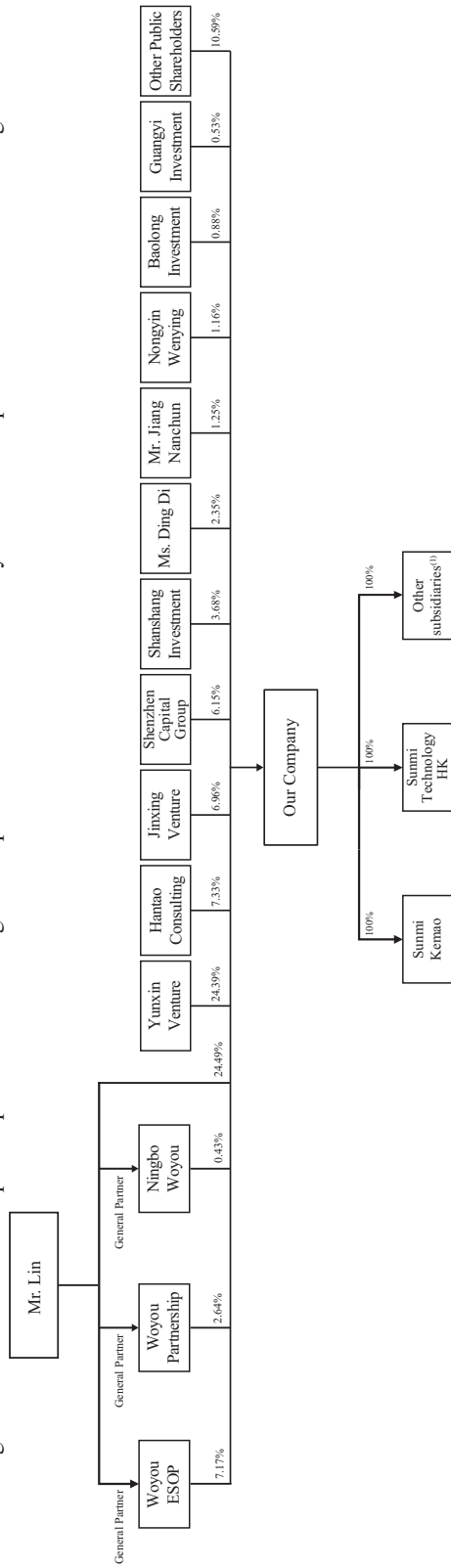


Note:

- (1) There are 30 other subsidiaries which are wholly-owned or non wholly-owned by our Company.
- (2) XINWUTANG CO., LIMITED, a close associate of Shanshang Investment, will participate in the Global Offering as a Cornerstone Investor and will subscribe for 9,945,700 Offer Shares (based on an Offer Price of HK\$24.86 per Share). For further details, see the section headed "Cornerstone Investors".

SHAREHOLDING AND CORPORATE STRUCTURE IMMEDIATELY AFTER THE COMPLETION OF THE GLOBAL OFFERING

The following chart sets forth our Group's simplified shareholding and corporate structure immediately after the completion of the Global Offering:



Note: Please see “- Shareholding and Corporate Structure Immediately Prior to the Completion of the Global Offering” in this section.

BUSINESS

OVERVIEW

Our Company

We are a leading global Business Internet of Things (BIoT) solution provider. Our disruptive solutions integrate smart hardware, software, and data insights to enable the digital transformation of a vast array of offline commercial scenarios, streamlining essential business operations such as payments, membership management, order fulfillment, inventory control, and workforce management.

Today, we are the largest Android-based BIoT solution provider in the world in terms of revenue in 2024, with a market share of over 10%, according to CIC. According to the same source, the market for Android-based BIoT solutions is expected to experience growth over the next five years, with CAGR of 23.7% from 2024 to 2029.

- Our business partners increased from approximately 51,000 as of December 31, 2023 to approximately 58,000 as of December 31, 2024, and further increased to approximately 66,000 as of December 31, 2025 worldwide.
- We have the most extensive global presence, with solutions deployed in over 200 countries and geographic regions, according to CIC.
- We cover the broadest range of industry verticals including more than 100 industry sub-verticals, such as restaurant, supermarket, sport and fitness, clinic and delivery.
- Our monthly active smart devices reached approximately 4.9 million units as of December 31, 2024 from approximately 4.1 million as of December 31, 2023, and further increased to approximately 6.0 million units as of December 31, 2025.

We possess a track record of product and technology innovations in smart device design and engineering, PaaS platform and software technologies, and AI-driven data analytics in the BIoT industry. Since we first launched our V1, the world's first all-in-one BIoT terminal, this innovation has helped us to surpass US\$100 million in global revenue within just three years, establishing us as an industry leader and the youngest company among the top ten industry players.

Our BIoT solutions mainly include smart devices and BIoT PaaS platform. Each of our smart devices is powered by our proprietary operating system, namely SUNMI OS, allowing merchants to efficiently manage and optimize their transactions and operations. Our BIoT PaaS platform offers a unified software infrastructure equipped with ready-to-use development tools that enable merchants and developers to efficiently develop, manage and upgrade vertical-specific software applications for use on smart devices. As of December 31, 2025, we recorded over 0.2 billion cumulative application downloads in our SUNMI App Store.

According to CIC, we have served over 70% of the world's top 50 food and beverage enterprises. In China, we have achieved over 70% coverage among top 100 food and beverage enterprises and over 60% coverage among top 100 chain stores. The following table presents selected and publicly announced key customers and users who have adopted our smart BIoT solutions.

BUSINESS

Our customer coverage

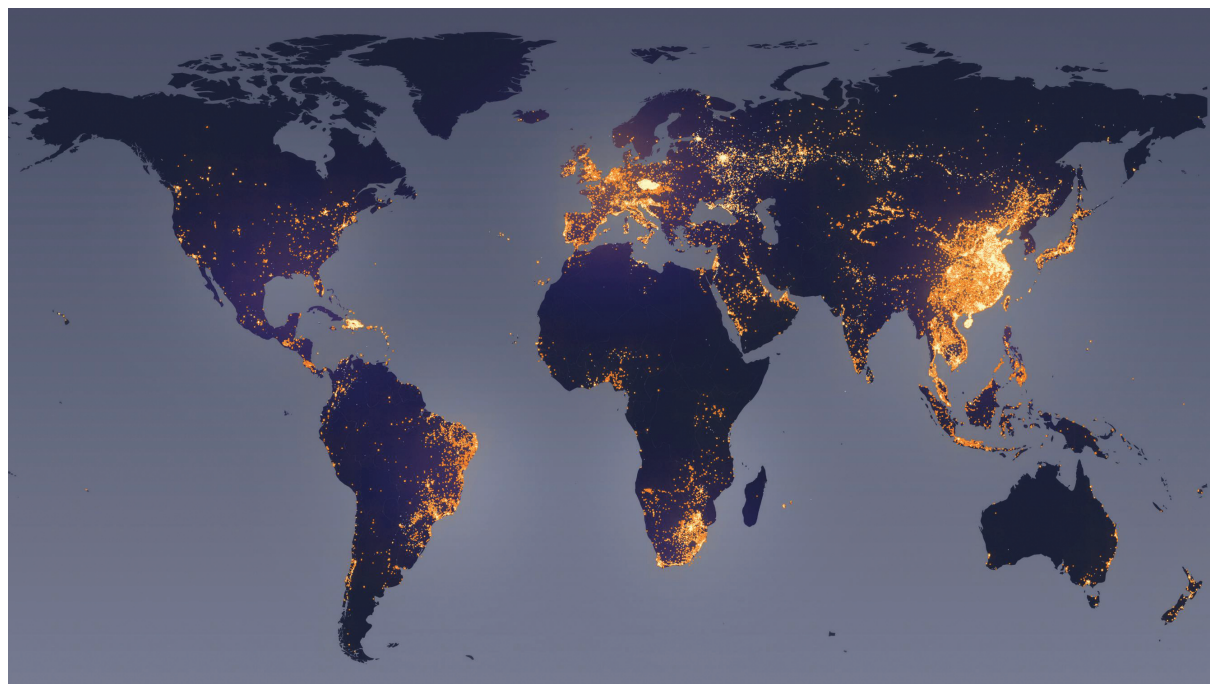
Our Selected Customers / Users



More beyond....

Food Delivery	Ele.me, Keeta, Uber Eats, Deliveroo, Foodpanda, GrabFood, Glovo, HungryPanda...
Retailing	Sam's Club, FamilyMart, Pop Mart, UNIQLO, NIO, Don Don Donki, AEON, Yonghui Life, Century Mart, Qiantama, Meiyijia, Bianlifeng, Pagoda, Bestore, 7-Eleven...
Food and Beverage	Tims, Burger King, Popeyes, KFC, McDonald's, Subway, Ocha Thailand, CoCo, Chabaidao, CHAGEE, Juwei, Guoquan Food, Home Original Chicken, Jiumaojiu, Paris Baguette, Hefu-Noodle...
Lifestyle Service	Alibaba, JD.com, Pinduoduo, POIZON, Tuhu, OneCard, Easy Tax Refund, Bluelabel, NTUC Fairprice...
Payment	Global Payments, WeChat, TikTok, Payby, Etisalat, LINE Pay, OPay, Paytm, Allipay, Haulmer, Zipay, NETSTARS...
Travelling and Transportation	DragonPass, Xanh SM, Tongcheng Travel, Qunar, Hong Kong-Zhuhai-Macau Bridge Shuttle Bus, China-Laos Railway, Hanoi National Railway Station, Shangri-La International Hotel, Home Inns Group, Jinjiang International, Sinopec Gas Station, PetroChina Gas Station, Kansai Airport...
Express Delivery and Automation	SF Express, J&T Express, Dada, Cainiao Network, Bosch Huayu, Hengli Group...
Beauty and Health Care	Dr Plant, Shanghai Jahwa, AFIONA, Perfect Diary, Dashenlin, Tasly, Watsons, Nepstar...
Digitalization	LINE MAN Wongnai, Shopee, Youzan, Kemai, Tiancai Shanglong, Sixun, Pospal, QinSilk, Nike Software, Kingdee, Weimob...

As of December 31, 2025, our solutions were deployed in over 200 countries and geographic regions, covering more than 90% of the world's markets, including all G20 countries. In addition to serving businesses and merchants, we also empower software developers, with a blueprint to build the world's largest developer ecosystem for commercial and merchant applications. The world map below shows our smart devices connected to our DMP globally as of Latest Practicable Date.



As of Latest Practicable Date, we earned national-level recognitions such as the “Single Champion Demonstration Enterprise (單項冠軍示範企業)”, “National Industrial Design Center” (國家級工業設計中心) and the “Specialized and Innovative Little Giant (專精特新小巨人企業)” award, and municipal-level recognitions such as the “Shanghai Municipal Enterprise Technology Center (上海市市級企業技術中心)”, “Shanghai Quality Benchmark (上海市質量標杆)” and “Shanghai Brand Leading Demonstration Enterprise (上海市品牌引領示範企業)”. As of December 31, 2025, our smart devices earned more than 30 international design awards, including 13 Red Dot Awards, one iF Gold Design Award, 12 iF Design Awards, two Good Design Awards.

BUSINESS



Note: As of December 31, 2025

COMPETITIVE STRENGTHS

Leading Global BIoT Solution Provider Driving Value Chain Integration

We are a leading global BIoT solution provider. We are the largest Android-based BIoT solution provider in the world in 2024 in terms of revenue, with a market share of over 10%, according to CIC. Our comprehensive solution offerings cover 15 major industries with more than 100 sub-verticals, covering restaurants, food delivery, retail, transportation, logistics, hospitality to healthcare. As of December 31, 2025, we supported approximately 66,000 business partners with approximately 6.0 million monthly active smart devices. We have nurtured the world's most active developer ecosystem dedicated for commercial scenarios according to CIC, attracting over 42,000 developers and supporting approximately 33,300 downloadable applications with over 0.2 billion downloads as of December 31, 2025. According to CIC, SUNMI App Store has been the world's first and largest IoT application marketplace for businesses since 2019. This leadership position enables us to continually attract a diverse ecosystem of developers and business partners, foster innovation across industry verticals, and rapidly scale the deployment of business-critical applications. In April 2025, we launched stablecoin payment solution on our BIoT devices in Singapore.

We created an integrated architecture that combines hardware, operating systems, and cloud infrastructure. Our continuously advancing device-cloud integration, coupled with our BIoT PaaS platform, equip our smart terminals with cloud-based intelligence that supports real-time iteration, extends product lifecycle, and expands application scenarios. This innovation not only enriches our product portfolio but also allows us to constantly deliver value-added services to businesses and merchants worldwide. We integrate advanced techniques such as AI algorithms, intelligent microphone arrays, edge AI chips, and multi-sensor fusion designs into our products. This elevates their intelligence, enhances responsiveness, and unlocks greater versatility across use cases. Capitalizing on our industry leadership, global presence, and comprehensive BIoT solutions, we play a part in today's financial innovation. For instance, according to CIC, we are among the first to promote the adoption of digital currency and accelerate the internationalization of digital RMB. According to CIC, we, having launched our digital-currency-enabled payment functionalities in 2016, were among the earliest companies to introduce digital-currency-enabled payment functionalities; many other players launched digital-currency-compatible payment products at later stages as late as 2023 and 2025. Our full series of smart terminals have the capability to support digital RMB, stable coins and other innovative payment transactions.

As a key participant within the BIoT value chain, we continuously promote industry-wide development together with other stakeholders. Our solutions enable businesses and merchants to improve their service quality and operational efficiency across various commercial scenarios, ultimately strengthening their customer loyalty. As these partners increasingly rely on our platform, they generate valuable behavioral insights that strengthen our partnerships and open up new avenues for growth. At the same time, we empower software developers by lowering the barriers to entry, enhancing their service capabilities, and supporting their global expansion. By doing so, we enable all stakeholders to grow and succeed together with us.

Proven Track Record of Product Innovation

By leveraging an integrated software-hardware architecture and cloud-based design, our BIoT devices deliver superior performance, exceptional reliability, a sleek and lightweight product design, and extended battery life.

Furthermore, our devices enable seamless IoT connectivity and extensive application compatibility. To empower our ecosystem partners, we offer multiple customization options and comprehensive secondary development capabilities, facilitating the seamless integration of online and offline operations for businesses.

- **Smart Devices:** Our smart devices are built on the SUNMI CBB hardware platform technology and support the full range of SUNMI's in-house innovations, including SUNMI OS, DMP, and Hyper-WiFi. Our devices support extensive software-defined capabilities, which is designed to balance standardization and customization, meet the daily operational needs of business partners worldwide. With large-scale OTA deployments, our smart devices outperform the industry average in critical performance metrics such as scanning speed, motion tolerance, and reading distance. During our internal tests, our scanning module demonstrated in approximation, a 100% advantage in depth of field and a 30% advantage in bulk scanning efficiency over selected comparable competing products. Our Hyper-WiFi technology offers up to 10 times the coverage of conventional WiFi while significantly reducing interference and latency in high-density environment. Following the introduction of Hyper-WiFi, we reduced network-related complaints significantly between 2023 and 2025, from 38.9% to 4.9%. Our V Series, our flagship product, is the world's first smart device designed for mobile internet application scenarios, marking a transformative step beyond traditional mobile POS devices that were limited to card payment functions. Since launched, our V Series served seven of the world's top 10 food delivery platforms as of December 31, 2024, demonstrating strong market validation to more than 200 countries and regions.
- **Cloud-based architecture:** We are the first to develop a global BIoT cloud ecosystem with high concurrency, according to CIC. Our cloud architecture can support simultaneous real-time connectivity across over a hundred millions of smart devices worldwide, with high-frequency interface availability (i.e. the success rate of devices' high-frequency invocation interface) exceeds 99.99%, and average response time of some high-frequency interfaces is less than 50ms. Powered by an OTA update system, we have released over 3,000 iterative versions, enabling real-time upgrades and seamless cloud-device coordination. To further empower our ecosystem stakeholders, we offer a comprehensive remote management suite comprising hundreds of microservices, such as device status monitoring, remote control and customizable desktop configurations.
- **AI capabilities:** We are one of the industries' first to integrate AI capabilities into BIoT solutions, according to CIC. We have introduced AI-driven low-code development tools tailored for commercial use and integrated AI algorithms into smart devices, significantly enhancing device performance and lowering costs. This cost efficiency further strengthens the competitive advantage of our BIoT devices, enabling us to deliver intelligent functionality at scale without significantly increasing hardware costs. For example, our AI-powered scanners deliver industry-equivalent performance at over approximately 15% to 25% lower costs per barcode algorithm and scanner compared to traditional solutions, according to CIC.

Extensive Global Reach with Strong Localization Capability

We are one of the first Chinese IoT companies to establish a substantial global presence, with our founding team venturing into international markets as early as 2003. Today, we have established a localized sales network spanning the globe, with our products and services reaching over 90% of countries and geographic regions worldwide. As of December 31, 2025, our footprint extends across more than 200 countries and geographic regions, including Asia Pacific, North America, Central and South America and Middle East and Africa, making us No.1 globally in terms of geographic coverage. Each of the regions exceeds 20% of our total revenue, with Americas and Europe contributing over 50% of our total revenue in 2024 and 2025.

We have established fully integrated infrastructure for global operations, including language localization, payment gateways, third-party delivery platform integration, and tax compliance. These fundamental capabilities allow us to deliver consistent, reliable BIoT solutions anywhere in the world, enabling our clients to expand globally with confidence and grow alongside us. For example, SUNMI OS features with approximately 800 highly compatible APIs for unification and peripheral that standardizes diverse hardware specifications, which is significantly higher than industry peers. Business application developers can easily adapt their applications to over 60 types of smart devices. This compatibility also allows global businesses to transition smoothly to next-generation smart devices without compromising performance or operational efficiency. As a result, over 3,000 of our customers operate in multiple countries and geographic regions, as of December 31, 2025.

Our BIoT PaaS platform enables us to provide localized software solutions for businesses and merchants around the world. The standardized, modular capabilities nurtured in our software ecosystem enable us to better meet the diverse, evolving needs of our international clients, while maintaining scalability and efficiency. For example, in the food and beverage (F&B) sector, our BIoT PaaS platform offers more than 500 pre-integrated modules, with a wide

BUSINESS

range of core functions, from queue and table management to loyalty programs, payments, delivery coordination, kitchen operations, and layout planning. These modules serve as a foundation upon which our international clients can layer localized features tailored to their specific market needs.

Broad Vertical Coverage and Diverse Customer Base

Our cloud-integrated architecture allows us to modularize and standardize valuable insights accumulated from diverse commercial scenarios, enabling us to build a scalable, cloud-based digital foundation. Over the past ten years, we have expanded our smart device offerings into more than 60 models, tailored to a broad range of use cases. Our BIoT solutions have been successfully replicated across a wide range of verticals. We offer a comprehensive suite of smart devices that covers 15 major industries with more than 100 sub-verticals, such as beauty and wellness, fashion retail, transportation, fitness, hospitality and healthcare, significantly expanding the breadth of our customer base. According to CIC, we provide the widest range of smart terminal models among the top 10 industry players. This breadth of product portfolio enables us to serve a highly diverse set of business scenarios across industries.

We offer end-to-end BIoT solutions that empower merchants and businesses with fully integrated capabilities, covering inventory management, order processing, loyalty program operations, and last-mile delivery. This comprehensive offering fosters strong customer loyalty and cross-category synergy. For example, our high-retention customers (defined as those who made purchases in at least three separate years between 2019 and 2025) contributed to approximately 80% of our total revenue.

We also partner with industry-leading clients to deepen our industry expertise and accelerate product-market fit. Key business partners include global leading retail and e-commerce enterprises such as Sam's Club, FamilyMart, Pop Mart, Alibaba, JD.com and Pinduoduo, as well as leading food delivery platforms including Glovo, Uber Eats, Keeta, and Foodpanda. As of December 31, 2024, seven of the world's top 10 food delivery platforms adopted our solutions. These partnerships allow us to rapidly abstract and productize industry needs while enhancing brand equity, which in turn helps us acquire new customers in a more efficient manner.

To further expand our market influence and strengthen customer engagement, we have co-launched over 50 SUNMI home, our offline experience centers, with our local partners worldwide. These flagship stores serve as showcases for our next-generation products and reinforce our brand image as an innovation leader.

Experienced and Visionary Management

Our management team comprises some of the earliest pioneers in China's BIoT industry, combining deep industry insight with strong technical expertise. Our founder, Mr. Lin Zhe, is a serial entrepreneur and a recognized leader in digital commerce with over 20 years of experience. In 1999, he developed the world's first PC-based POS terminal, and in the early 2010s, he foresaw the mobile internet trend and launched the world's first Android-based POS terminal. Since founding SUNMI in 2013, Mr. Lin has led the Company in driving continuous transformation across the BIoT value chain. Our core leadership team also brings decades of experience from leading global enterprises, including Alibaba, Motorola, and Baosteel. Their combined expertise and industry recognition have been instrumental in positioning SUNMI as a global innovator in the BIoT space.

GROWTH STRATEGIES

Advancing Industrialization of BIoT Hardware and Software Solutions

We are committed to deepening our R&D investment, attracting top talent, and integrating cutting-edge technologies with real-world commercial applications.

- **Smart devices:** We will continue to strengthen our in-house capabilities in developing core hardware components, reinforcing our technological foundation. Our focus will remain on forward-looking technology research, standardization, and continuous optimization of technical architecture to support product upgrades and continued innovation. For example, we will continue increasing investment in CBB to further standardize our underlying architecture, ensuring the industry leadership of both our technical and product architectures. We plan to also explore advanced technologies such as Hyper-Wi-Fi and Super POS. At the same time, we will enhance the application of our smart devices in the field of digital currency, improving security and stability in areas such as stablecoin transaction support.
- **BIoT PaaS platform:** We aim to further enhance the functionality of our BIoT PaaS platform by offering rich yet standardized PaaS services for software developers, while fostering an open-source and compatible software ecosystem. Looking ahead, we will continue to strengthen the platform in three areas:
 - **Module enrichment and integration:** Continue developing and enriching scenario-specific application modules, expanding third-party APIs and platform interfaces to enable software developers to better adapt to diverse requirements across scenarios and geographies.

BUSINESS

- Ecosystem cultivation: Further expand the portfolio of solutions, extend more SaaS services, and foster a stronger software ecosystem on the platform.
- Platform product capability: Enhance coordination across the ecosystem, improve operational efficiency, and build a healthy, self-reinforcing commercial loop.
- **AI-driven data analytics:** We are increasing our investment in AI to unlock deeper levels of intelligence and deliver smarter, more adaptive solutions. For example, we will leverage the knowledge reasoning capabilities of large models alongside the BIoT PaaS industry solutions to deeply integrate offline store operations data, business knowledge, and AI capabilities. This will enable the creation of advanced capabilities such as store business insights, operational diagnostics knowledge bases, and automated operations, helping merchants adopt industry best practices and make data-driven decisions.

Strengthening Global Supply Chain Capabilities

We plan to build an integrated manufacturing facility in Jiashan, Zhejiang that combines R&D and manufacturing capabilities, enabling us to develop core hardware components, such as barcode scanners and touchscreens. We will also enhance our smart manufacturing capabilities, including digitalizing production processes, applying AI for lean management, automating assembly, testing, and packaging, and developing intelligent warehousing and logistics systems. At the same time, we will continue to refine supplier selection, build long-term strategic partnerships, standardize procurement processes, and enhance supply chain resilience.

Leveraging China's OEM/ODMs for scalable production, we collaborated with reputable OEM/ODMs in China during the Track Record Period to manage our products quality effectively and efficiently. In 2025, we maintained collaborations with approximately 30 third-party manufacturers to support our production needs. To ensure stable global supply chain capacity, we also plan to establish new overseas production lines with strategic OEM/ODM partners in selected overseas markets.

Enhancing Market Penetration Through Vertical and Geographic Expansion

We will continue to penetrate our core verticals such as retail, F&B, and food delivery, while expanding into high-potential sectors including healthcare, hospitality, and banking. In healthcare, we will focus on smart clinic solutions, self-service patient registration, and pharmaceutical logistics. In hospitality, we will develop standardized solutions integrating front desk payment, check-in services, and room management systems. In banking, we will provide customized integration of tax control, identity verification, and smart terminals to better serve complex business scenarios. By replicating our proven success with existing clients, we aim to accelerate product and solution adoption among SMEs, improving customer loyalty and repeat purchase rates.

To further elevate brand awareness and deepen customer engagement, we plan to expand our global network of SUNMI Home experience centers, reinforcing our position as a leading innovator in the BIoT space. We will continue to strengthen our presence across our existing geographic coverage to gain further penetration and market share.

Geographically, we will deepen penetration in existing markets to increase market share, while actively entering new international markets. This includes strengthening our presence in developed regions such as Europe, South Korea and Australia. By enhancing product localization, building regional sales and service networks, and optimizing delivery models, we aim to improve penetration and unit profitability in major markets.

Unlocking Synergies Through Strategic Partnerships and Investments

We will continue to pursue strategic collaborations with partners across the BIoT value chain, including upstream and downstream players, to unlock new synergies and strengthen our competitive edge. This includes working with ecosystem partners to drive product upgrades, expand application scenarios, and improve overall operational efficiency for mutual benefit.

We remain focused on identifying global investment and acquisition opportunities that can accelerate our international expansion and solidify our presence in key markets worldwide.

INNOVATIVE COMPANY

Industry Backdrop

We embarked on our journey in 2013 against the backdrop of mobile internet revolution, and quickly identified critical unmet needs for offline commercial use cases. Legacy business-centric hardware was often closed, fragmented, and obsolete—characterized by limited functionality, outdated design, and a lack of connectivity. These devices could neither communicate with one another.

Meanwhile, a significant gap existed between available software solutions and the evolving needs of merchants. Procuring and testing software was costly and complicated, while the fragmented ecosystem of hardware and software was inflexible and difficult to upgrade or iterate.

BUSINESS

To address these challenges, the concept of Business IoT (BIoT) emerged. Characterized by the integration of IoT technologies for commercial use, BIoT leverages new generation smart devices to enable seamless interconnectivity between hardware and cloud architecture, delivering digital solutions for commercial use cases. As the industry has evolved, the BIoT ecosystem has expanded to include players from different stages, ranging from BIoT 1.0 providers to BIoT 3.0 providers. BIoT 3.0, characterized by cloud-edge collaboration and AI-enabled low-code/no-code development, accelerates the digitalization of real-world business scenarios.

Customer Pain Points

Our customers are mainly merchants and businesses of all sizes in different business verticals and geographies. In addition to serving large-scale businesses, we also support small-sized enterprises and independent merchants, enabling them to establish their operations and enhance efficiency through our BIoT devices and PaaS platform.

In today's fast-paced digital world, merchants and businesses must navigate increasingly complex operations across multiple niche scenarios and geographies. Each transaction involves multiple touchpoints and requires seamless integration between IoT hardware and software to ensure efficiency, accuracy, and scalability. This represents a "transaction-based" digital need, as merchants rely on smart devices to execute transactions swiftly and efficiently. For instance, fulfilling a customer order is not an isolated action—it is intricately linked to backend systems such as inventory management and customer membership programs. What appears to be a simple transaction actually involves multiple components, generating vast amounts of interconnected data.

Unlike smart devices developed for the use of individuals, the development of smart IoT devices for businesses was lagging behind, leaving customers facing challenges along the following key pain points:

Pain Points	Notes
Multiple-function devices: Merchants required multiple devices to meet their needs	Many merchants still needed to use one payment terminal to accept payments, another tablet to place orders, and perhaps a third different device to manage inventory.
Software integration: On these terminals, merchants need software applications	Software developers have to develop software applications for each different device platform, and merchants who purchase such devices can only access limited software applications that are either pre-installed or compatible with such devices.
Cross-vertical applications: Merchants required multiple types of devices in different verticals	A cross-vertical device would be more economic, consistent in performance and easier to use (especially by large businesses with different verticals). More importantly, such device can foster the building of an ecosystem of software.
Cross-border adaptability: Multi-national enterprises need to tackle multi-currency transactions, local tax calculations, language localization, and compliance with local data rules	A one-size-fits-all approach often fails in international markets, forcing companies to either heavily customize their systems or manage multiple device types in parallel. This increases overhead and slows market expansion.
Data infrastructure: Isolated devices struggle to communicate with each other and improve functionalities	Without the ability to easily share data or learn from one another, these devices can't continuously improve their performance or unlock more advanced features.

How We Address These Customer Pain Points?

None of our competitors is able to address all of these customer pain points, as illustrated in the table below. For the description of the Company's peers, please see "Industry Overview."

Pain Points	SUNMI's Solutions	Peers' Status			
		Company A	Company B	Company C	Company D
Multiple-function devices	All-in-one smart devices (first among the peers)	✓	—	✓	✓
Software integration	SUNMI OS (i.e. proprietary operating system)	✓	—	—	—
	SUNMI APP Store (i.e. open platform for software developers)	✓ Over 2,700 app developers and over 8,000 published apps	—	✓ 66 published apps	✓ Around 1,000 app developers and over 2,500 published apps

BUSINESS

Pain Points	SUNMI's Solutions	Peers' Status			
		Company A	Company B	Company C	Company D
	SUNMI Max Program (i.e. proprietary modular PaaS platform)	— Third-party low-code platform or no disclosed self-developed platform	— Third-party low-code platform or no disclosed self-developed platform	— Third-party low-code platform or no disclosed self-developed platform	— Third-party low-code platform or no disclosed self-developed platform
Cross-vertical applications	15 verticals (with 100+ sub-verticals)	4 verticals	6 verticals	2 verticals	6 verticals
Cross-border adaptability	200+ countries and regions	~120 countries and regions	170+ countries and regions	~13 countries and regions	120+ countries and regions
Data infrastructure	SUNMI DMP and Hyper-Wi-Fi	—	—	—	—

Note: “—” stands for “Not officially disclosed”

Source: CIC

All-in-one Smart Devices

We develop all-in-one smart devices that not only digitalize every major step of a merchant transaction but also streamline merchant operations by integrating key functions into one single device. We introduced the world's 1st all-in-one BIoT terminal that integrates a smart device, a printer and scanner in 2016 with integrated functionalities, according to CIC.

Software integration

By integrating hardware and software solutions with cloud-based architecture, we developed the world's 1st omnipresent BIoT platform (supported by SUNMI OS, SUNMI APP Store and SUNMI Max Program) for merchants and software developers in 2016, according to CIC. This allows merchants and businesses to choose and deploy software applications that perfectly match their operational requirements.

- SUNMI OS. SUNMI OS is a proprietary Android-based operating system that supports the deployment and use of a wide range of business applications catering to merchants' evolving needs. SUNMI OS functions as the “brain” of SUNMI's smart BIoT devices, allowing merchants to dynamically manage and optimize their operations, all within a few seconds and on one single terminal.
- SUNMI App Store. SUNMI APP Store is a dedicated app library that allows merchants to download and use business applications developed in-house or by third-party developers. Launched in 2015, the SUNMI App Store has been the world's 1st and largest IoT application marketplace for businesses since 2019, and had maintained consistently high levels of activities thereafter, according to CIC.
- SUNMI Max Program. SUNMI has developed the industry's first IoT PaaS platform—the SUNMI Max Program—a low-code, modular-based platform that enables businesses and developers to efficiently build, manage, and upgrade software applications for use on their BIoT devices based on their own needs, according to CIC.

Cross-vertical Applications

We deliver BIoT offerings spanning more than 100 sub-verticals, covering industries such as F&B, retail, transportation, logistics, online-to-offline services, hospitality, and healthcare. This unique ability is supported by:

- Industry-specific hardware. We design a range of hardware devices tailored to different verticals. As of the Latest Practicable Date, we offer more than 60 types of smart terminal models. Such smart devices are equipped with specialized features optimized for each industry.
- Customizable software ecosystem. Powered by our proprietary SUNMI OS system, SUNMI's smart devices are able to incorporate and support a vast universe of software applications that can be easily customized to meet the specific needs of merchants operating in different industries. As of December 31, 2025, SUNMI APP Store hosts approximately 33,300 business application software, and the total number of cumulated app downloads was over 0.2 billion.
- Flexible integration capabilities. We design our products to be highly adaptable, with approximately 800 APIs and flexible integration options. This ensures that our BIoT solutions can be easily incorporated into complex existing IT and operational infrastructures of global large-sized enterprises, adapting across industry verticals with ease.

BUSINESS

Cross-border Adaptability

Our products and solutions are used by customers in more than 200 countries and regions, which represent over 90% of geographic areas in the world. We were China's 1st BIoT solution provider to expand into overseas markets in 2003, according to CIC. This strategic head start enabled us to quickly adapt our BIoT solutions to meet the varying demands of international markets.

Unlike other BIoT solution providers, we leverage our professional hardware components and unified PaaS platform to effectively standardize cross-national, regional, and regulatory variations. With enriched product offerings and CBB technologies, we enable our customers to deliver solutions tailored to the demands of different countries and regions, ensuring compliance with global data regulations in over 200 countries and geographic regions and supporting a wide range of languages. With industry certifications, such as payment certifications from various countries, we have gained a scalable edge and a first-mover advantage by successfully navigating lengthy and costly certification processes.

Data Infrastructure

Supported by proprietary SUNMI DMP and Hyper-Wi-Fi, SUNMI fosters an interconnected infrastructure that supports continuous enhancement and upgrading of BIoT devices.

- SUNMI DMP. SUNMI Device Management Platform ("DMP") is a cloud-based BIoT device management platform designed exclusively for businesses. SUNMI DMP provides a unified, intuitive management interface that adapts to diverse operating environments, allowing businesses to efficiently monitor, control, and optimize their smart BIoT devices in real time.
- Hyper-Wi-Fi. Hyper Wi-Fi refers to an advanced Wi-Fi module that offers ten times the range of traditional Wi-Fi with the same level of data transmission latency and more stable network connection. This technology advancement provides the fundamental infrastructure necessary for the seamless integration of BIoT devices, where high-bandwidth applications, real-time monitoring, and instant data transfer are essential.

For details of our solutions, please refer to "Business – Our Smart BIoT Solutions."

Why We are Capable of Addressing All Pain Points – Innovative Business Model

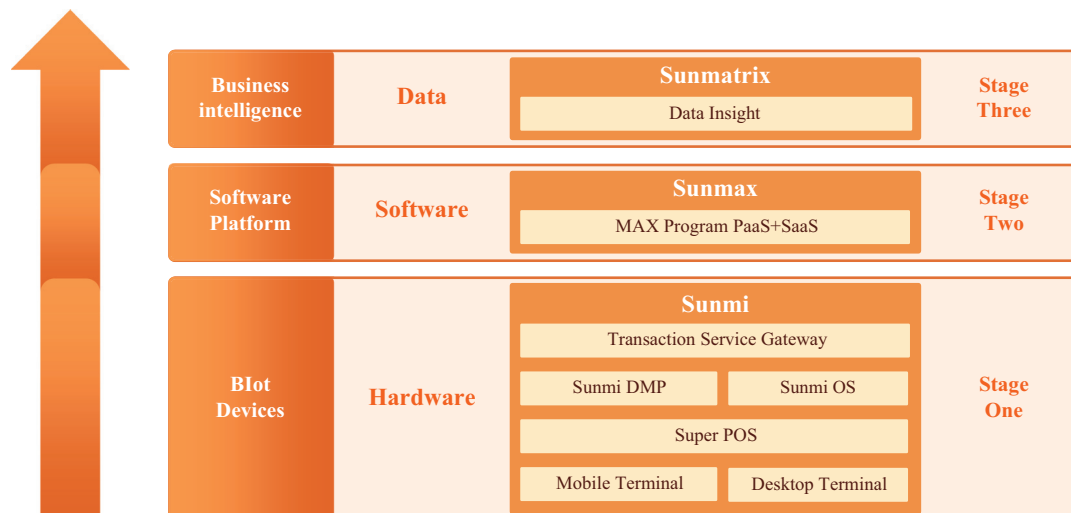
We have developed an innovative business model — the world's only BIoT solution business that integrates (a) smart devices with (b) a proprietary PaaS platform. According to CIC, while some of our competitors have developed one of these capabilities, none of our competitors has fully integrated both within a single system. This business model innovation enables us to continuously develop merchant-native, one-stop BIoT solutions that:

- integrates all core digital functions required in a merchant's day-to-day operations in a centralized device,
- supports dynamic development and deployment of software applications within such BIoT device,
- offers adaptability across various industry verticals,
- ensures a consistent customer experience across different geographies, and
- fosters an interconnected ecosystem that supports continuous enhancement and upgrading of BIoT devices.

Our Three-Stage Development Framework

Our “three-stage development” framework that integrates hardware, software and data technologies forms the cornerstone of our innovation roadmap and long-term growth trajectory, as illustrated in the below diagram.

AI Driven Sunmi Three-layer Development Stage



Note: as of the Latest Practicable Date, Sunmatrix has not yet been commercialized.

Stage One: SUNMI Smart Devices

We introduced new-generation, cloud-based smart devices to build a one-stop solution for a wide array of commercial scenarios. Powered by our proprietary SUNMI OS, our smart devices are purposefully built to address a wide array of commercial use cases for businesses and merchants.

- Smart Terminals:
 - Our product portfolio spans across three major categories of smart terminals, comprising of more than 60 terminal models. These smart terminals offer esthetic, reliable, and all-in-one intelligent interaction solutions.
 - Our optimized circuits and proprietary algorithms enable our smart terminals to deliver superior performance, even in complex environments. With full-spectrum connectivity, coupled with our proprietary Hyper-WiFi technology, our smart terminals ensure stable communication across all commercial settings. We have redefined industrial design standards in commercial hardware, earning more top-tier design awards than most industry peers, according to CIC.
 - In 2024, we launched the world’s first BIOT terminal, Super POS, which is built upon ARM architecture and compatible with both Android and Windows operating systems. This expands our addressable software ecosystem, unlocking access to broader client segments amid global digitalization.
- SUNMI OS and DMP:
 - Our proprietary Android-based operating system, SUNMI OS, enables seamless device-cloud integration. It features a unified device perception framework, the SUNMI Link communication protocol, and a standardized component library. Hardware modules plug into SUNMI OS via an unified interface, enabling rapid deployment of plug-and-play functions such as scanning, printing, and sensing.
 - SUNMI OS integrates with SUNMI DMP, our cloud-based BIOT device management platform, which translates our industry insights for modular, on-demand use. This architecture supports continuous iteration through real-time feedback loops, AI-powered big data analytics, and over-the-air (OTA) updates. As of December 31, 2025, SUNMI DMP completed over 30,000 test cases, continuously enhancing our hardware adaptability.
- Transaction Service Gateway: We have built a fully open-source and modular transaction service solution, including payment and delivery, into our hardware. This solves the “last-mile” challenge for software

developers seeking to integrate transaction services for commercial use. Our standardized transaction service solution ensures rapid deployment, local regulatory compliance, and reduced development time and costs, enabling merchants to offer secure, seamless transaction experiences.

Stage Two: SUNMAX BIoT PaaS Platform

To address the challenges faced by businesses worldwide, including prolonged iteration and digital penetration process, highly fragmented demand and high customization costs, as well as low efficiency of industry-wide collaboration, we have developed a low-code, modular BIoT PaaS platform based on our experience across geographies and commercial scenarios. This deep market insight serves as a key differentiator, setting our solutions apart from those of our industry peers. Our BIoT PaaS platform translates these insights into open-source, standardized modules that empower software developers around the world. By enabling local developers to create applications tailored to the diverse needs of their specific markets, our BIoT PaaS platform further enhances the adaptability and global competitiveness of our smart devices.

- **Modular Building Blocks:** We have created a standardized library of development templates to address complex, differentiated commercial scenarios. More than 80% of software features can be built using pre-configured modules in our BIoT PaaS platform. This significantly lowers the barrier to entry for tackling complex use cases, enabling developers to focus their efforts on the remaining 20% of scenario-specific customization. As a result, our BIoT PaaS platform helps significantly improve R&D efficiency and reduce development costs.
- **Full Lifecycle Developer Services:** Our BIoT PaaS platform offers end-to-end support throughout the software lifecycle, from development and deployment to ongoing operations. Key features such as gray releases, remote updates, and real-time data analytics enable developers to continuously enhance the user experience without the need to build complex backend infrastructure.
- **Plug-and-Play Applications:** Enabled by our developer ecosystem, our built-in app store, SUNMI App Store, allows merchants to go digital with ease. As of December 31, 2025, our top-20 downloaded apps on SUNMI App Store included various on-demand delivery solutions, payment solutions, merchants management solutions, self-service ordering solutions, B2B e-commerce solutions, etc, reflecting strong adoption across a wide range of industries.

Stage Three: SUNMATRIX – A Data-Driven Network of Intelligence (not yet commercialized)

Our smart devices serve as the primary entry point for full-spectrum data collection under our stringent data privacy and security framework, which allows us to capture insights from payment flows and inventory levels to customer behavior patterns in compliance with applicable data protection laws and security standards. This data foundation fuels the next generation of Business IoT (BIoT 3.0), where value is created and shared across the entire commercial value chain. As of the Latest Practicable Date, Sunmatrix has not yet been commercialized.

Looking Ahead – AI-Powered BIoT Evolution

Our cloud-based DMP system processes hundreds of millions of daily data interactions, with connectivity across millions of smart devices covering more than 100 industry sub-verticals. This constant stream of real-world business data (such as barcodes, fruits, vegetables and etc.) is fed into AI models in the cloud and pushed back to devices through OTA updates, forming a powerful feedback loop that continually enhances system intelligence across our global network.

With millions of deployed smart devices and an open-source platform architecture, we are entering the next decade of BIoT – an AI-powered BIoT evolution to scale digital transformation in the commercial world.

- **AI-Native Hardware Upgrades:** We are enhancing AI capabilities at the hardware level. This includes AI algorithms, intelligent microphone arrays, edge AI chips, and multi-sensor fusion designs. According to CIC, we are the only BIoT solution provider with self-developed proprietary automatic product recognition among global top five Android-based BIoT solution players. Embedded AI features such as speech recognition SDKs and item recognition APIs enable real-time optimization. As the models are continuously trained on real time basis, even the same device is significantly improved over a short time span.
- **AI-Driven Software Ecosystem:** Leveraging our PaaS infrastructure, we are developing generative AI tools that can translate commercial ideas into functional applications. These tools significantly lower the technical barrier for non-developers, such as small business owners. This democratization of software development fuels faster innovation and further expands our ecosystem.
- **AI-Powered Data Analytics Capabilities:** Our AI-powered data analytics capabilities enable us to deliver actionable business and operational insights to our business partners, enhance operational efficiency, and drive the next wave of digital transformation.

BUSINESS

Why We are Capable of Addressing All Pain Points – Innovative Technologies

We have built proprietary technologies around the main layers of the IoT ecosystem, mainly including (a) the IoT hardware (i.e., smart device and its operating system), and (b) the IoT PaaS platform and its software applications.

The table below sets forth the key features of the Company’s innovative technologies in comparison with the major competitors, showcasing the Company’s strong foundation and innovative capabilities.

Tech Categories		SUNMI	Company A	Company B	Company C	Company D
IoT Hardware and Operating System	Enhanced communication technology (Hyper Wi-Fi)	✓	–	–	–	–
	Optimization of general communication technology (Wi-Fi optimization)	✓	– No OS-level optimization disclosed	–	– No OS-level optimization disclosed	–
	OS optimization	✓	–	–	–	–
	Global data compliance	✓	–	–	–	–
PaaS and Software Applications	Low-code PaaS platform designed for commercial applications	✓	–	Third-party	–	–
	Self-developed AI algorithms for businesses	✓	–	Bar codes recognition	–	–

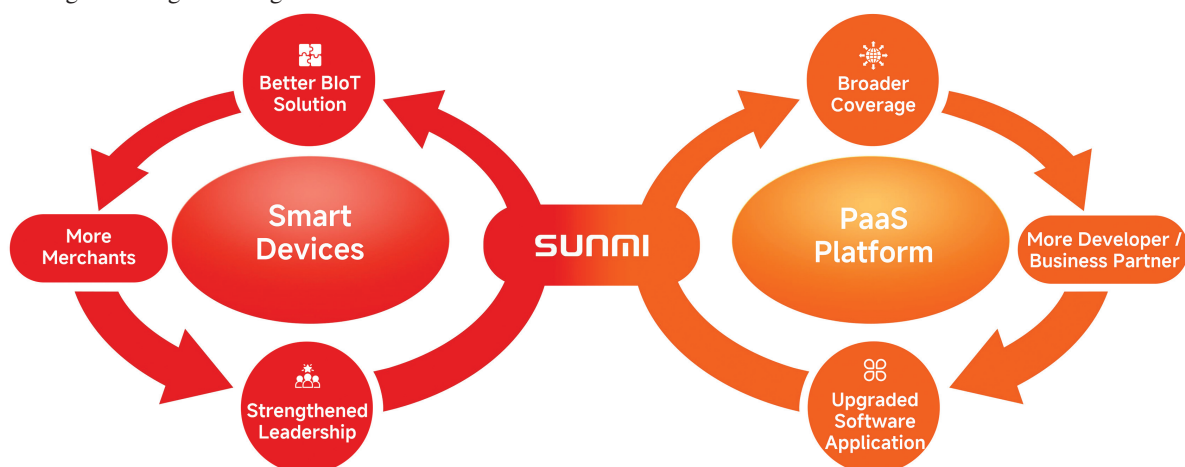
Note: “–” stands for “Not officially disclosed”

Source: CIC

For details, see “– Core Technology.”

An Ecosystem of Shared Success

We believe no single entity can drive changes alone. True progress comes from adopting an open and altruistic mindset – one that prioritizes shared success and delivers value to all stakeholders. We provide comprehensive, end-to-end support to all stakeholders in our ecosystem, including merchants, business partners, and developers, enabling them to grow alongside us.



We believe that this ecosystem allows us and all stakeholders to benefit and thrive. Our interconnected smart devices and solutions not only deliver an intelligent experience for merchants but also unlock new possibilities for their

BUSINESS

ongoing digital transformation. This, in turn, attracts more software developers to join the ecosystem. By facilitating seamless integration with consumer-facing internet platforms, we further amplify the digital value for merchants. As more businesses embrace the benefits of digitalization, the ecosystem drives sustainable growth, continuous innovation, and new business opportunities—empowering all stakeholders to thrive together.

Significance to Our Success

These innovations have allowed us to effectively expand our merchant base while fostering growing developer loyalty. We believe this has been key to building long-term relationships among merchants, business partners, developers and SUNMI, contributing significantly to our success and helping us stay ahead of the competition in the global BIoT landscape. Today, we are the world's largest Android-based BIoT solution provider in terms of revenue in 2024, with a market share exceeding 10%, according to CIC. We also maintained the most active business application developer ecosystem in 2024, according to the same source.

Players	Number of IoT Terminals	Number of Vertical Coverage	Cumulative Active Android-based Terminals ¹	Number of countries and regions covered ²
SUNMI	more than 60	15 (with 100+ sub-verticals)	>15 million	200+ countries and regions
Company A	24	4	~19 million	~120 countries and regions
Company B	25	6	<5 million	170+ countries and regions
Company C	15	2	~3.5 million	~13 countries and regions
Company D	31	6	<10 million	120+ countries and regions

Notes:

1. Cumulative active Android-based terminals refer to the total number of devices that have been active at any point up to September 30, 2025, including those no longer in use and those still actively used by merchants.
2. Number of countries and regions was determined based on the use of BIoT device Management Platform ("DMP") by businesses and merchants in the relevant countries and regions as of September 30, 2025.

Source: CIC

OUR SMART BIOT SOLUTIONS

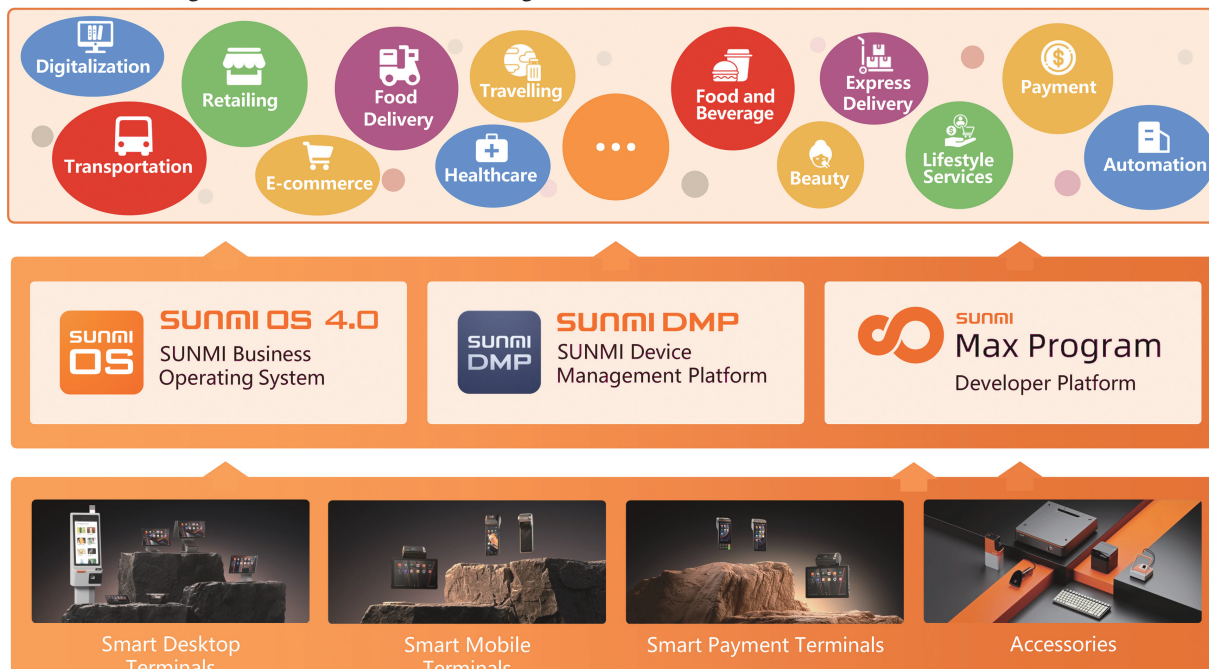
We develop and sell smart BIoT solutions to customers. Our BIoT solutions seamlessly integrate hardware, software, and business intelligence capabilities, including smart devices and BIoT PaaS platform. Each smart device operates on our proprietary operating system, allowing merchants to efficiently manage and optimize their transactions and operations. Our BIoT PaaS platform offers a unified software infrastructure equipped with ready-to-use development tools that enable merchants and developers to efficiently develop, manage and upgrade vertical-specific software applications for use on smart devices. In addition, we harness the vast volumes of business data processed through our smart devices to deliver data-analytics solutions, empowering our customers with actionable business intelligence.

During the Track Record Period, we generated our revenues primarily from sales of smart devices, and to a lesser extent, from the PaaS platform and customization services. We provide BIoT hardware and software customization services spanning solution design, bespoke development, protocol and system integration, testing and deployment, and post acceptance maintenance or subscription support. We typically delivers on a milestone basis and prices by effort and complexity with reference to hardware, integration scope and delivery timelines; individual engagements often span multiple quarters and may transition into ongoing subscription or enhancement work. We primarily serve large enterprises and institutions. For example, we provide customization services to a customer in Europe — a fintech company focused on open banking and digital payment solutions. After purchasing our P series, the customer asked us to customize certain functions for its digital payment solutions on our devices, which are applicable to retail, banking and hospitality, where the end users require specialized application scenarios and specific financial requirements. Revenue from customization exhibits period to period variability driven by the timing of major milestones and the mix between one off development, hardware delivery and recurring services.

BUSINESS

Our Smart Devices

We offer a comprehensive suite of smart devices that covers 15 major industries with more than 100 sub-verticals, covering restaurant, sport and fitness, clinic, delivery and logistics. Powered by our proprietary SUNMI OS, this diverse portfolio is designed to address a wide array of application scenarios for merchants in various commercial settings, as illustrated in the below diagram.



The below table compares the three generations of our smart devices:

	First Generation	Second Generation	Third Generation
Initial Launch Year	2016	2018	2023
Key Characteristics	Primarily non-financial handheld devices	Balanced mix of non-financial and financial ⁽¹⁾ devices	Balanced mix of non-financial and financial devices Unified design language across the full product range (form factor, color palette, etc.)
Operating System	Android-based	Android-based	Primarily Android-based, with selected desktop models supporting dual OS (Android and Windows), namely SuperPoS ⁽⁴⁾
Core Functions	Sunmi OS + DMP + App Store	Sunmi OS + DMP + App Store	Sunmi OS + DMP + App Store
Extended Features	Primarily printing	Barcode scanning, card-based financial transactions, healthcare certifications	Added support for fingerprint recognition and full near field communication (NFC) compatibility
Advanced Capabilities	N/A	OCR recognition Dish recognition	Enhanced AI recognition compared to the second generation Microphone array with noise cancellation (for voice recognition) Remote configuration of hardware-level system features

BUSINESS

	First Generation	Second Generation	Third Generation
Mean Time Between Failures (MTBF)⁽²⁾	N/A	More than 70,000 hours ⁽³⁾	More than 80,000 hours ⁽³⁾

Note:

- (1) financial devices refer to devices equipped to accept bank card payments.
- (2) Mean Time Between Failures (MTBF) is a reliability metric that estimates the average time a device or system operates before experiencing a failure. A higher MTBF means greater reliability and longer intervals between breakdowns.
- (3) A majority of our second generation devices have a mean time between failures (MTBF) of more than 70,000 hours while certain third generation devices (i.e. D3 Pro and T3 Pro) have an MTBF of more than 80,000 hours, based on our lab test results.
- (4) SuperPoS supports both Windows and Android solutions simultaneously, customers do not need to specify their choice at the time of purchase and customers can switch from Windows to Android or from Android to Windows after purchase without replacing the device

Our Smart Terminals

In response to customers' evolving needs, we design, develop and commercialize three major product categories that encompass more than 60 terminal models, mainly including smart mobile terminals, smart payment terminals and smart desktop terminals. The top five best-selling models in each major product category of smart devices accounted for over 50% of the revenue of the respective product category in each year or period during the Track Record Period, and the overall gross margins across our product lines remained generally stable. Our full series of smart terminals have the capability to support digital RMB, stable coins and other innovative payment transactions. We offer smart devices across different forms, series, and models, all of which can run commercial applications to deliver tailored digital business solutions. Our product portfolio is shaped by the needs of specific customer scenarios and use cases and is primarily driven by form factors aligned to usage contexts, such as desktop and mobile, added-on features, such as self-service and weighing application, along with a separate classification based on compatibility with payment (bank card acceptance) functionality. The three product categories as indicated below typically have a lifecycle of about five to ten years. The below list provides a brief description of our major product categories.

Product Category	Description	Signature Models
Smart Desktop Terminals	Smart desktop terminals are primarily designed for restaurant, boutique store, and café management, as well as for self-service applications in retail and healthcare. They are also well-suited for various industrial settings, such as recording assembly line operations and displaying standard operating procedures (SOPs). <i>Case study:</i> We delivered a complete Smart Desktop solution, integrating cash registers, barcode scanners, cash drawers, and other accessories in a unified design, to a leading trendy retail enterprise in China. The solution aligns with the client's premium esthetic and diverse retail needs, boosting transaction processing performance, enhancing operational stability, improving digital operational efficiency, and elevating in-store brand appeal.	
Smart Mobile Terminals	Smart mobile terminals are mainly designed for one-on-one service and inventory management. <i>Case study:</i> Our Smart Mobile Terminals are widely adopted in food delivery, reinforcing a high quality, efficient service image. They provide a complete solution, enabling fast order intake, real time navigation and communication, and seamless courier-store coordination, in a unified design that fits modern, premium operations. In initial deployments, these devices accelerate order processing, enhance the delivery experience, stabilize daily operations, and streamline digital management across the delivery workflow.	

BUSINESS

Product Category	Description	Signature Models
Smart Payment Terminals	Smart payment terminals are primarily designed for all-rounder in all payment scenarios, such as ordering, checkouts and loyalty programs. <i>Case study:</i> We provide comprehensive payment services tailored to specific jurisdictions' ecosystems and compliant with relevant laws and regulations. We deliver a Smart Payment terminal that can be widely used in taxis, retail, and convenience services. Our terminals support all major cards, QR code payments, multiple local banking apps, and e-wallets, helping merchants reach more customers.	

Designed to address the diverse business scenarios, SUNMI's smart terminals offer a wide array of functions:

- **Industrial Design to Improve Functionality.** SUNMI's smart terminals combine sleek, modern esthetics with industry-leading industrial design to simplify daily operations for businesses and merchants. Subject to their specific needs, the smart terminals can be equipped with integrated scanners, printers, and/or weighing systems, reducing the need for additional equipment and saving valuable counter space. This integrated approach enhances operational efficiency and streamlines processes such as check-out, inventory management, and order fulfillment.
- **Powerful Performance and Reliability.** Powered by advanced processors and optimized for SUNMI OS, SUNMI's smart terminals deliver fast and stable performance. Additionally, built-in security features protect sensitive data, which provides businesses with peace of mind while handling transactions and customer information.
- **Reliable Build for Durability.** SUNMI's smart terminals are designed to withstand demanding environments, making it ideal for high-traffic retail stores, busy restaurants, and fast-paced logistics hubs. With reinforced materials and durable construction, these smart terminals resist wear and tear, ensuring long-term reliability. Many models also feature extended battery life, which provides sustained performance for businesses that operate around the clock.

As the result, we received industry recognitions for design, including the Red Dot Award, and iF Design Award. A majority of our second generation devices have a mean time between failures (MTBF) of more than 70,000 hours while certain third generation devices (i.e. D3 Pro and T3 Pro) have an MTBF of more than 80,000 hours, based on our lab test results. Both figures are significantly higher than the industry standard of 50,000 hours, according to CIC.

Our Proprietary Operating System

We have developed SUNMI OS, a proprietary operating system that is able to support the deployment and use of a wide range of business applications within our smart devices. SUNMI OS functions as the "brain" of our smart devices, allowing merchants to dynamically manage and optimize their operations.

SUNMI OS is designed to address the diverse, evolving and comprehensive needs of merchants and business application developers in the fast-paced commercial environment. SUNMI OS provides a solution by consolidating configurable options in an accessible, user-friendly format. This enables merchants to customize device and system settings in the cloud, allowing real-time adjustments tailored to increasingly complex needs. Below table sets forth the comparison between standard Android operating system and SUNMI OS.

Feature	SUNMI OS	Standard Android Operating System	Key Enhancements & Benefits (SUNMI OS v. Standard Android Operating System)
Computing Performance Optimization	Features the proprietary Hyper Engine, which optimizes storage allocation and computing power scheduling to enhance application performance.	Not available.	–App launch speed increased by over 10% –App page switching speed improved by over 30% –Overall system smoothness improved by over 10%

BUSINESS

Feature	SUNMI OS	Standard Android Operating System	Key Enhancements & Benefits (SUNMI OS v. Standard Android Operating System)
Communication Capability Enhancements	Customized Wi-Fi scheduling algorithms tailored to commercial use.	Not available.	–Wi-Fi throughput increased by over 80% on the same frequency band –Optimized roaming threshold reduces latency and packet loss (e.g., from 0.23% to 0.03%) –Communication latency reduced by over 70%
Device Connectivity – SUNMI LINK Protocol	Enables highly efficient and secure device-to-device communication, dramatically improving bulk deployment efficiency.	Example benchmark for 5 devices using native Android: ~36.0s on average for secure connections (manual, sequential).	–SUNMI LINK connects a single device in 6.4s (1.5× faster) –Connecting 5 devices takes ~12.9s (2.8× faster), with greater efficiency as the device count scales
Hyper Wi-Fi (Proprietary Technology)	Built on 802.11ah, Hyper Wi-Fi extends effective range over 10x, ideal for large venues and shielded environments.	2.4GHz: ~19m radius (office test) 5GHz: ~180m (NRF venue test)	Hyper Wi-Fi: ≥67m (office test) ≥370m (NRF venue test)
Fault Detection & Self-Repair System	Includes a self-healing mechanism based on component and environmental sensing, improving system reliability in commercial operations.	Limited to basic system-level fault notifications; lacks business logic-level detection or automated recovery.	–Supports diagnostics for 12 peripherals –Performs real-time log analysis and automated issue resolution
Cloud-Based Remote Management	Designed for “cloud-device” collaboration, supporting centralized configuration and mass deployment across distributed locations.	No built-in cloud communication, configuration, or multi-level account management tailored for business clients.	–Web-based global platform compliant with data privacy regulations –Over 300 customizable system parameters –Supports centralized control of millions of devices
Unified SDK	Offers long-term compatibility and abstraction from native Android changes, reducing development complexity and maintenance overhead.	Native APIs change frequently with major Android versions, requiring ongoing rework.	–13 core modules and 325 standardized APIs covering full device lifecycle –One-time adaptation supports all SUNMI smart devices across OS versions
Peripheral SDK	Provides a standardized SDK for peripherals used in commercial scenarios (e.g., printers, barcode scanners, scales, UHF readers).	Lacks standard APIs for common peripherals; developers must handle device-specific coding and debugging.	–131 standard APIs covering common peripheral types –Abstracted design simplifies development (no need to handle protocol-level details) –One-time adaptation ensures compatibility across all SUNMI device generations

BUSINESS

Feature	SUNMI OS	Standard Android Operating System	Key Enhancements & Benefits (SUNMI OS v. Standard Android Operating System)
AI Framework	Includes a developer-ready AI Framework with SUNMI's proprietary HMI and general-purpose algorithms; third-party algorithm integration is supported under a unified API.	No official AI framework or algorithm packages provided.	–Offers an AI Store for algorithm selection –Provides built-in AI components for easy integration –Accelerates AI capability adoption by developers

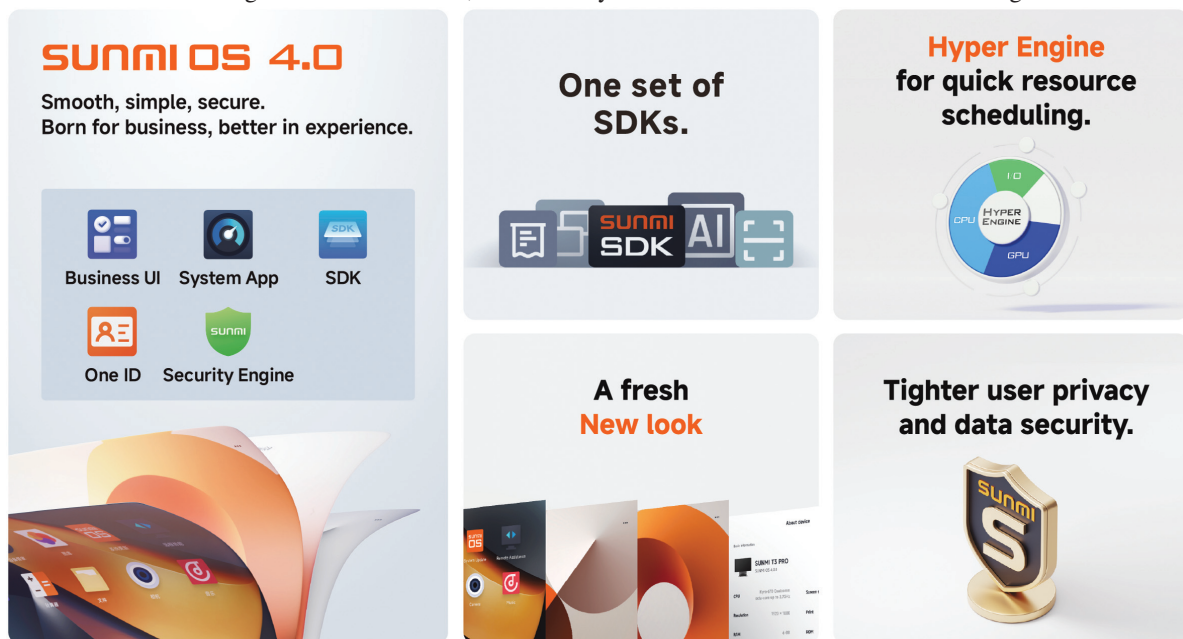
Note:

Source: Internal tests

At the core of SUNMI OS is the Hyper Engine, a powerful performance engine that dynamically manages hardware resources—including Central Processing Unit (CPU), Graphics Processing Unit (GPU), and DDR SDRAM (Double Data Rate SDRAM) —based on device type and real-time application demands. Whether it's booting up, processing clicks, or managing background tasks, Hyper Engine intelligently allocates resources to enhance responsiveness and fluidity.

SUNMI OS features with approximately 800 highly compatible application programming interfaces (APIs) for unification and peripheral that standardizes diverse hardware specifications. Business application developers can easily adapt their applications to over 60 types of smart devices. This compatibility also allows businesses to transition smoothly to next-generation smart devices without compromising performance or operational efficiency.

SUNMI OS is designed with an intuitive, user-friendly interface as illustrated in the below diagram.



Our APP Store

We have developed SUNMI APP Store, a dedicated app library that allows merchants to download and use business applications developed in-house or by third-party developers. Launched in 2015, SUNMI APP Store has been the world's 1st and largest Smart application marketplace for businesses since 2019, and has maintained consistently high levels of activities thereafter, according to CIC. As of December 31, 2025, SUNMI APP Store hosts approximately 33,300 business application software, and the total number of cumulated app downloads was over 0.2 billion. Access to our SUNMI APP Store is currently free of charge. When users make in-app purchases or pay for subscription after downloading such applications, developers do not collect such in-app purchase or subscription remuneration through us.

BUSINESS

Catering to a wide range of industry sectors, SUNMI APP Store offers a comprehensive platform for businesses to select, install, and manage applications that optimize their operations and elevate customer experiences. SUNMI APP store also empowers global developers with tools and resources to create, distribute, and monetize their apps.

SUNMI APP Store features a wide range of industry-specific applications, covering 15 major industries and more than 100 sub-verticals as of December 31, 2025, covering restaurant, supermarket, sport and fitness, clinic and delivery. In particular, SUNMI APP Store covers a vast majority of major on-demand delivery apps and payment apps across our key geographic markets.

Our DMP

We have developed SUNMI Device Management Platform (“DMP”), a cloud-based smart device management solution designed exclusively for businesses. SUNMI DMP provides a unified, intuitive management interface that adapts to diverse operating environments, allowing businesses to efficiently monitor, control, and optimize their smart devices in real time. With advanced remote management capabilities, businesses can deploy, configure, and update smart devices at scale, reducing operational costs and minimizing downtime. As of December 31, 2025, SUNMI DMP had connected over 10 million smart devices from more than 200 countries and geographic regions.

SUNMI DMP optimizes performance and user experience with the flexibility to connect to SUNMI’s global cloud or operate independently. Even in environments with limited cloud access, SUNMI DMP ensures seamless operations by enabling independent local management, configuration, data uploads, and device distribution—keeping businesses running without disruption.

SUNMI DMP features a global architecture with multiple localized cloud services, ensuring adherence to regional data security regulations. This allows merchants to use SUNMI smart devices while keeping sensitive data secure and within geographical boundaries.

Our integrated terminal-cloud architecture allows us to nurture a loyal customer base. Among the top 100 customers that have registered their smart devices with SUNMI DMP since 2016, approximately 80% purchased and registered additional SUNMI smart devices in 2025.

The below diagram highlights SUNMI DMP’s key features:



Case Studies

Our smart devices are designed to be integrated in a diverse range of commercial settings, primarily covering food delivery, retail, restaurants and finance. Below are a few examples.

Food Delivery

Our mature food delivery solution enhances order processing, improves delivery experience, and streamlines operational management while significantly reducing costs. By continuously refining our offerings and expanding global after-sales support, we have earned widespread recognition from industry players.

BUSINESS

For example, since partnering with the Meituan group in 2016, we have served as the core technology provider for Keeta, the international subsidiary of Meituan. When Keeta entered its first market in Hong Kong in May 2023, we secured the contract by delivering superior product performance.

The SUNMI V Series and L Series empower the world's largest coffee chain to tackle challenges in delivery operation efficiency. Faced with a massive volume of daily delivery orders, SUNMI's products, with its powerful performance and stable systems, have optimized the order management process. In stores across China, our smart terminals and corresponding software have been deployed, enabling seamless integration with platforms, and proprietary delivery platforms. This eliminates the disorders of operating multiple devices and the risks of missed or erroneous orders.



SUNMI Smart Device For Higher Efficiency

Product highlights

-  Automatically order receiving
User-friendly, smooth, voice output equipped.
-  Quick receipt printing
Big paper capacity, high-speed 58mm thermal printer, a driver of efficiency.
-  Integrate multiple functions
Easy to use, tableside checkout and online order receiving.

Cloud-terminal integrated services

-  Configure and manage, from the cloud.
Seamlessly manage and configure your device fleet on SUNMI DMP.

Additionally, by integrating order system and store management system, our smart devices enable real-time synchronization of full-chain operating data from order reception, production scheduling, to meal delivery. Through an intuitive interface, store employees can quickly process orders and allocate resources flexibly. Powered by our SUNMI Max BIOT PaaS Platform, pre-installed data analysis modules and capabilities are easily to be integrated to analyze full-chain operating data, enabling merchants to accurately track sales trends and inventory dynamics. This efficient operation continuously enhances the customer experience and solidifies our brand's leading position in the delivery market. This module does not have access to any personal data. The below graphics illustrate the innovativeness and flexibility of our smart devices in the food delivery sector:

Retail

We provide end-to-end solutions tailored to diverse retail formats, including front-store-back-warehouse setups in fashion retail, integrated warehousing in chain supermarkets, large shopping malls, and convenience stores offering lifestyle services.

HotMaxx

As a leading national discount retail brand, HotMaxx has established a strong presence in the retail industry through its distinct business model and precise market positioning. Since its inception in 2020, HotMaxx has achieved remarkable growth, expanding to over 800 stores across more than 100 cities. With a product portfolio exceeding 20,000 SKUs and partnerships with over 3,000 brands, HotMaxx plans to surpass 5,000 stores within the next three years. Throughout this dynamic expansion, SUNMI has remained a trusted partner.

SUNMI provided HotMaxx with its first POS terminal at its inception, marking the beginning of a strategic partnership. The rapid scale of HotMaxx's expansion has placed significant demands on SUNMI's devices and services. Leveraging its stable and reliable product supply, comprehensive customer service network, and devices designed for cloud-based management and continuous iterative upgrades, SUNMI has enabled HotMaxx's sustained high-speed growth.

Currently, each HotMaxx store is equipped with an average of three SUNMI smart devices, with over 2,000 devices deployed across its nationwide footprint. These solutions support critical operational scenarios, including

checkout, inventory management, and member services. For example, SUNMI's D-series devices, implemented in HotMaxx stores, deliver a seamless combination of high performance and appealing appearance. These devices not only ensure the stable operation of checkout systems but also enhance HotMaxx's brand image. During peak traffic periods, such as promotional campaigns, the D-series devices empower store staff to process transactions swiftly and efficiently, significantly reducing customer wait times and optimizing the overall shopping experience.

We also are partnering with Mi Home, a Swedish furniture giant, and a Japan-originated global convenience store chain to deploy our smart devices, streamlining inventory and sales workflows across all stages, from order placement, shelf stocking, and stocktaking to expiry tracking, checkout, and payment. This integration provides real-time operational visibility and control, improving accuracy and efficiency across the retail chain.

Restaurants and Beverage

The food and beverage industry is highly competitive, demanding top-tier operational efficiency across complex service environments. These dynamics create a pressing demand for BIoT solutions, particularly in terms of functionality, design flexibility and reliability. Our comprehensive IoT product portfolio addresses these needs, becoming a key driver of digital transformation for leading brands such as *Good me* and *Xibei*.

In the fast-growing new tea beverage industry, the pace of consumption upgrades is fueling rapid expansion, marked by a surge in store openings and an increase in order volumes. SUNMI is leveraging its smart devices to optimize the user experience, ensuring every transaction is smooth and reliable.

Xibei:

Xibei is a brand in China's full-service dining industry, widely recognized for its commitment to brand revitalization, product innovation, and a strong supply chain system. These strengths have helped *Xibei* maintain steady market performance.

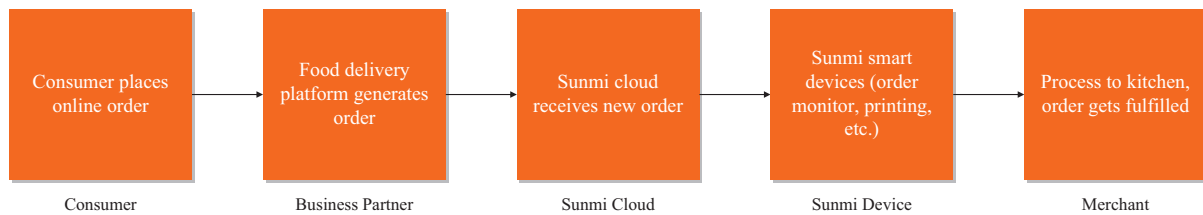
SUNMI began its partnership with *Xibei* in 2019, bringing smart BIoT solutions to enhance operations and customer experiences. Since then, SUNMI's IoT devices have been deployed in a variety of scenarios, including queue management, table-side ordering, mobile service, counter checkout, voucher redemption, online order processing, membership management, kitchen display systems, menu management, staff scheduling, and overall operational management with total over 12,000 devices in use.



One standout solution features a 6.75-inch large display for clear menu presentations and an octa-core processor for smooth app performance. This device streamlines key processes like queue management, ordering, mobile payments, and voucher redemption, drastically reducing customer wait times during busy hours.

In the kitchen, where chefs juggle high-intensity tasks, SUNMI's smart devices offer real-time support AI voice and gesture recognition. In a busy kitchen environments with high noise levels, SUNMI's smart devices can accurately recognizes voice and gesture commands, allowing chefs to issue instructions to other stations and update meal-preparation statuses without interrupting their work. At the same time, SUNMI's cloud kitchen printers promptly output orders and preparation lists, improving coordination between front and back of kitchen and enhancing operational efficiency. Powered by SUNMI's proprietary communication protocols, these printers avoid data loss and achieve operational reliability, as illustrated below.

BUSINESS



Finance

We served as a participant in China's transition from cash to digital payments, serving as both participant and catalyst in fintech adoption. Our collaboration with Asia's leading acquirer integrates AI capabilities like object recognition and voice interaction, extending mobile payment infrastructure to rural communities. Internationally, our BIoT solutions power leading fintech players - including top payment platforms in Korea and India - enabling diverse transaction methods from QR codes to contactless NFC. These partnerships demonstrate our ability to adapt core technologies to regional payment ecosystems while maintaining universal security standards.

Alipay:

Financial payment products operate under strict certification standards and security requirements. SUNMI, prioritizing compliance and security, continuously responds to global market demands by driving technological innovation and implementation.

In China, SUNMI has maintained a long-term partnership with Ant Group. Since 2018, this collaboration has included the promotion of facial recognition-based payment solutions and the deployment of solutions in closed environments such as canteen group dining scenarios. In recent years, the partnership has expanded to promote NFC-based payment technology through the "Alipay Tap!" solution. SUNMI has supplied tens of thousands of devices to Ant Group for nationwide deployment, becoming its primary supplier of the "Alipay Tap!" series featuring built-in printing modules.

During the process of product development, leveraging its extensive experience in designing and developing Android-based smart handheld devices, SUNMI overcame numerous technical challenges to integrate a receipt printer into a highly compact form factor. This innovation enables users to complete transactions quickly with a simple "tap" interaction, eliminating the need to open a payment app, thereby enhancing the user experience, as illustrated below.



From the launch of the first transaction to April 24, 2025, with only 321 days, "Alipay Tap!" has been rolled out across more than 400 cities in China. Over 5,000 brands and millions of merchants have adopted the solution, extending its use beyond payments to scenarios such as ordering, access control, bike-sharing, and hotel check-in with a total of 300 specific scenarios. The user base has surpassed 100 million.

VNPAY:

VNPAY, a leader in Vietnam's electronic payment industry, provides payment services and solutions. Addressing the needs of Vietnam's local payment ecosystem, VNPAY has partnered with SUNMI to launch the

BUSINESS

VNPAY-SmartPOS solution, focusing on “technology integration + scenario coverage.” This solution has achieved extensive application across various scenarios, including taxis, retail, and convenience services.

The collaborative solution supports all types of card payments and integrates the VNPAY-QR payment method. As a result, VNPAY’s partner merchants can process transactions through 32 local bank apps and 10 e-wallets in Vietnam, helping businesses widen their consumer base.

Moreover, leveraging SUNMI’s smart BIOT solution technology, VNPAY can efficiently develop, deploy, and manage payment solutions that are deeply integrated with specific scenarios. This enables VNPAY to offer customers end-to-end digital solutions, from payment processing to business workflows, enhancing customer loyalty and solution competitiveness. VNPAY’s taxi payment solution ranks top in market coverage in Vietnam.

Our BIOT PaaS Platform

We have developed the industry’s first PaaS platform—the SUNMI Max Program—a low-code, modular-based platform that enables businesses and developers to efficiently build, manage, and upgrade software applications for use on their smart devices. SUNMI Max Program consists of more than 1,000 modules spanning over 20 verticals. As of December 31, 2025, a cumulative total of over 20,000 businesses from approximately ten countries and geographic regions adopted the SUNMI Max Program.

With the SUNMI Max Program, businesses are able to streamline their smart device deployment by accessing pre-built, customizable software solutions. This is particularly important for businesses in emerging markets where software development resources may be limited. The SUNMI Max Program empowers them to implement our solutions without significant investment in infrastructure or specialized expertise, enabling them to compete with larger, more resource-rich enterprises.

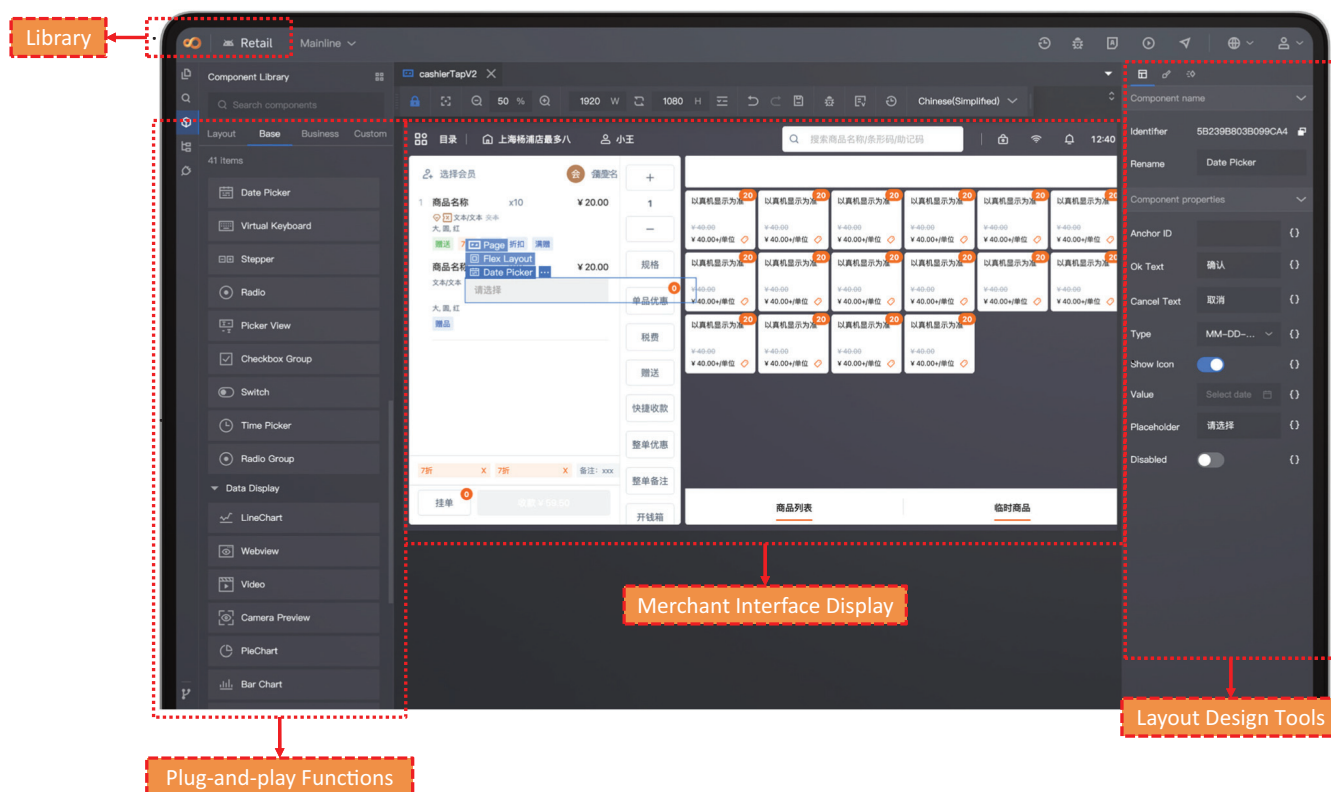
Rather than building functionalities from scratch, businesses can focus on integrating, optimizing, and customizing modules, leading to faster time-to-market and lower operational costs. For example, G-POS, a restaurant management system integrated with Grab in Thailand, leveraged our PaaS platform, the SUNMI Max Program, to develop a commercial application tailored to the Thai restaurant industry. With just three software engineers, G-POS significantly reduced development time and staff costs, as approximately 90% of the application’s functionality was built using pre-existing catering templates from the SUNMI Max Program, while G-POS’s engineers could focus solely on localization development.

We provide developers with multiple tools and services that cover the entire development lifecycle, from coding and deployment to operations and maintenance. Our BIOT PaaS platform and SUNMI App Store offers features such as gradual application rollout, remote updates, and data analytics, enabling developers to continuously refine software experiences without the need to build complex backend infrastructure.

The SUNMI Max Program is also designed with built-in security features and governance tools to ensure data protection and regulatory compliance across various industries and regions. With our encryption, access controls, and authentication mechanisms, businesses can safeguard sensitive information and prevent unauthorized access. The platform also adheres to global compliance standards of the countries and regions where we conduct business, helping businesses meet industry-specific regulations.

BUSINESS

The SUNMI Max Program features intuitive interfaces that enable business users and citizen developers to create software applications without sophisticated programming skills, as illustrated in the below screenshots.

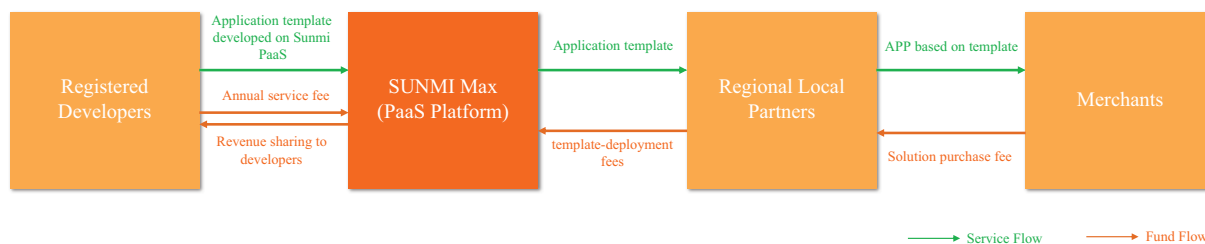


Based on our SUNMI Max Program, registered developers are able to develop application templates, and potentially we may charge registered developers annual service fee. The SUNMI Max Program provide application templates to regional local partners. Our regional local partners are application developers, solution integrators, fin-tech companies and service providers, etc, which all are our potential customers.

- Regional local partners further adapt these templates and develop applications that run on our smart devices.
- Regional local partners collect solution purchase fees from merchants, and share the fees with registered developers and us.

For our PaaS platform services, we generally charge an annual license fee. We also charge regional local partners template deployment fees, which are typically determined by the number of devices they deploy. Because our PaaS platform services are designed to be used with our smart devices, there were no customers during the Track Record Period and up to the Latest Practicable Date who purchased only our PaaS platform services; customers who purchase our PaaS services generally also purchase our smart device solutions. In the future, if our PaaS platform reaches greater scale, we may charge registered developers an annual service fee.

The below flowchart illustrates the operation flow of SUNMI Max Program among the key parties, where all revenue indicated below have been realized:



BUSINESS

Product Pricing and Sales

We generate our revenue predominantly from sales of our BIoT solutions mainly including smart devices. We price our smart devices primarily based on the overall market price. We adopt pricing strategies based on the specifications and requirements of different regions and countries. Based on this anchor point, overall market prices and trends, and our own profitability analysis, we adjust our prices within the market price range to ensure competitiveness while maintaining our market positioning.

During the Track Record Period, our smart devices were offered at a wide range of prices to reflect differences in models and configurations, with smart desktop devices ranging from approximately RMB560 to RMB18,500 per unit, smart mobile devices from approximately RMB330 to RMB4,800 per unit, and smart payment devices from approximately RMB330 to RMB3,300 per unit.

In addition, for the businesses that develop their own software applications using our BIoT PaaS platform, we typically charge fees only after the relevant customers have completed their application development. We price our BIoT PaaS platform service fees primarily based on the overall market price and the number of SUNMI smart devices using the software applications developed. PaaS platform service fees was from approximately US\$1.3 to US\$70 per device for one year. For customers purchasing BIoT devices and PaaS platform services as a bundle, we charge them a fixed price per unit with pricing evaluated based on factors, such as market dynamics in the relevant geographic regions, customer demands, and transaction patterns within the relevant industry.

The following tables set forth details on the sales volumes, net of our smart devices during the Track Record Period.

	For the year ended December 31,		
	2023	2024	2025
	Sales Volume (Unit in thousands)		
Smart desktop devices	544	498	562
Smart mobile devices	752	872	1,082
Smart payment devices	1,926	2,433	2,498
	<u>3,222</u>	<u>3,803</u>	<u>4,142</u>

The sales volume of smart desktop devices slightly decreased from 544,000 units in 2023 to 498,000 units in 2024, primarily attributable to a decline in orders from customers in China as more customers decided to shift to our V Series products. The sales volume of smart desktop devices increased from 498,000 units in 2024 to 562,000 units in 2025, primarily due to the increased customer demand from medical sector in China.

The sales volume of smart mobile devices increased from 752,000 units in 2023 to 872,000 units in 2024, primarily due to our strategic expansion in Europe. The sales volume of smart mobile devices increased from 872,000 units in 2024 to 1,082,000 units in 2025, primarily due to the increased customer demand in food delivery sector.

The sales volume of smart payment devices further increased from 1,926,000 units in 2023 to 2,433,000 units in 2024, primarily driven by the expansion of our customer base and the increasing global adoption of mobile payment solutions. The sales volume of smart payment devices slightly increased from 2,433,000 units in 2024 to 2,498,000 units in 2025, primarily due to Customer A resumed ordering in the fourth quarter of 2025, while certain customers in the Americas reduced their purchase volume in 2025 based on their own order schedules.

OUR CORE TECHNOLOGY

Since our inception, our technologies have not only made our BIoT solutions cater to merchants' evolving needs, but also pushed the boundaries of predicting and addressing their future needs in a digitalized, connected world. Particularly, we have built proprietary technologies around our "three-stage rocket" framework, including (a) the smart devices, (b) the BIoT PaaS platform, and (c) the BIoT-centric business intelligence.

Stage One – Smart Devices

Standardization of Smart Terminals

To meet the rising demand for standardization across hardware and software, we have developed proprietary SUNMI Common Build Block ("CBB") technology. This innovative CBB approach streamlines our technology platform by creating a shared library of hardware and software components that enables efficient scalability and rapid product upgrade.

The construction architecture of CBB is built on four layers: system ecology, core chip platform, motherboard technology architecture, and R&D material library; each layer is divided into multiple subcategories and our technology management also includes multiple dedicated systems, such as screens, vision (including code scanning),

BUSINESS

printing, NFC, and advanced lithium-ion batteries tailored for commercial equipment. Within this framework, we emphasize the standardization and reuse of components, measured by the proportion of projects adopting standardized components and the frequency of reuse of such components across projects. Higher levels of standardization expand the breadth of component coverage, while greater reuse deepens integration across different product lines, enabling a single component's iteration, quality assurance, and customer-driven improvements to benefit multiple projects simultaneously. This organized framework enables us to continue developing customized products while ensuring compatibility and integration across its product portfolio.

By facilitating a comprehensive evaluation of design frameworks, key components, and localized design options for various scenarios, our CBB technology creates a shared architecture and common materials across devices, turning complex product reconstructions into streamlined, modular integrations. The table below provides a comparison of key indicators in relation to standardization of BIoT products across three generations of our products.

	SUNMI First- Generation Product	SUNMI Second- Generation Product	SUNMI Third- Generation Product
Product Standard Architecture	0	1	8
Average Number of Models Sharing the Main Chip	1	5	8.7
Average Number of Models Sharing the Screen Module ...	1	2.3	3.8
Battery Module Standardization Rate	0	28.9%	85.7%
Motherboard Standardization Rate	0	12%	100%

As a result, products within the same series developed using our CBB technology achieve significantly faster progress compared to previous generations. Specifically, efficiency in design solutions and material selection can improve by over 50%, as a second solution can often be developed by reusing the design and material selection of a prior solution rather than starting from scratch. Streamlined operations and an integrated production framework, such as the use of standardized modules with prepackaged interfaces that have already entered mass production, enable a significantly higher turnover rate that is more than doubles, based on our assessment.

SUNMI OS and DMP

Robust Network Connections and Transmissions

SUNMI LINK Protocol

We have established our proprietary SUNMI LINK protocol, which re-defines the standards for product discovery, data transmission, and operational control within a local area network. We have integrated such protocol into SUNMI OS, enabling our smart devices to effectively identify, communicate, and operate with one another. Our SUNMI LINK connects a single device in 6.4s, which is 1.5 times faster than standard Android operating system. Our SUNMI LINK connects five devices in an average of 12.9s which is 2.8 times faster than standard Android operating system, with greater efficiency as the device count scales.

Hyper Wi-Fi

Our proprietary advanced Wi-Fi module, Hyper Wi-Fi, is a long-range, low-power Wi-Fi HaLow module compliant with the IEEE 802.11ah standard. This technology module is designed to meet the growing demands of modern businesses, where simultaneous, seamless and reliable connectivity with low latency is essential for efficient operations. Hyper Wi-Fi offers ten times the range of traditional Wi-Fi, making it ideal for both indoor and outdoor applications.

By supporting a vast range of smart devices, Hyper Wi-Fi enables businesses to expand their coverages without the limitations of traditional Wi-Fi. Hyper Wi-Fi's high capacity ensures that numerous smart terminals can connect simultaneously without compromising performance. This is particularly important in crowded environments with dense device populations, highly shielded spaces, or large areas requiring long-distance communication, as illustrated in the table below.

Stage Two – BIoT PaaS platform and Software Applications

BIoT PaaS Platform

Our modular-based low-code PaaS platform serves as a common software infrastructure equipped with ready-to-use development tools, allowing businesses and developers to efficiently build, manage, and upgrade applications for smart devices. By providing a standardized yet customizable foundation, the platform simplifies application development, reduces coding complexity, and accelerates time-to-market. This approach ensures that businesses can focus on innovation while leveraging a scalable and flexible infrastructure tailored to their operational needs.

BUSINESS

With a modular-based architecture, businesses can select and integrate only the components that best align with their specific requirements, eliminating unnecessary features and optimizing performance. This structure also enables efficient resource allocation, as businesses can focus on enhancing mission-critical modules rather than developing applications from the ground up. At the same time, this modular approach allows us, as the platform provider, to continuously optimize proprietary modules that are essential for various business processes in a commercial setting. The technical advantages of a modular-based platform include:

- **Enhanced system maintainability:** A modular design allows businesses to update, replace, or debug individual modules without disrupting the entire system, reducing downtime and ensuring smoother operations. This structure also makes it easier to identify and fix issues, as each module functions as an independent unit, leading to faster troubleshooting and resolution. Additionally, businesses can scale or modify their applications incrementally, without requiring a complete overhaul, ensuring long-term sustainability and efficiency.
- **Greater adaptability:** By leveraging modular components, businesses can quickly adjust their applications to meet evolving market demands, regulatory changes, or customer preferences. This agility ensures that businesses can integrate new technologies or features without requiring extensive redevelopment. Furthermore, industry-specific modules allow businesses to tailor their solutions for different sectors, from retail and hospitality to logistics and healthcare, maximizing flexibility and relevance.
- **Improved scalability:** We encapsulate complex hardware variations into a SDK, which includes approximately 800 APIs for unification and peripheral as of December 31, 2025, integrating functionalities such as sensor invocation and device interactions. Developers can focus on business logic without the burden of adapting applications to different hardware environments. This streamlined approach allows for seamless global deployment and cross-industry scalability, empowering businesses to efficiently expand their BIoT solutions across diverse markets and verticals.

As a low-code platform, our PaaS solution includes over 1,000 pre-built business functions templates, covering essential functions such as user registration, membership management, order processing, and takeout services. This significantly reduces the need for manual coding, enabling faster application development with minimal programming expertise. The key advantages of a low-code platform include:

- **Increased agility:** Low-code development accelerates the software development cycle, allowing businesses to rapidly build, test, and deploy applications. With visual development tools and pre-built templates, businesses can implement changes in real-time, quickly responding to market trends, customer feedback, or operational challenges. This ability to iterate and adapt swiftly ensures that businesses remain competitive and innovative in a fast-changing digital landscape.
- **Reduced development costs:** By minimizing the need for extensive coding, low-code platforms lower dependency on highly skilled developers, reducing both labor costs and time-to-market. Additionally, businesses can cut infrastructure expenses by leveraging cloud-based development environments, which eliminate the need for expensive on-premise servers and software licenses. The streamlined development process also translates to fewer errors and reduced debugging efforts, further optimizing cost efficiency.
- **Lower technical barriers to entry:** With an intuitive drag-and-drop interface and pre-configured modules, low-code platforms enable non-technical users—such as business analysts and product managers—to actively participate in the development process. This democratization of app development reduces reliance on IT departments, fostering cross-functional collaboration and ensuring that applications align more closely with business needs. Additionally, organizations can train and onboard new developers faster, accelerating the pace of digital transformation.

With strong cross-platform and global deployment capabilities, applications developed on our PaaS platform operate seamlessly across web and mobile environments. This enables businesses to maintain a consistent user experience while maximizing their reach across multiple operating systems. According to CIC, our PaaS platform improves developer efficiency by over 30%, compared to traditional development without the adoption of our PaaS platform. Additionally, our global deployment capabilities support automatic tax rate calculations across different countries and ensure compliance with regional data privacy and storage regulations, helping businesses meet complex regulatory requirements effortlessly.

Our BIoT PaaS platform is built on a cloud computing environment, incorporating cloud computing containers and cloud service resources that are fully integrated with applications—key components in building SaaS-enabled solutions. Additionally, cloud-native deployment enhances data security and disaster recovery, while automated

updates and maintenance ensure applications remain up-to-date without manual intervention. By leveraging cloud computing, our platform provides businesses with a reliable, scalable, and secure environment for developing their BIoT-centric applications efficiently.

Stage Three – BIoT-centric Data Solutions that Empower Exchanges of Data Assets

As a BIoT solution provider that facilitates business data exchanges, such as sales, inventory and device location data, we harness the vast volumes of business data processed through our smart devices to deliver data-driven business intelligence to our customers beyond the traditional BIoT ecosystem. These data insights are particularly valuable for providing actionable business intelligence based on authentic and reliable data. When a transaction occurs via a smart device, such as a POS terminal, the device records it with synchronized, matching timestamps, ensuring the accuracy and trustworthiness of the transaction data.

This, combined with the blockchain technology, can significantly enhance data exchange by ensuring security, transparency, and immutability across business transactions. To facilitate business data exchange, we primarily provide business data processing and cleansing services, and validate data authenticity through device behavioral data, aiming to enhance the circulation efficiency of valuable data across upstream and downstream entities in the industry chain. Building upon this technological foundation, we intend to extend the value proposition by offering data-driven solutions, such as industry-specific sales reports, location-based market environment analyzes, as well as post-marketing performance evaluations. These valuable insights will further enable businesses to make informed decisions and optimize their strategies.

Currently, the data we process is mainly provided by customers with their prior consent. For example, we partnered with a small to medium-sized chain pharmacy in Shanghai to deliver data-driven analytics on drug pricing strategies for a pharmaceutical manufacturer. In this partnership, we provided data processing and cleansing services to the small chain pharmacy, generating the final data analysis report based on sales and inventory data provided by the pharmacy. Based on the services we delivered, the pharmacy further provided this report to pharmaceutical companies for their use. Since sales data is processed through our smart devices, the insights generated are both accurate and reliable. By leveraging our advanced data analytics capabilities, we deliver such data analysis reports that enable the pharmaceutical manufacturer to effectively and efficiently evaluate and optimize its drug pricing strategies. In the future, we plan to expand our data sources to include obtaining government authorized public data, collecting publicly available data through online channels, and purchasing legally sourced data from suppliers. This data will not include personal information and such analysis report are accessible only by designated customers. We will process and clean this data to create data analysis reports, which we will provide to our clients to support their sales forecasting and strategic decision-making.

Application of Artificial Intelligence

We believe AI is the cornerstone of future productivity, and we have strategically developed a comprehensive “Edge AI” framework. Starting with our third-generation products, our roadmap emphasizes chip platforms with powerful NPUs to ensure scalable support for advanced AI algorithms. Our smart devices are engineered with AI-ready hardware, including enhanced sensors, microphone arrays, and cameras, to enable seamless machine vision and natural language interaction. We further strengthen our platform with proprietary human-computer interaction algorithms and embedded foundational AI models, significantly reducing developers’ need for substantial R&D investments. Through our open AI Framework, we standardize algorithm interfaces, allowing third-party providers to contribute innovations while giving developers the freedom to adopt or switch algorithms without additional redevelopment costs. This fosters a collaborative, flexible, and future-proof ecosystem that accelerates AI adoption across industries.

Automated Goods Recognition

We have applied proprietary AI algorithms into its smart scanners to accurately recognize the goods in various formats (the “**Automated Goods Recognition**”). These AI algorithms consist of two core components: (i) goods recognition algorithms, which identify products based on distinct characteristics, and (ii) barcode scanning algorithms, which enable efficient and precise data capture. This technology application significantly enhances the functionality of the scanners, which allows merchants to swiftly assess and verify items during each transaction, as illustrated below.

As of December 31, 2025, the Automated Goods Recognition can accurately identify unlimited number of dish and fruit and vegetable products, providing real-time learning recognition rate of 98.66% and corresponding rates within 100ms. It processes single dish images with precision, providing detailed information such as the dish name and confidence level. Additionally, it supports the creation of custom image libraries, which allows for simultaneous recognition of multiple dishes. These AI-powered advancements enable merchants to go beyond standard product recognition, delivering tailored solutions for the food and hospitality industries and significantly enhancing operational efficiency in these sectors.

BUSINESS

The application of Automated Goods Recognition has significantly improved customer satisfaction and surpassed similar products from our industry peers, particularly in key metrics such as hit rate and average processing time. For instance, one customer noted that the application of our Automated Goods Recognition reduced the average item recognition time by two times, which alleviated store operation pressures, enhancing both efficiency and consumer satisfaction levels. According to CIC, among our direct competitors, we are only BIoT solution provider for businesses that has self-developed Automated Goods Recognition.

AI-driven Low-code PAAS Platform

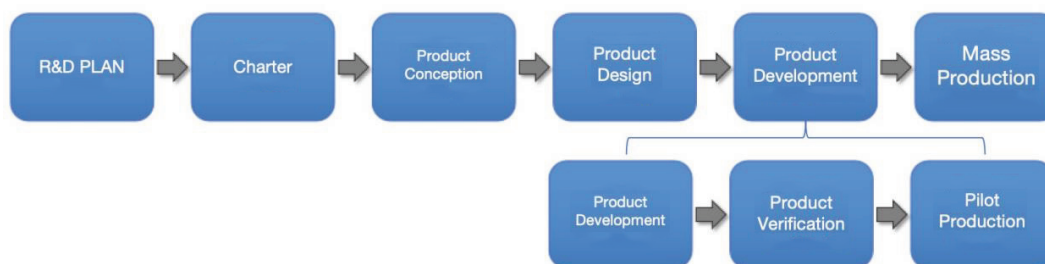
By integrating high-performance computing platforms, hardware-optimized designs, and a mix of proprietary and third-party algorithms, we offer developers a unified and intuitive development environment. Our AI developer framework combines our self-developed human-computer interaction and general-purpose algorithms with a platform that also allows third-parties to contribute their AI solutions under a unified interface. This approach not only streamlines the adoption of AI capabilities but also protects developers from redundant investments, allowing them to efficiently harness the latest AI technologies.

RESEARCH AND DEVELOPMENT

R&D Principle

R&D is the driving force behind our innovation. Our strong R&D capabilities empower us to continuously develop groundbreaking BIoT solutions that set new industry benchmarks. By maintaining an unwavering focus on technological advancement, we remain as a leader of the BIoT industry, consistently pushing the boundaries of what is possible. Through continuous breakthroughs in hardware, software, and data solutions, we not only enhance the efficiency and scalability of BIoT applications but also redefine industry standards—enabling businesses to embrace smarter, more connected solutions for the future.

Our R&D process includes R&D planning, chartering, conception, design, development and mass production, as illustrated in the below flowchart. Our R&D activities are conducted entirely in-house, without the involvement of any external parties.



R&D Staff

We believe our talented and experienced R&D staff enables us to continually introduce new innovations. As of December 31, 2025, we had a research and development team of 608 people, representing 46.4% of our total employees. Among these R&D staff, many of them have substantial R&D experience with other renowned technology companies before joining us. The following table sets forth a breakdown of the number of our R&D staff as of December 31, 2025 by work functions.

Functions	Numbers
Smart hardware (including smart devices, SUNMI OS and DMP)	454
PaaS platform	89
Network connection	28
Industrial and product design	12
IT infrastructure	25
Total	608

During the Track Record Period, our R&D efforts were primarily focused on the development and enhancement of smart hardware across the aforementioned categories, as well as the PaaS platform and experimental data-driven offerings. By consistently investing in R&D, we drive continuous innovation and product upgrades across its diversified BIoT solution offerings.

Our R&D team is led by seasoned industry veterans with profound visions and insights. For example, our founder, Mr. Lin Zhe had over two decades of experience in BIoT device industry, and Mr. Lin led the team launch the

BUSINESS

world's first Android-based POS terminal in the early 2010s. In 1999, Mr. Lin invented the world's first PC-based POS terminal. With Mr. Lin's deep and unique insights into the global rise of the Android system and growing market demand for Android-based POS terminals, in the early 2010s, Mr. Lin led the team to launch the world's first Android-based POS terminal. Leveraging his long-term and in-depth understanding of the industry, Mr. Lin led the Company in establishing its inner and outer ecosystem with many other players in the industry, including strategic cooperation partners, our major suppliers and customers, and other market participants.

The table below set forth our core R&D projects, including targeted outcome, stage of development and expected commercialization or launch timeline.

In-progress Project	Description of Targeted Outcome	Current Stage of Development	Expected Commercialization / Launch Timeline
Third-generation upgrade of high-end products within product matrix	Upgrade of overall structural design for handheld products, including enhanced functional specifications (standard features include Hyper WiFi, fingerprint recognition, and other general functions) while maintaining comfortable handheld experience and lightweight design (slimmer design with an overall thickness; increased screen size, touch and operation experience improvement); upgrade of overall device efficiency to support longer battery life.	Engineering prototype verification stage (EVT)	March 2026
Continuous expansion and upgrade of AI framework	Our product builds on our existing AI framework to expand human-computer interaction and general AI capabilities, while enabling third-party AI middleware for broader developer functionality. On the voice side, we define microphone standards for directional and fixed-distance pickup to capture clear, critical audio in noisy back-of-house environments, and speaker standards for human-machine dialog with explored directional output so users hear clearly while minimizing disturbance to others. Core voice algorithms include noise reduction, direction of arrival, recognition, multilingual and dialect support, and translation. For gestures, we combine cameras, ultrasound, and LiDAR to capture operator identity and hand signals suited to kitchen conditions, paired with gesture recognition and tracking to quickly and accurately identify users and interpret gestures.	Design and planning stage	2026

INTELLECTUAL PROPERTY

Since our inception, we have internally developed a variety of intellectual property rights. As of December 31, 2025, we held 153 registered software copyrights, 688 registered patents, with 10 patents registered overseas, 316 registered trademarks, with 163 trademarks registered overseas. See "Appendix IV — Statutory and General Information — Further Information About Our Business — Intellectual Property Rights" for details of our material intellectual property rights. We have not experienced any material disputes or claims for infringement of intellectual property rights with third parties during the Track Record Period and up to the Latest Practicable Date.

BUSINESS

SALES AND MARKETING

Overview

We have a comprehensive and structured sales and marketing team that operates across three core functional areas: market planning, marketing promotion, and strategic product planning. Each area plays a distinct yet interconnected role in driving our market presence, aligning its products and technologies with customer needs, and uncovering new growth opportunities. As of December 31, 2025, we had 297 employees responsible for sales and marketing activities. We generally conduct our sales and marketing activities through offline channel. We solicit customers through the means of online and offline advertisements, participation in tendering, strategic cooperation with associations and chambers of commerce in the Wi-Fi and retail industries, displays at SUNMI Home and conference attendance in the areas of fintech and retailing, among others. As a part of our sales incentive scheme, we offer rebates to distributors who achieve certain sales goals while providing tiered discounts based on the purchase amount to direct sales customers whose order quantity exceeds a certain amount.

We sell and distribute our products through an omnichannel approach, both online and offline. Our online channel includes self-operated official flagship stores on e-commerce platforms, such as the Tmall and JD.com flagship store. Our offline channels include: (i) direct sales, and (ii) sales to distributors.

The table below sets forth a breakdown of our revenue both in absolute amount and as the percentage of total revenue by our online and offline channels for the periods indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
<i>(in thousands, except for percentages)</i>						
Online channel						
Sales through self-operated channel	10,027	0.3	6,975	0.2	7,842	0.2
Subtotal	10,027	0.3	6,975	0.2	7,842	0.2
Offline channel						
Direct sales	2,385,725	77.7	2,740,098	79.3	2,833,607	74.3
Sales to distributors	674,817	22.0	709,304	20.5	970,409	25.5
Subtotal	3,060,542	99.7	3,449,402	99.8	3,804,016	99.8
Total	3,070,569	100.0	3,456,377	100.0	3,811,858	100.0

During the Track Record Period more than 50% of direct sale revenue was generated from end-customers in our major industry verticals, including payments, food & beverage and retails.

Online Channel

We had our first online store on Tmall and JD.com in 2017. In 2023, 2024 and 2025, our revenue attributable to online channels amounted to RMB10.0 million, RMB7.0 million, and RMB7.8 million, respectively, representing 0.3%, 0.2%, and 0.2% of our total revenue, respectively.

We have entered into agreements with the e-commerce platforms to operate and manage our online stores. The following table sets forth a summary of the salient terms of our typical agreements with e-commerce platforms:

- **Duration.** The terms of our agreements with e-commerce platforms are typically one year. Upon the expiration, if neither party raises any objections, the validity of such agreement shall be automatically extended for another 90 days, and the renewal agreement shall be signed before the expiration of 90 days.
- **Service provided by the e-commerce platforms.** The e-commerce platforms usually provide software services in relation to online information services, software technology services, marketing and promotion resources, transaction management, transaction completions and other services.
- **Service charges.** We shall pay e-commerce platforms service charges which are calculated by taking a prescribed percentage of the gross turnover of the online stores operated on the e-commerce platforms. Service charges are usually paid on a real-time, periodically basis as set forth in the relevant agreements.
- **Payment terms.** We shall pay the prepayment to the e-commerce platform and settlement within seven working days.
- **Code of conduct.** We are subject to the code of conduct of the e-commerce platforms. We shall follow the standard code of conduct regarding the scope of business, anti-bribery and anti-competition, confidentiality, customer protection and data protection requirements.

BUSINESS

- **Termination.** The service agreements can generally be terminated upon expiration of contract terms, prior written notice or in the event of a material breach.

Offline Channels

Direct Sales

We have entered into direct sales agreements with certain of our customers. All of our direct sales customers are required to either enter into a sales framework agreement with purchase order or issue a purchase order to procure our products. For customers with long-term purchasing intentions, we typically execute a sales framework agreement and require a purchase order that sets out the general business terms for each order placed. For customers without long-term intentions, including one-off purchasers, we generally accept a purchase order incorporating the same business terms applicable to long-term customers. As of the Latest Practicable Date, all of our direct sales customers entered with purchase order with us. During the Track Record Period, our customers with framework agreements accounted for more than 65% of our direct sales revenue.

In 2023, 2024 and 2025, revenue generated via offline direct sales amounted to RMB2,385.7 million, RMB2,740.1 million and RMB2,833.6 million, accounting for 77.7%, 79.3% and 74.3% of the total revenue generated in the same periods.

A summary of the typical salient terms of our purchase order with our direct sales customers as following:

- **Payment and credit terms.** We typically required our customer to settle our payment within credit terms determined on a case-by-case basis. We assign different credit terms, typically ranging from 30 days after delivery to 180 days after monthly receipts, to customers based on their credit records, scale, financial situation, and other factors.
- **Software updates.** We may in our sole discretion make available updates, enhancements, additions, new versions or releases of the software to customers.
- **Return policy.** We generally provide a warranty for 12-36 months since date of activation, and 90 days after delivery due to quality issue. This extended period of warranty allows us to collect more data from established customers to further improve our product while demonstrating our confidence in the quality of our product offerings.
- **Intellectual property.** We retain all our intellectual property rights with respect to our products/services under the purchase order.
- **Confidentiality.** Each party to the purchase order shall treat all confidential made known to it by the other party in the strictest confidence during and after the contract terms.

Our framework agreement generally provides business terms similar to those in our purchase orders. In addition to the terms set out in our purchase orders, the typical salient terms of our framework agreement with direct sales customers are as follows:

- **Terms.** The framework agreement typically in effect for more than one year and shall be automatically renewed upon expiration.
- **Delivery and shipment.** Each party bears responsibilities and costs under the selected trade term or effective supply contract, and inspection claims are due within 14 days.
- **Confidentiality.** Each party to the purchase agreements shall treat all confidential made known to it by the other party in the strictest confidence during and after the contract terms.
- **Global trade compliance.** Each party confirms that it is not sanctioned, not on any restricted list, and not located in a comprehensively sanctioned jurisdiction, and that it will comply with all applicable export control and sanctions laws. Each party also agrees not to sell, export, re-export, transfer, or divert our products to prohibited parties, destinations, or end uses without required licenses, and customers will maintain appropriate controls and provide end-user, destination, and end-use information upon request.
- **Termination.** The agreement may terminate by giving a 30 days prior written notice or immediately in the event of a material breach by the other party. Upon termination, all payments must be settled, accepted orders fulfilled.

The framework agreements set out general terms for customers seeking an ongoing relationship with us, while detailed commercial terms (such as product specifications, unit prices, trade terms, and payment terms) are specified in purchase orders. Entering into both a framework agreement and purchase orders, or entering into purchase orders alone, does not give rise to additional legal implications.

BUSINESS

During the Track Record Period and as of the Latest Practicable Date, except Customer A there has been no incidence of premature termination of the sales agreement either by us or by our direct sales customers, nor have we or our direct sales customers materially breached such agreements.

Distributorship

In line with industry standards, we primarily rely on partnerships with distributors to market and sell our products globally. Given their geographic proximity, access to diverse local businesses and merchants, and familiarity with grid standards and regulatory requirements, our distributors are well-positioned to drive our penetration and sustained growth in global markets. Our distributors are trading companies, and act as principals in our transactions with customers, and we pay commissions for orders they obtained at the rates stipulated in the distribution agreements. Our distributors are companies with strong capabilities to distribute our products with unique resources in the industry or geographic region, while sharing our business vision and corporate values. By collaborating with distributors who possess established networks, industry expertise, and financial stability, we expand market reach, mitigate capital recovery risks, and leverage their service ecosystems to gather real-time user feedback, enabling seamless pre- and post-sales support alongside tailored solutions.

We have established a comprehensive onboarding policy to maintain a consistently high quality among our distributors. Prior to engaging any distributor, we conduct interviews with qualified candidates, assessing their industry experience and customer networks. Our selection process includes a thorough review of required business licenses, qualifications, and historical sales performance. Through these rigorous criteria, we are committed to building a global network of distributors who represent not only our products but also our corporate values.

As of December 31, 2025, we collaborated with 1,139 distributors worldwide. Our relationships with these distributors operate on a seller-buyer basis, where they purchase products from us to resell to installers and/or end users. Approved distributors may, with our permission, distribute our products in multiple countries. Sales generated by these distributors are generally recurring, except in instances where we have discontinued relationships with certain distributors, as outlined below. See also “Risk Factors – Risks Relating to Our Business and Industry – We rely on independent distributors over whom we have limited control.”

Revenue generated from our distributor sales in 2023, 2024 and 2025 was RMB674.8 million, RMB709.3 million and RMB970.4 million, respectively. The decline in our distributor sales was in line with our end-customers’ decision to directly purchase products from us. The following table sets forth the total number and movement of our offline distributors during the Track Record Period.

	Years Ended December 31,		
	2023	2024	2025
Offline distributors			
Beginning of the period	761	801	988
Additions	42	190	151
Terminations	2	3	0
Number of offline distributors at the end of the period	801	988	1,139

The following table sets forth the breakdown of our offline distributors by geographical region during the Track Record Period.

	For the Year Ended December 31,		
	2023	2024	2025
Asia Pacific	585	730	804
Europe	146	162	173
North America	12	21	35
Central & South America	16	24	51
Middle East and Africa	42	51	76
Total	801	988	1,139

We generally enter into a standard distribution agreement with each of our distributors across different regions, with key contractual terms outlined below:

- **Term and termination.** The distribution agreement typically in effect for more than one year. Certain of our distribution agreements shall be automatically renewed upon expiration. Either party may terminate the agreement without cause, given three months’ prior notice, or immediately in the event of a material breach by the other party. Upon termination, all payments must be settled, accepted orders fulfilled, and our materials returned.

BUSINESS

- **Designated sales territory.** We assign specific sales territories within which each distributor is authorized to market and sell our products. Except as required by local laws and regulations, distributors are generally restricted from selling outside their designated territories to prevent market cannibalization, with certain exceptions. As each product is connected to our system upon installation, we can easily trace its assigned location and verify whether it falls within a distributor's designated sales territory. As a consequence for breaching this requirement, we withhold product warranties and after-sales services for any products sold outside the designated territory.
- **Sales targets and rebates.** We assign yearly sales targets during their term of engagement. These targets vary among distributors based on factors such as general market conditions, economic development levels, our market penetration, strategic objectives, and estimated customer demand in each territory. To incentivize performance, we offer sales rebates for meeting targets. We will not penalize or terminate our cooperation with distributors who fail to meet the targets. In 2023 2024 and 2025, 61, 61 and 75 distributors from Chinese mainland, respectively, did not meet the annual targets.
- **Product pricing.** We provide referential price ranges for our distributors. Our distributors may adjust the pricing of our products outside of our referential ranges but we reserve the right to penalize the distributor if their selling prices led to any disruption. We define disruption as an event in which a distributor sells our products at an unreasonably low price without our approval, which leads to the loss of sales of other distributors authorized to operate in the same platform or geographical region. To distributors whose action has led to disruptions, we assign a monetary penalty of 20% of the referential price multiplied by the number of products sold under unreasonably low price.
- **Payment settlement.** We generally require distributors to settle payments within credit terms.
- **Legal compliance and business integrity.** Upholding the highest standards of business integrity is fundamental to our corporate culture, particularly in the sales and marketing activities conducted through our distribution network. Our distributors are contractually obligated to comply fully with all applicable laws and regulations, including those related to export controls and data security. Furthermore, upon receiving prior written notice, distributors are required to provide books, records, and other documentation to facilitate audits by authorities, ensuring the authenticity and compliance of transactions.
- **Performance evaluation.** In determining whether we are to continue our cooperation with an existing distributor, we evaluate our distributors on metrics including revenue, brand promotion, and customer development. We take regional differences into consideration when determining the metrics for each geographical region.

We have adopted several measures to prevent channel stuffing, which primarily include:

- *Inventory control and management:* Our inventory control and management policy for distributors is designed to ensure efficient and timely replenishment of stock. We suggest our distributors to set order quantity caps based on historical sales data, and also ask them to provide forecast before they make the order. We believe such an inventory control and management policy over distributors incentivizes them to maintain an optimal level of inventory for sales and reduce the risks of channel stuffing;
- *No minimum sales requirement:* We generally do not set minimum purchase requirements for distributors. By not imposing minimum purchase requirements on offline distributors, we allow them to order stock based on realistic sales expectations. This approach reduces the pressure on distributors to buy more products than they can sell, thereby mitigating the risk of channel stuffing;
- *Return policy:* We do not allow product return from distributors except for defective or damaged products with approval, which is generally in line with market practice. We believe such policy discourages our distributors to overload their inventories;
- *Regular inventory status review:* We review the inventory status and the sales report submitted by our distributors when their sales decline to gain a general understanding of their sales performance and provide sales advice accordingly, and therefore help them avoid overstocking;
- *Sales guide:* We provide advice to our distributors regarding product offerings that are suitable to their customers, based on our understanding of the market and historical performance information available to us, with a goal to minimize slow-selling products.

We allow our distributors to engage sub-distributors within their designated sales territories to assist in marketing and selling our products. Although we do not have direct contractual relationships with these sub-distributors or other internal regulations that are legally binding to our sub-distributors, we have implemented measures to ensure they meet

BUSINESS

our high service standards. For example, our sales team holds regular meetings with distributors to monitor sub-distributors' performance and requirements, and we also organize events with sub-distributors to promote our products directly. In addition, we monitor sub-distributors' performance, compliance with sales requirements, and inventory levels through our distributors to mitigate channel-stuffing risks by: (i) regularly reviewing distributor-provided sales status reports on sub-distributors, which give us substantial insight into end-consumer demand across geographic areas; and (ii) analyzing detailed inventory reports from distributors to identify anomalies and calibrate replenishment. To the best of our knowledge, the total number of sub-distributors was over 500 as of December 31, 2025.

During the Track Record Period and as of the Latest Practicable Date, we have not breached our agreements with our distributors in all material aspects. During the Track Record Period, we and our distributors have terminated distribution agreements before the expiration of the service term mainly due to bilateral agreements to terminate, which primarily resulted from our distributors' shift in business direction. In 2023, 2024 and 2025, the number of premature distributor termination was two, three and nil, respectively.

As we only provided pricing guideline to our distributors and to the best of our knowledge, we have not experienced any unreasonable or unauthorized pricing adopted by distributors and/or monetary penalty charged by us during the Track Record Period and up to the Latest Practicable Date. To our best knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our distributors were Independent Third Parties, and there was no employment, financing or family relationship between our distributors and us. As of the Latest Practicable Date, none of our Directors, their associates or any other Shareholder which, to the knowledge of our Directors, owns more than 5% of our share capital had any interest in any of our sales and distribution partners.

Anti-Cannibalization Risk Management

We have adopted a set of measures to avoid cannibalization among our distributors, including (i) implementing a pricing policy for all our products, and providing our distributors with recommended retail prices for our products as their guidance; (ii) designating specific distribution areas in offline channels to each distributor through distribution agreements; (iii) instituting a product tracing system that generates a unique code for our products to enhance product traceability throughout their life cycle to identify any cannibalization risk across our channels in order to promptly resolve such issues; and (iv) requiring distributors to complete filings to us prior to engaging in a project involving downstream customers.

Furthermore, we have implemented a set of policies to prevent channel stuffing, which includes (i) not accepting returns from distributors except for quality issues; (ii) recommending our distributors to provide demand forecasts and sales, procurement or inventory data to assist us in observing and monitoring channel inventory and facilitate our production planning.

OUR CUSTOMERS

We sell our BIoT solutions to businesses and merchants in over 200 countries and regions. In 2023, 2024 and 2025, we had 2,337, 2,262 and 2,434 customers, respectively. We offer a comprehensive suite of smart devices that covers 15 major industries with more than 100 sub-verticals, covering restaurant, sport and fitness, clinic, delivery and logistics.

Our key stakeholders include our strategic partners such as Ant Group, Meituan, and Xiaomi, who support us in expanding verticals for our product and our geographical coverage. In China, we have maintained a long-term partnership with Ant Group. Since 2018, this collaboration has included the promotion of facial recognition-based payment solutions and the deployment of solutions in closed environments such as canteen group dining scenarios. Since 2016, we have also entered a partnership with the Meituan group, a technology-driven retail company in China. Under this partnership, we have provided customized smart mobile devices and other products, such as DMP platform, catering to the operational needs of the Meituan group. In addition, since partnering with the Meituan group in 2016, we have served as the core technology provider for Keeta, the international subsidiary of Meituan. When Keeta entered its first market in Hong Kong in May 2023, we secured the contract with our customized smart mobile devices. From 2018 to 2022, we also provide smart devices to Xiaomi for use mainly in payment processing and logistics management. Our three strategic partners are leaders in their respective industries, each with substantial global reach across many verticals. Through our partnerships, we not only supply our products to these partners but also gain access to additional untapped verticals. Leveraging their global influence, we expect to further expand the international footprint and market penetration of our products. Our relevant product sales to Ant and its subsidiaries amounted to approximately RMB14.0 million, RMB78.6 million and RMB116.2 million for the years ended December 31, 2023, 2024 and 2025, respectively. Our relevant product sales to Meituan and its subsidiaries amounted to approximately RMB13.2 million, RMB18.5 million and RMB1.9 million in 2023, 2024 and 2025, respectively. Ant and Meituan

BUSINESS

purchased our products throughout the Track Record Period, primarily due to the development of their respective new business initiatives. During the Track Record Period, no products were sold to Xiaomi and its subsidiaries, primarily due to reduced demand from Xiaomi for our products.

Due to the fact that our major customers in the BIOT industry typically plan their budget at the beginning or the end of their fiscal year, our sales to customers demonstrate a seasonal pattern in which we tend to generate more revenue in the second half of a given year as bulk purchase orders are more likely to be made after the approval of budgets. Furthermore, as a result of our customer portfolio, our sales are often impacted by non-PRC holidays celebrated by our global customers (e.g. Christmas and Ramadan), in addition to the influence from PRC national holidays. According to CIC, our business seasonality is consistent with that of the BIOT industry. It mainly reflects the procurement and deployment cycles of enterprise and commercial customers, who typically finalize budgets at the beginning or end of their fiscal year and implement procurement in the second half. In addition, the BIOT industry is also influenced by regional consumption and festive seasons, as many customers tend to complete device upgrades or deployments ahead of major holidays or peak business periods. Such seasonality is common across the industry and reflects customer purchasing behavior rather than company-specific operational factors.

Top Five Customers

In 2023, 2024 and 2025, the aggregate revenue generated from our five largest customers during each year of Track Record Period were RMB885.1 million, RMB1,421.4 million and RMB1,449.0 million, representing 28.8%, 41.1% and 38.0% of our revenue, respectively. Revenues generated from our largest customer during each year of Track Record Period were RMB505.4 million, RMB758.9 million and RMB620.6 million, representing 16.5%, 22.0% and 16.3% of our revenues, respectively.

The revenue generated from our top customer increased from 16.5% in 2023 to 22.0% in 2024, while the revenue generated from our top five customers increased from 28.8% in 2023 to 41.1% in 2024, mainly as a result of the business expansion of smart payment device customers. The percentage of revenue generated from our top customer decreased from 22.0% in 2024 to 16.3% in 2025, while the percentage of revenue generated from our top five customers decreased from 41.1% in 2024 to 38.0% in 2025, which is in line with our success in diversifying our product offering and expanding our customer base.

The following tables set forth details of our five largest customers in each year/period during the Track Record Period:

Rank	Customers	Customer Type	Type of Products Purchased	Background	Time to Establish Business Relationship	Credit Terms	Payment Method	Revenue	% of Our Total Revenue
<i>For the year ended December 31, 2023</i>									
1	Customer A	Direct sale	Smart desktop devices, smart payment devices, smart mobile devices, accessories and parts	A payment solution provider headquartered in Manaus, Brazil.	2019	Within 110 days	Bank Transfer	505,365	16.5
2	Customer B	Direct Sale	Smart mobile devices, smart desktop devices, accessories and parts	A multinational online food ordering and food delivery company with a total asset of EUR1,242.0 million as of December 31, 2024, headquartered in Berlin and listed on the Frankfurt Stock Exchange.	2019	Within 30 days	Bank Transfer	148,678	4.8
3	Customer C	Direct Sale	Smart desktop devices, smart payment devices, smart mobile devices, accessories and parts	A fintech company operates in middle east, providing payment and digital financial solutions headquartered in Jeddah, Saudi Arabia.	2021	Within 30 days	Bank Transfer	93,649	3.0
4	Customer D	Direct Sale	Smart payment devices, accessories and parts	A mobile payment application provider headquartered in Seoul.	2022	Within 60 days	Bank Transfer	74,930	2.4

BUSINESS

Rank	Customers	Customer Type	Type of Products Purchased	Background	Time to Establish Business Relationship	Credit Terms	Payment Method	Revenue	% of Our Total Revenue
5	Customer E	Direct Sale	Smart desktop devices and smart payment devices	An artificial intelligence company focused on the big health industry with a registered capital of RMB55.0 million, headquartered in Changsha.	2021	Within 60 days	Bank Transfer	62,507	2.0

For the year ended December 31, 2024

1	Customer A	Direct Sale	Smart desktop devices, smart payment devices, smart mobile devices, accessories and parts	A payment solution provider headquartered in Manaus, Brazil.	2019	Within 240 days	Bank Transfer	758,908	22.0
2	Customer F	Direct Sale	Smart desktop devices, accessories and parts	A restaurant SaaS product and fintech solutions provider with a total asset of USD2,408.0 million as of December 31, 2024, headquartered in Boston and listed on the New York Stock Exchange.	2019	Within 210 days	Bank Transfer	287,636	8.3
3	Customer D	Direct Sale	Smart desktop devices, smart payment devices, smart mobile devices, accessories and parts	A mobile payment application provider headquartered in Seoul.	2022	Within 60 days	Bank Transfer	142,218	4.1
4	Customer G	Direct Sale	Smart desktop devices, smart payment devices, accessories and parts, PaaS platform and services	A company focused on medical insurance and innovative application services with a registered capital of RMB53.8 million, headquartered in Beijing.	2022	Within 180 days	Bank Transfer	117,690	3.4
5	Customer H	Direct Sale	Smart desktop devices, smart mobile devices, accessories and parts	A leading global on-demand delivery company with a total asset of EUR8,128.0 million as of December 31, 2024, headquartered in Amsterdam and listed on Euronext Amsterdam.	2018	Cash and carry	Bank Transfer	114,900	3.3

For year ended December 31, 2025

1	Customer A	Direct Sale	Smart desktop devices, smart payment devices, smart mobile devices, accessories and parts	A payment solution provider headquartered in Manaus, Brazil	2019	Within 120 days	Bank Transfer	620,617	16.3
2	Customer D	Direct Sale	Smart desktop devices, smart payment devices, accessories and parts, PaaS platform and services	A mobile payment application provider headquartered in Seoul.	2022	Within 90 days	Bank Transfer	253,598	6.7

BUSINESS

Rank	Customers	Customer Type	Type of Products Purchased	Background	Time to Establish Business Relationship	Credit Terms	Payment Method	Revenue	% of Our Total Revenue
3	Customer G	Direct Sale	Smart desktop devices, smart payment devices, accessories and parts and services	A company focused on medical insurance and innovative application services with a registered capital of RMB53.8 million, headquartered in Beijing.	2022	Within 180 days	Bank Transfer	231,003	6.1
4	Customer I	Distributor	Smart desktop devices, smart payment devices, smart mobile devices, accessories and parts and services	A POS and Auto-ID hardware distributor headquartered in Hochtaunuskreis, Germany.	2021	Within 60 days	Bank Transfer	202,371	5.3
5	Customer B	Direct Sale	Smart mobile devices, smart desktop devices, accessories and parts	A multinational online food ordering and food delivery company with a total asset of EUR1,242.0 million as of December 31, 2024, headquartered in Berlin and listed on the Frankfurt Stock Exchange.	2019	Within 30 days	Bank Transfer	141,385	3.7

During the Track Record Period and up to the Latest Practicable Date, save for Customer G, our five largest customers during each year/period of the Track Record Period, were independent third parties. Yunxin Venture, one of our Pre-IPO investors, holds certain equity interests in Customer G. As of the Latest Practicable Date, except for Customer G, none of our Directors, their close associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers during each year of Track Record Period. With the exception of Customer I, all of our five largest customers during each year of the Track Record Period were direct sales customers.

We are dedicated to achieving customer satisfaction. Depending on specific product types, we generally offer product warranties included in our pricing package with ranging from one to three years, with extended warranties available in select cases. If a claim is received within the warranty period and the issue is covered, we will address it through configuration adjustments, software updates, or by replacing the hardware component with a new or refurbished equivalent. We provide refunds for faulty products, and any replaced parts are sent to a local service center for centralized inspection. For after-sales inquiries, customers may reach us via email or phone as listed on our official website.

Transfer Pricing Arrangements

Our Company and our subsidiaries conduct intra-group transactions in accordance with our transfer pricing policy. Our intra-company transactions are subject to the certain laws and regulations, for instance, Bulletin of PRC State Administration of Taxation [2016] No.42 on Relevant Issues to Improve Reporting of Related Party Transactions and Administration of Contemporaneous Documentation, OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations and Implementation Regulations of PRC Corporate Income Tax Law, Chapter 6 Special Tax Adjustments and other circulars in relation to transfer pricing administration. We follow the fundamental principle that intra-company transactions must be conducted on an arm's length basis.

During the Track Record Period and up to the Latest Practicable Date, there were certain intra-group transactions among our Company and our subsidiaries to facilitate the respective function of our subsidiaries during the course of business of our Group. We have engaged a transfer pricing advisor to review our intra-group transactions. Our transfer pricing advisor reviewed the intra-group transactions on annual basis and confirmed that the pricing of the intra-group transactions aligns with the arm's length principle.

Based on the advice of our transfer pricing advisor, we are of the view that we have complied with the relevant transfer pricing regulations and guidelines. During the Track Record Period and up to the Latest Practicable Date, we had not received any audits, investigations or challenges from the relevant authorities in respect of such transactions. Nothing material has come to the Joint Sponsors' attention that would reasonably cause the Joint Sponsors to disagree in any material respect with the aforementioned views of the Directors.

BUSINESS

To ensure our ongoing compliance with applicable transfer pricing laws and regulations, we have implemented the following measures:

- Our finance team regularly obtains advice from tax authorities or professional firms, so as to maintain a comprehensive understanding of regulatory requirements and key tax practices;
- We review and monitor our transfer pricing arrangements on an ongoing basis, and continue to engage third party tax advisers to conduct reviews of such arrangements, ensuring they remain in line with the arm's length principle; and
- Where transfer pricing documents need to be submitted to tax authorities, such documents would be prepared by designated personnel and submitted after internal review and approval.

WAREHOUSING AND INVENTORY MANAGEMENT

Our inventory primarily consists of raw materials and consumables, work in progress and finished goods. We have established a warehouse management policy to manage our inventory, setting forth requirements and processes for management of our inventory including, among others, undergoing inspection and quality assessment before accepting incoming materials for storage, specifying warehouse temperature and humidity control settings and storage conditions, setting up segregated storage areas for materials requiring further determination or quality testing, and verifying and confirming transportation vehicles before loading and recording proof upon loading. If we discover any abnormalities in any of our inventory or the storage time exceeds the prescribed time, our quality department conducts re-inspection and confirmation before shipment. For materials with shelf-life requirements, regular inspections are conducted to ensure that the materials are within their usable shelf life.

SUPPLY CHAIN MANAGEMENT

Our procurement mainly includes (i) raw materials for the production of our smart devices and (ii) outsourced processing services. We primarily procure chips, screens, and other essential components for production of our smart devices, as we believe that maintaining high product quality relies significantly on sourcing top-tier raw materials and supplies from trusted suppliers. To ensure this, we have established comprehensive internal policies and procedures that guide our procurement activities, securing a reliable and timely supply of key components to support our manufacturing processes and overall operations. We also contract OEM/ODMs to manufacture our smart devices. During the Track Record Period, we did not experience any material increase in the cost of raw materials.

We maintain a list of qualified suppliers to ensure the consistent quality of our supplies. Prior to procurement, our procurement department pre-screens supplier candidates based on factors such as certifications, production capacity, technical capabilities, and in-depth market research. For those who pass the pre-screening, we may conduct on-site inspections to confirm adherence to our quality standards. We implement a bidding process for procurement to ensure transparency and fairness, inviting at least three qualified suppliers to secure competitive pricing. We periodically review and assess supplier performance across criteria such as quality, pricing, and reliability. Suppliers who conditionally pass or fail our annual audit are assigned a dedicated team to support performance improvement, and we also reserve the right to remove them from our list if standards are not met.

We have established a comprehensive supply chain management system to ensure stable and sufficient supply of raw materials, safeguard product quality, and protect our intellectual property. For key materials, we procure directly or specify procurement standards for our OEM/ODM partners, while all procurement agreements include provisions on delivery, quality assurance, confidentiality, and price protection. We also adopt strict confidentiality controls and integrate proprietary software into our hardware to prevent misuse of trade secrets. In particular, when cooperating with third-party manufacturers, we (i) restrict the access of production materials such as design drawings to designated personnel within the authorized project teams of the manufacturers to minimize information exposure, (ii) ensure that our embedded proprietary software (such as SUNMI OS system) under control, and (iii) design our hardware products to function only with our software. In addition, by maintaining long-term partnerships with multiple manufacturers and incorporating pricing protection mechanisms, we are able to secure both supply stability and cost competitiveness.

As of December 31, 2025, we collaborated with approximately 500 suppliers in China, Hong Kong, and Southeast Asia. We believe that our rigorous supplier selection and evaluation criteria, extensive pool of qualified suppliers, and strong, stable relationships with reliable partners have enabled us to secure a steady supply of high-quality materials, mitigate reliance risks, and minimize exposure to unexpected fluctuations in raw material prices. During the Track Record Period, we believe no impact to our operations and financial performance and we encountered no significant incidents of supply interruptions, early contract terminations with suppliers, or raw material shortages, despite the global supply shortage of chips and price increment of other major raw materials. We maintain comprehensive mitigating measures and have a robust supplier pool for alternative selection and replacement to avoid any interruptions. For example, our suppliers provide chips from over 80 brands across domestic and overseas markets

BUSINESS

across domestic and overseas markets during the Track Record Periods, which fully met our chip supply needs. We are continually expanding and upgrading our supply network by engaging additional suppliers (e.g. we collaborated with 66 suppliers in 2023, 78 suppliers in 2024 and 82 suppliers in 2025) and, in response to policy changes, selecting suppliers from different regions such as Korean and other Asian countries to ensure stable product supply and comparable quality with no additional costs to our customers. We maintain disciplined price controls across our supplier base, keeping pricing variances within a narrow range. In general, Asian chip suppliers offer more competitive pricing, which helps us manage costs while maintaining quality.

We generally enter into a standard supply agreement with each of our suppliers across different regions, with key contractual terms outlined below:

- **Term and termination.** To maintain a reliable supply chain, our supply agreements generally have a two-year term with options for renewal. Certain of our supply agreements shall be automatically renewed upon expiration. We reserve the right to terminate the agreement in the event of a material breach by the supplier.
- **Quality.** Quality standards for raw materials are outlined in the supply agreement. Suppliers must ensure all materials meet the agreed specifications and quality benchmarks, and they are liable for any losses incurred due to quality deficiencies in their products.
- **Pricing.** The pre-determined pricing of procured products will be specified in each order.
- **Delivery.** Suppliers are responsible for delivering raw materials to our designated location, as specified in the purchase order, with delivery costs allocated accordingly as the case may be.
- **Inspection and acceptance.** Upon delivery, we inspect raw materials and reserve the right to reject any defective materials that fail to meet the agreed-upon quality standards. Suppliers are responsible for remedying any defects, including returns and replacements. We assume the risk of loss only after the raw materials are accepted.
- **Business integrity.** To uphold the integrity of our business relationships, we require suppliers to comply with applicable anti-bribery laws and regulations, as well as our related policies.

Top Five Suppliers

The aggregate purchases from our top five suppliers during each year of the Track Record Period amounted to RMB1,968.9 million, RMB2,265.6 million and RMB2,102.6 million, which accounted for 74.1%, 66.3% and 53.7% of aggregate purchases for, respectively, the aforementioned periods. Purchases from our largest supplier during each year of the Track Record Period were RMB662.0 million, RMB855.6 million and RMB734.0 million, respectively, representing 24.9%, 25.0% and 18.7% of our total purchases, respectively.

Our Directors confirmed that, During the Track Record Period, we have not experienced any significant material fluctuation in prices set by our suppliers, material breach of contract on the part of our suppliers or material delay in delivery of our orders from our suppliers. To the best of our knowledge, save for Supplier D, during the Track Record Period and up to the Latest Practicable Date, all of our top five suppliers during each year of the Track Record Period were Independent Third Parties. Yunxin Venture, one of our Pre-IPO investors, holds certain equity interests in Supplier D. As of the Latest Practicable Date, except for Supplier D, none of our Directors, their close associates, or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our top five suppliers during each year of the Track Record Period.

The following tables set forth the details of our top five suppliers during each year of the Track Record Period.

Rank	Suppliers	Background	Type of Products Provided	Time to Establish Business Relationship	Credit Terms	Purchase Amount (RMB in thousands)	% of Our Total Purchase %
<i>For the year ended December 31, 2023</i>							
1	Supplier A	A company principally engaged in manufacture and sale of mobile handset components, modules and other products, headquartered in Shenzhen.	Smart desktop devices, smart payment devices, accessories and parts	2016	30 days	661,952	24.9

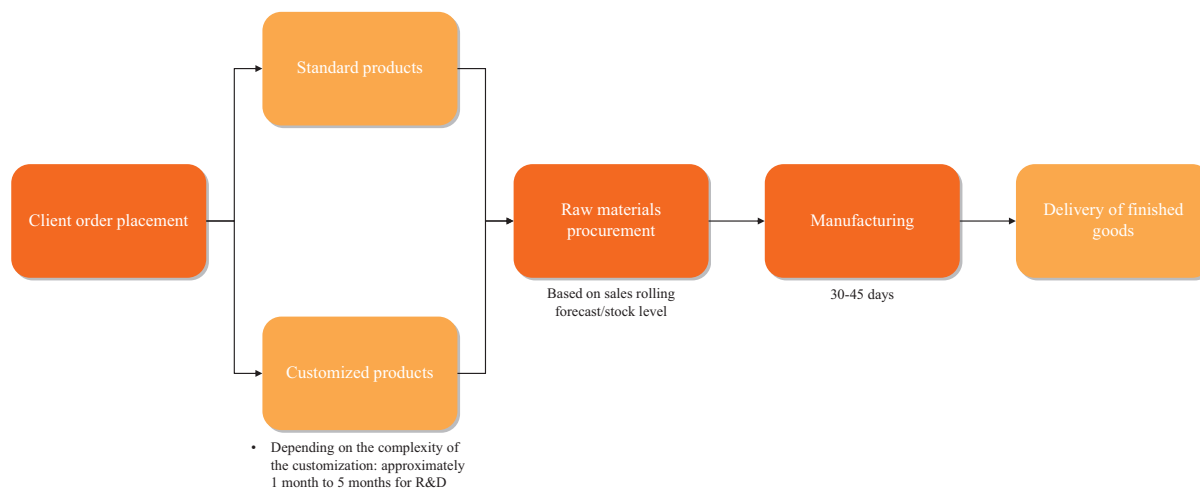
BUSINESS							
Rank	Suppliers	Background	Type of Products Provided	Time to Establish Business Relationship	Credit Terms	Purchase Amount (RMB in thousands)	% of Our Total Purchase
2	Supplier B	A company focusing on the research, development and production of enterprise smart hardware, headquartered in Shanghai.	Smart payment devices, smart mobile devices, accessories and parts	2018	30 days	591,207	22.3
3	Supplier C	An intelligent communication terminal R&D and design company, headquartered in Shanghai and listed on the Shanghai Stock Exchange.	Smart desktop devices, smart payment devices, smart mobile devices, accessories and parts	2017	60 days	590,884	22.2
4	Supplier D	An equipment supplier, headquartered in Shenzhen and listed on the Shanghai Stock Exchange.	Accessories and parts	2017	60 days	62,437	2.4
5	Supplier E	An ODM service provider headquartered in Shanghai, whose parent company is headquartered in Bermuda and listed on the Hong Kong Stock Exchange.	Smart mobile devices, accessories and parts	2017	60 days	62,428	2.4
For the year ended December 31, 2024							
1	Supplier C	An intelligent communication terminal R&D and design company, headquartered in Shanghai and listed on the Shanghai Stock Exchange.	Smart payment devices, smart mobile devices, accessories and parts	2017	60 days	855,596	25.0
2	Supplier A	A company principally engaged in manufacture and sale of mobile handset components, modules and other products, headquartered in Shenzhen.	Smart desktop devices, smart payment devices, smart mobile devices, accessories and parts	2016	30 days	679,914	19.9
3	Supplier B	A company focusing on the research, development and production of enterprise smart hardware headquartered in Shanghai.	Smart payment devices, smart mobile devices, accessories and parts	2018	30 days	362,424	10.6
4	Supplier F	An electronic components manufacturer, headquartered in Shenzhen and listed on the Shenzhen Stock Exchange.	Smart desktop devices, smart payment devices, accessories and parts	2020	90 days	243,539	7.1

BUSINESS							
Rank	Suppliers	Background	Type of Products Provided	Time to Establish Business Relationship	Credit Terms	Purchase Amount (RMB in thousands)	% of Our Total Purchase
5	Supplier G	A telecommunications service provider, headquartered in Shanghai and listed on the Shanghai Stock Exchange.	Smart payment devices, accessories and parts	2018	30 days	124,135	3.6
<i>For the year ended December 31, 2025</i>							
1	Supplier C	An intelligent communication terminal R&D and design company, headquartered in Shanghai and listed on the Shanghai Stock Exchange.	Smart payment devices, smart mobile devices, accessories and parts	2017	60 days	733,987	18.7
2	Supplier A	A company principally engaged in manufacture and sale of mobile handset components, modules and other products, headquartered in Shenzhen.	Smart desktop devices, smart payment devices, smart mobile devices, accessories and parts	2016	30 days	523,211	13.4
3	Supplier F	An electronic components manufacturer, headquartered in Shenzhen and listed on the Shenzhen Stock Exchange.	Smart desktop devices, Smart payment devices, smart mobile devices, accessories and parts	2020	90 days	448,698	11.5
4	Supplier G	A telecommunications service provider, headquartered in Shanghai and listed on the Shanghai Stock Exchange.	Smart payment devices, accessories and parts	2018	30 days	244,489	6.2
5	Supplier H	A company focusing on the sales of electronic components, headquartered in Nanjing and listed on the Shenzhen Stock Exchange.	Accessories and parts	2022	60 days	152,177	3.9

MANUFACTURING

Business Flow

The below flowchart illustrates our business flow.



Third-party Manufacturers

During the Track Record Period, we primarily rely on OEM/ODM facilities for the production of our smart devices. As of December 31, 2023, 2024 and 2025, we had 23, 25, and 30 third-party manufacturers, respectively, to support our production needs. The majority of our OEMs and ODMs are located in the PRC, with others located in South Asia. We supervise quality of raw material and finished products and utilize existing capacity of our OEM/ODM facilities. The procurement of raw material and manufacture is conducted through third-party manufacturers. Selective utilization of OEM/ODM facilities gives us more flexibility in the allocation of our capacity and resources. Our Directors are of the view that, during the Track Record Period and as of the Latest Practicable Date, we have not been reliant on any single, or any group of, specific OEM(s) and ODM(s). According to CIC and in line with the view of our Directors, in light of the abundance of OEMs and ODMs in China, we can identify and engage alternative OEMs and ODMs of comparable service quality and under similar terms without material difficulties.

Our business department, research and development department and procurement department select new third-party manufacturers based on our business demand, which are then comprehensively evaluated by our procurement department, supply planning department and quality control department. When selecting third-party manufacturers, we evaluate factors such as certifications, proven experience, production capabilities, technological expertise, R&D capacity, product quality, service scope and pricing. Our manufacturers are regularly assessed on seasonal basis, covering various aspects such as performance, quality management and warehouse operations.

Our solid reputation, expansive production scale, and long-standing relationships with manufacturing partners enable us to establish reliable and cost-efficient collaborations with third-party manufacturers. During the Track Record Period, we did not encounter any losses or product liabilities associated with the manufacturing process of our third-party manufacturers.

During the trial production phase, our procurement department and research and development department are responsible for evaluating prototypes and collaborating with OEM/ODMs to optimize production procedures based on product characteristics. In the mass production phase, our quality management department will participate in material quality management and product quality monitoring in the OEM/ODM facilities, while our delivery management department provides rolling order forecasts and monitors production progress in real time to ensure timely and high-quality delivery. We are actively involved in and lead core aspects of the manufacturing process, including production planning, quality control, workflow optimization and performance testing.

The following sets forth the salient terms of our typical agreement with our OEM/ODMs:

- **Duration.** The terms of our agreements with OEM/ODMs are typically one year.
- **Service provided.** The OEM/ODM shall manufacture or design products to our specifications.
- **Payment terms.** We are typically required to tender the payment 60 days after the receipt of the monthly statement.
- **Subcontracting.** Without our written permission, our OEM/ODM may not assign or delegate their contractual obligations to third parties.
- **Intellectual property.** We grant a non-transferable license of our intellectual property to the OEM/ODM for the duration of the agreement and for, and only for, the purpose of fulfilling the contractual duties outlined in the agreement.
- **Legal compliance.** The OEM/ODM is obligated to comply with all applicable laws and regulations and must acquire all licenses and permits required to carry out its operations.
- **Termination.** Each party may elect to prematurely terminate the agreement after good faith negotiation with the other party. Each party may also immediately terminate the agreement in the event of the other party's failure to remedy its material breach within 30 days, dissolution or bankruptcy, or unauthorized delegation or assignment of the agreement.

Manufacturing Facility

During the Track Record Period, self-manufacturing only contributed a portion of our total sales volume, which accounted for 0.9%, 1.8% and 14.4% of our total sales volume in 2023, 2024 and 2025, respectively, due to our consideration of production flexibility. We commenced manufacturing smart device at our two manufacturing centers in Guangdong and Zhejiang, China, respectively.

BUSINESS

We independently carry out product design and raw material procurement, and complete component assembly, pre-installed SUNMI OS and application softwares, device testing and final packaging process in manufacturing centers. The following table sets forth key details of our manufacturing center.

Manufacturing Facility	Geographic Location	Product Type(s)	Acreage (m ²)	Annual Designed Production Capacity (Units)
Manufacturing	Shantou, Guangdong	Smart desktop device	4,407	52,800
Manufacturing	Jiashan, Zhejiang	Smart desktop device and Smart payment device	7,070	761,280

During the Track Record Period, we have continually expanded our production capacity to meet the growth in demand for our products and in line with to our expansion strategy and market demand forecasts. Our designed capacity increased from 52,800 units in 2023 to 289,266 units in 2024, and further increased to 814,080 units in 2025. Driven by the growing market demand, our utilization rate of production capacity also increased steadily throughout the Track Record Period. The following table sets forth the designed capacity, actual output and utilization rates by our manufacturing centers during the Track Record Period.

Location	For the year ended December 31,								
	2023			2024			2025		
	Designed Capacity	Actual Output	Utilization Rate ⁽¹⁾	Designed Capacity	Actual Output	Utilization Rate ⁽¹⁾	Designed Capacity	Actual Output	Utilization Rate ⁽¹⁾
	(units)	(units)	(%)	(units)	(units)	(%)	(units)	(units)	(%)
Shantou, Guangdong	52,800	57,489	108.9	52,800	85,142	161.3	52,800	63,500	120.3
Jiashan, Zhejiang	N/A	N/A	N/A	236,466 ⁽²⁾	41,861	17.7	1,138,800	620,409	54.5
Total	52,800	57,489	108.9	289,266	127,003	43.9	1,191,600	683,909	57.4

Note:

- (1) The utilization rate is equal to the actual output divided by the designed capacity during the same period.
- (2) Calculated based on the different commencing date of each production line in Jiashan manufacturing center. The low utilization rate of the Jiashan manufacturing center is due to its commencement of production in July 2024.

QUALITY ASSURANCE

We follow thorough quality assurance procedures to monitor the quality and conformity of our solutions during the entire development, manufacturing, delivery and services processes. We strictly adhere to the requirements of our quality management system, implementing rigorous quality control measures and establishing a comprehensive customer feedback and complaint handling process to promptly and effectively address customer concerns. We have the authority to request OEM/ODM to hold monthly quality meetings. We are responsible for monitoring OEM/ODM production quality, submitting monthly reports on planning, delivery and product quality, while ensuring continuous reliability testing plans and reports are properly executed during mass production to maintain stable quality standards.

Quality control does not end with production. We continue to prioritize quality and customer satisfaction by maintaining close communication with customers after product delivery. This enables us to address any issues promptly and incorporate customer feedback into future improvements. Post-production data and insights from customer feedback are analyzed to refine processes and enhance product performance. This commitment to continuous improvement ensures that we remain responsive to market demands and maintains its reputation for delivering high-quality semiconductor solutions.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any investigation regarding any of our product quality or production facilities by any governmental authority and we had not encountered any material product safety incident. During the Track Record Period and up to the Latest Practicable Date, we did not have any material product recalls or returns, product liability claims, or customer complaints.

Certifications

We have also obtained ISO9001, ISO14001 and ISO450001 certifications. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material claim or penalty in relation to any product safety issues, including accidents, injuries and fatalities involving end users, false advertising incidents or any material defects or malfunctioning of our smart terminal solutions and embodied intelligence solutions, and we had been in compliance with the relevant laws and regulations in China in all material aspects.

DATA SECURITY AND PRIVACY

We are headquartered in the PRC and sell our BIoT solutions in over 200 countries and regions worldwide. In delivering these solutions, we engage in certain data-related activities that support the functionality, efficiency, and security of our products. Specifically, we may (i) collect customer-related data directly, (ii) obtain data (such as barcodes, fruits, vegetables and etc.) from third-party provider and public source to enhance our algorithms and product features, (iii) share select data with third-party providers to enable specific product functions, (iv) manage data storage and secure transmission, and (v) handle data retention and deletion processes in accordance with applicable standards.

In the course of our data-related activities, we primarily process and collect two categories of data: (i) personal information (account registration user information, such as email address and nickname). (ii) BIoT device data (device status data such as device serial numbers, model types, device location information). Before we collect and process above personal and BIoT device data, users will be presented with the privacy policy or data protection rules, through which we obtain their explicit consent for relevant data collection. With respect to personal information, we may process and collect identity-related data of our users (e.g., distributors, merchants, and application developers). Typical scenarios for collecting and processing personal data include: (i) when users register for our services, we may process and collect their basic account information (such as mobile phone number, email address and nickname), as well as real-name verification data (such as full name, national ID number, and scanned copy of the ID); (ii) when merchants purchase our BIoTs and accessories through online channels, we may process and collect their shipping details (including name, mobile phone number, and delivery address); (iii) during the use and administration of BIoTs, we may also process employee information (such as name and mobile phone number) that users voluntarily input for the purpose of facilitating device management, for example, when users operate the device while logged in with their Sunmi account, we will collect their account information as well as any employee information voluntarily provided by them, and (iv) we only process limited data in connection with the operation of its PaaS platform, namely registration and usage information of developers who use the platform, such as registered mobile phone numbers and usage log information. With respect to BIoT device data, we may process and collect information related to the development, manufacturing, delivery, and usage of the devices (such as device serial numbers and model types), in order to ensure device security, optimize performance, and support effective system management. In particular, when customers use our BIoT devices, we may collect and process device-related data, including but not limited to basic device information, operational status data, and device location information. In addition, during the use of SUNMI devices by SUNMI device users, we do not collect or process any data from the end customers of the device users. During the course of our collaboration, we may collect supplier contact information, such as the contact person's mobile phone number.

Currently, based on our proprietary BIoTs and through platforms such as our website, mobile application, and WeChat mini program, we inform users of the rules governing the processing of their personal information by means of privacy policies, real-time on-page notices, and similar methods. We obtain users' explicit consent through privacy authorization pop-ups or standalone checkboxes. Consent is obtained in advance for collection of all types of data. During the Track Record Period and up to the Latest Practicable Date, data security and privacy laws and regulations worldwide mainly include China Personal Information Protection Law, General Data Protection Regulation ("GDPR", applies to all of the Company's activities conducted from an establishment in the European Economic Area), California Consumer Privacy Act of 2018. Other jurisdictions have been influenced, to varying degrees, by the above models when developing their data security and privacy frameworks. At the same time, some jurisdictions remain in the early stages of institutional development and have not yet established comprehensive legal regimes in this field, relying instead on sector-specific regulations or general consumer protection laws. In China, the U.S and Europe (including the U.K.), data collected is stored locally as required by China Personal Information Protection Law, GDPR and CCPA. Other than certain customer services information collected in Europe, for which we have obtained consent to collect and transfer data outside the Europe, there was no cross border transfer of data between China, the U.S. and Europe (including the U.K.) during the Track Record Period and up to the Latest Practicable Date. Other than the aforementioned, there are no cross-border data transfer in other jurisdictions during the Track Record Period and up to the Latest Practicable Date.

All data collected by us in Chinese mainland in the course of our business operations is stored within Chinese mainland, and we do not transfer any such data to any place outside the PRC, whereas data collected in other markets, except for the U.S and Europe (including the U.K.) (which mainly includes basic user information and device data) is stored either within Chinese mainland or in overseas regions, depending on the specific circumstances. We understand, after consultations with our data compliance counsel in the U.S. and taking into account their view, given that (i) between January 1, 2022 and December 31, 2023, we did not store data within the United States, (ii) between January 1, 2024 and December 31, 2025, we stored data in the State of Oregon, and (iii) between January 1, 2023 and December 31, 2025, we did not transfer any personal data from the United States to outside the United States, we

BUSINESS

understand (i) between January 1, 2024 to June 30, 2024, Oregon had no effective personal data legislation, (ii) between July 1, 2024, and December 31, 2025, we did not meet the jurisdictional threshold under Oregon’s personal data legislation, the Oregon Consumer Privacy Act (the “OCPA”), and therefore the OCPA did not apply to us, and (iii) between January 1, 2023, and up to the Latest Practicable Date, U.S. legislation concerning the cross-border transfer of personal data did not apply to us. We understand, after consultations with our data compliance counsel in the PRC, storing data from other relevant markets in China does not violate the current laws of the PRC. We understand, after consultations with our data compliance counsel in Europe and taking into account their view, the collected data has been stored is overall in compliance with European requirements.

Our products are deployed in our public cloud environment. If a customer requires a private deployment, we will assist in deploying the relevant device management system within the customer’s own or procured private cloud environment. For data stored in our public cloud, we have implemented the following security measures: All data transmissions are encrypted using Transport Layer Security (TLS) protocols to ensure confidentiality and integrity; a comprehensive suite of security products is deployed, such as data leakage prevention and tamper protection; robust infrastructure backup mechanisms are in place; and sensitive data is encrypted to enhance overall data security. We currently utilize cloud infrastructure provided by third-party cloud service providers to support cloud-based features within our products and services. These features include, but are not limited to, data storage services through cloud services offered by these providers. We do not directly operate as a cloud service provider ourselves. Therefore, laws and regulations pertaining to cloud services (including those applicable to state-owned cloud providers, if any) do not apply directly to us, but rather to the third-party cloud service providers.

We have established a robust data privacy and security framework to ensure compliance with both local and international standards, protecting the integrity of our systems and the privacy of our customers’ data. We employ rigorous data protection protocols that govern the collection, storage, and transmission of data. Our database systems are fully registered and comply with regulatory requirements in regions where we operate.

To reinforce system resilience, we conduct regular security penetration tests, enabling us to assess vulnerabilities proactively and apply advanced protections. Our data security measures include strict encryption protocols for all robot communications, ensuring secure interactions within our BIoT solutions networks. Additionally, business data has been managed through classification and categorization to ensure security at every stage of data handling.

Internally, we have established a dedicated data security and compliance team responsible for regular audits and continuous improvement of our data practices. This team reviews compliance with data protection laws and security standards, adapting our protocols to meet evolving industry requirements.

As of the Latest Practicable Date, to the best of our knowledge and belief, we did not encounter any material data leakage, loss, misappropriation, or any material unauthorized use of personal information of our customers, suppliers and/or their employees.

On August 31, 2022, we received a notice of rectification from the Yangpu Branch of the Shanghai Public Security Bureau (the “Yangpu Branch”). The notice stated that, following an investigation, the authority found our “SUNMI Assistant” app had unlawfully collected and used personal information and required us to complete rectification by September 14, 2022. Apart from requiring rectification, the notice did not impose any other penalties on us.

Our Directors are of the view that such penalties did not have a material adverse impact on our business operations and financial position. Considering that this is a rectification notice with a deadline rather than an administrative penalty, and that the Company has implemented comprehensive remedial measures, our PRC data compliance advisors are of the view that we have complied with the applicable Chinese data compliance requirements within the Track Record Period in all material respects. The above unlawfully collected and used personal information practices mainly involve: failure to adequately disclose the purposes, methods, and scope of the collection and use of personal information; failure to effectively obtain users’ consent for the collection and use of personal information; and violation of the principle of minimum necessity by collecting personal information unrelated to the services provided. The data at issue primarily included personal information collected through the app, such as merchant employees’ personal information, such as name and mobile phone number, and merchants’ order information, such as shipping details (including name, mobile phone number, and delivery address). We confirm that we completed the rectification before September 14, 2022 and reported the results to the Yangpu Branch.

In connection with product enhancements, the rectification measures include (i) refining and updating, the purposes for the use of personal information, the categories of personal information involved, the specific purposes of requested permissions, the applicable use scenarios, and the list of integrated third-party SDKs (including the information collected and the purposes of use) across all business functions; avoiding permission request pop-ups before users agree to the privacy policy; and (ii) adding clear explanatory language on the purposes of use in

BUSINESS

permission request popups. The authority did not provide further feedback, issue additional notices or requirements, or impose any other penalties.

We also confirm that the notice did not have a material adverse impact on our business operations and financial position. Beyond this instance, we have not been subject to any material warning, penalty, or sanction imposed by any competent government authority relating to cybersecurity, data protection, or privacy matters, nor has it been involved in any legal proceedings relating to the same.

During the Track Record Period and up to the Latest Practicable Date, we have had no material violations in our processing, storing and collecting of personal data and we have not encountered any material risks of personal data protection violations in all countries and regions we operate (including, without limitation, enforcement actions, administrative penalties, or court disputes). As advised by our data compliance counsel in Europe, we overall comply with applicable data security and privacy laws and regulations, such as The Regulation (EU) 2016/679 (GDPR), in all material respects. As advised by our U.S. data compliance counsel, we have complied with CCPA pertaining to data collection and process in the California. Looking forward, we remain dedicated to strengthening our data security framework, prioritizing innovation and adaptability in our practices to meet the growing expectations of data protection in global markets.

COMPETITION

The global BIoT solution market has experienced steady growth, expanding from approximately RMB189 billion in 2020 to around RMB235 billion in 2024, representing a CAGR of approximately 5.6% over the period. BIoT solutions are widely used in high-frequency commercial sectors, such as retail and food services. As digital transformation gains momentum across more industries, such as healthcare, education, and tourism, BIoT adoption is expected to penetrate across a broader range of industry sectors. In addition, ongoing upgrades of existing devices and systems are expected to further drive market growth. The global BIoT solution market is projected to reach RMB313 billion by 2029 at a CAGR of approximately 5.9% from 2024 to 2029. This indicates continued demand and substantial room for continued development and adoption across industries worldwide. We held approximate 1% global market share in 2024, ranking among the top ten players worldwide. The global market size of Android-based BIoT solutions was approximately RMB32 billion in 2024. It is projected to reach approximately RMB92 billion by 2029, at a CAGR of 23.7% from 2024 to 2029. Android's open development ecosystem allows global developers to build customized solutions. Its high level of compatibility supports a wide range of functions, which has helped speed up its use in many commercial use cases. The penetration rate of Android-based BIoT solutions in the global market, measured by the global market size of Android-based BIoT solutions over the global market size of BIoT solutions, is expected to increase from approximately 14% in 2024 to around 29% by 2029.

The BIoT industry is still in the early stage of its digital transformation. The competitive landscape includes a wide mix of players at different BIoT stages. Many solution providers still operate within the earlier stages of BIoT (i.e. BIoT 1.0 or 2.0), particularly those focused on specific functions such as card payments. These companies have begun adopting Android systems, recognizing the growing importance of flexible, connected ecosystems. However, their use of Android often remains limited to isolated use cases (such as card payment) rather than full integration into broader business operations. BIoT 3.0 players are focused on addressing more complex, fragmented, and long-tail digital challenges. By offering open ecosystems and smarter product experiences, they have a competitive edge over traditional vertical-focused hardware providers and are well positioned to penetrate digital application scenarios at scale.

SUNMI is the world's largest Android-based BIoT solution provider in terms of revenue in 2024. SUNMI also has the broadest coverage of application verticals, the widest range of sub-verticals, and the most extensive global presence. Furthermore, SUNMI has launched a series of innovative products that have accelerated the evolution of the industry. SUNMI achieved market leadership within a relatively short period, surpassing competitors that have operated in the industry for decades. See "Industry Overview" for more details of our competitive landscape.

BUSINESS

EMPLOYEES

As of December 31, 2023, 2024 and 2025, we employed an aggregate of 1,125, 1,243 and 1,311 full-time employees, respectively. The following table sets forth a breakdown of the number of our employees as of December 31, 2025 by work function.

<u>Functions</u>	<u>Numbers</u>
R&D	608
Sales and marketing	297
Production and operation	282
Functional departments	124
Total	1,311

Substantially most of our employees are based in the PRC. Our success depends on our ability to attract, retain and motivate qualified personnel, and we believe that our high-quality talent pool is one of our core strengths. We adopt high standards and strict procedures in our recruitment, including campus recruitment, online recruitment, internal referral and recruitment through executive search, to satisfy our demands for different types of talents. We recruit employees based on their educational background, relevant experience in similar positions and professional qualifications, as well as our expansion strategy and job vacancies. We offer competitive compensation for our employees. In addition, we regularly evaluate the performance of our employees and reward those who perform well with higher compensation or promotion.

As required by PRC laws and regulations, we participate in various employee social security schemes organized by municipal and provincial government, including pension, maternity insurance, unemployment insurance, work-related injury insurance, health insurance and housing provident fund. We are required under PRC laws and regulations to make contributions to employee social security schemes at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time. During the Track Record Period, a small number foreign employees and employees from Taiwan, China voluntarily chose not to enroll in the social insurance program. As advised by the PRC Legal Adviser, in accordance with applicable PRC laws and regulations, employers are not legally required to make housing provident fund contributions for foreign nationals or employees from Taiwan, China. The accumulated shortfall of social insurance contributions amounted to approximately RMB0.79 million, RMB0.57 million, and RMB0.27 million as of December 31, 2023, 2024 and 2025, respectively, for we did not make full social insurance contributions for the aforementioned foreign employees and employees from Taiwan, China. As a remedial measure, we started to make social insurance contributions for these employees since September 2025. If the relevant social insurance authority is of the view that we failed to make full social insurance contributions for our employees in accordance with the relevant laws and regulations, it may order us to pay outstanding amounts within a prescribed time limit. As a result, we may be subject to a late charge at the daily rate of 0.05% on the outstanding amounts from the date on which such amounts are payable. If such payment is not made within the prescribed period, the relevant social insurance authority may further impose a fine one to three times the amount of any overdue payment. Our Directors are in agreement with the findings of the PRC Legal Adviser and are of the view that the aforementioned shortfall, or the consequences thereof, will not materially affect our business operations and financial performance. Considering (i) the absence of any material employee disputes or administrative penalties imposed by competent authorities regarding such arrangements during the Track Record Period and up to the Latest Practicable Date, (ii) our undertaking that, upon being required by relevant authorities to make retroactive social insurance contributions and late payment surcharges within a specified period or to resolve employee disputes, and (iii) pursuant to the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Implementing the Spirit of the Executive Meeting of the State Council in Stabilizing the Collection of Social Insurance Premiums (《人力資源和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》), all the local authorities responsible for the collection of social insurance are strictly forbidden to conduct self-collection of historical unpaid social insurance contributions from enterprises, we shall make full payment and settle such disputes within the time required by the competent authority, our PRC Legal Adviser is of the view that, provided that we fulfill the aforementioned commitments, the risk of our being subject to material administrative penalties for the failure to contribute social insurance for foreign employees and employees from Taiwan, China during the Track Record Period is remote. Nothing material has come to the attention of the Joint Sponsors that would reasonably cause them to disagree with the aforementioned views of the PRC Legal Adviser and the Directors in any material respect.

According to Article 19(1) of the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in 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", if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the People's Court shall deem such agreement or undertaking invalid. Furthermore,

BUSINESS

where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38(3) of the PRC Labor Contract Law, the People's Court shall support such claims in accordance with the law, which clarifies that employees are entitled to request termination of their labor contracts and receive corresponding economic compensation under the PRC Labor Contract Law if the employer fails to make social insurance contributions in accordance with the law. See “Regulatory Overview — Regulations Relating to Employment and Social Welfare” for details.

Given that (i) the Interpretation has no impact over our compliance status with social insurance and housing provident funds; (ii) all social insurance shortfalls have been duly calculated and recorded by us; and (iii) during the Track Record Period and as of the Latest Practicable Date, there has been no dispute between us and our employees arising from our nonpayment of social insurance contributions, our PRC Legal Adviser and our Directors are of the view that the Interpretation and non-compliances would have no material adverse impact to our business, financial situation or operating results. Nothing material has come to the attention of the Joint Sponsors that would reasonably cause them to disagree with the aforementioned views of the Directors in any material respect.

We believe our leadership in the industry is the key factor in the retention of talent, as our employees are attracted and motivated by the exposure of working with us. However, we also enter into standard contracts and agreements regarding confidentiality, noncompetition, intellectual property, employment and commercial ethics with our executive officers and full-time employees. These contracts typically include a noncompetition provision effective during and up to two years after their employment with us and a confidentiality provision effective during and after their employment with us.

We believe that we maintain a good working relationship with our employees, and we have not experienced any significant labor disputes or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

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 PRC 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 or product liability insurance, which are not mandatory under PRC laws. We may maintain certain product liability insurance in the jurisdictions where we operate to comply with local regulations and laws. We do not maintain key man life insurance, insurance policies covering damages to our network or information technology systems or any insurance policies for our properties. See the section headed “Risk Factors — Risks Related to Our Business and Industry — We may not have sufficient insurance coverage to cover our business risks” in this Prospectus. During the Track Record Period, we did not make any material insurance claim in relation to our business.

PROPERTIES

We currently do not own any properties. As of December 31, 2025, we leased 21 properties in China with a combined floor area of approximately 45,000 square meters or approximately 40% of the total gross floor area of all our leased properties, primarily for office use. Our principal executive office is located in Shanghai, China. The remainder of our leased properties in China is used for storage and manufacturing purposes. According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this Prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all our interests in land or buildings, for the reason that, as of the Latest Practicable Date, none of the properties leased by us had a carrying amount of 15% or more of our consolidated total assets.

According to applicable PRC regulations, property lease agreements are required to be registered with relevant government authorities within 30 days after the execution of the lease agreement. As advised by our PRC Legal Adviser the absence of registrations will not affect the validity of the lease agreements, but the relevant PRC government authorities may order us or the lessors to, within a prescribed time limit, register the lease agreements. Failure to do so within the time limit may subject us to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease. In addition, as of Latest Practicable Date 16 lease agreements had not been registered with applicable PRC authorities. As such, we estimate that the maximum penalty we may be subject to for those unregistered lease agreements will be RMB160,000.

As of the Latest Practicable Date, 16 lease agreements had not been registered with applicable PRC authorities. Given that if the lessor fails to cooperate with the registration of lease agreements, we may face practical difficulties in

BUSINESS

completing the registration, our administrative department has made, and will continue to make, efforts to proactively coordinate with property owners to complete the registration for all of our lease agreements. As of the Latest Practicable Date, we had not received any such request or suffered any such fine from the relevant government authorities. We undertake to cooperate fully to facilitate the registration of lease agreements once we receive any requirements from relevant government authorities. Based on the above, as advised by our PRC Legal Adviser, the risk that we will be subject to material administrative penalties due to failure to register such lease agreements is low.

As of the Latest Practicable Date, the actual use of one leased property (primarily utilized as a warehouse) is inconsistent with the industrial purpose stated in its property ownership certificate. The lease agreement explicitly stipulates that the leased premises shall be used as a warehouse, and the lessor shall ensure that we may use the premises for normal business operations in accordance with the agreement. For the aforementioned leased property, as it was mainly used for a warehouse, we would be able to find comparable properties as alternatives at commercially acceptable terms to us.

Given that (i) failure to register such lease agreements with relevant PRC government authorities does not affect the effectiveness of the lease agreements; (ii) for the inconsistent usage of leased property, we have executed legally binding lease agreements with the lessors which stipulate that the lessors shall guarantee our right to use the leased properties for normal business operations in accordance with contractual terms and further provide that should the properties' usage fail to conform to stipulated purposes thereby materially impairing the Group's operations, the lessors shall refund all prepaid rents and pay liquidated damages, and (iii) as of the Latest Practicable Date, we were not aware of any dispute, regulatory penalty or eviction notice regarding these properties, the likelihood of us being evicted and/or ordered to cease occupation and/or usage of the concerned properties is low. In the event of lease termination, we believe we are able to secure alternative premises, and such contingency would not materially adversely affect our production and operational activities. Having considered the foregoing, our Directors are in agreement with the findings of the PRC Legal Adviser and are of the view that the defects as described above will not, individually or in the aggregate, materially affect our business operations and financial performance. Nothing material has come to the attention of the Joint Sponsors that would reasonably cause them to disagree with the aforementioned views of the PRC Legal Adviser and the Directors in any material respect.

Outside China, as of December 31, 2025, we leased 11 properties overseas with a combined floor area of approximately 2,100 square meters and all our leased properties, primarily for office and/or display use. The aforementioned leased properties are located in the United States, Singapore, France, Japan, Russia, Mexico, Poland, United Arab Emirates, Thailand and India.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Overview

We are committed to fostering sustainable practices, promoting social responsibility, and maintaining strong governance standards, reflecting our dedication to Environmental, Social, and Governance (“ESG”) principles. Guided by the core value of “altruism”, we strive for mutually growth with our suppliers and promote sound corporate governance through a pragmatic approach. We actively address climate and environmental challenges, aiming for balanced progress between social development and green, low-carbon goals. Committed to acting responsibly, we prioritize people by protecting employee rights, supporting vulnerable groups, fostering compassion, and advancing ESG practices in a systematic and sustainable manner.

We have established a tiered, comprehensive ESG management framework, including our Board of Directors, ESG Committee and ESG working group. Our ESG Reporting Policy sets out different parties' respective responsibilities and authority in managing ESG matters. Our Board of Directors is responsible for establishing, adopting and reviewing our ESG strategies and goals, supervising the implementation of ESG policies and plans, and reviewing our ESG reports and performance regularly. Our ESG Committee, chaired by our Executive Director and led by the Board of Directors, is responsible for advancing ESG initiatives and reporting to our management and Board of Directors on a regular basis. The ESG Committee provides overall guidance, strategic decisions, and resource allocation for ESG-related work, including overseeing the preparation and publication of ESG reports.

When evaluating critical ESG issues, the ESG committee and the ESG working group focus on potential risks and opportunities in areas such as technology, reputation, environment, and climate. By integrating stakeholder analysis, the aforementioned parties assess the potential impact of these risks and opportunities to us and prioritize addressing risk areas of concern to stakeholders. The ESG committee and the ESG working group will report the identified risks and opportunities to the board of directors, which will then approve the company's overall ESG strategy and objectives, integrate ESG principles into the company's long-term planning, and oversee the implementation of risk management strategies.

BUSINESS

In March 2025, we appointed an internal control consultant (the “**Internal Control Consultant**”), an Independent Third Party, to perform a general internal control review over selected areas of our internal controls over financial reporting (the “**Internal Control Review**”). The scope of the Internal Control Review included the governance and the monitoring of ESG risks. We adopted the recommendations provided by the Internal Control Consultant and implemented corresponding remedial measures accordingly. In a follow-up review in May 2025, the Internal Control Consultant was of the view that there were no material adverse findings on the design of ESG-related internal control measures. Nothing material has come to the Joint Sponsors’ attention that would reasonably cause them to disagree in any material respect with the aforementioned view of the Internal Control Consultant.

Compliance Management and Anti-Corruption

To ensure compliant operations, we have formulated Compliance Management Policy that outlines our compliance governance system, including the organizational framework, risk management mechanisms and compliance culture development, which ensures our operations in compliance with relevant laws and regulations.

We have implemented a set of policies to ensure our operations comply with applicable anti-bribery and anti-corruption regulations in jurisdictions where we operate. These policies explain our specific procedures for preventing, reporting, investigating and penalizing violations. We have established strict ethical and behavioral guidelines, clearly defining the “red lines” in daily operations. Such “red lines” include, but are not limited to, fraud, acceptance of bribes, misappropriation of property, improper transactions, improper disclosure of confidential information, improper handling of conflicts of interest, and other illegal activities. We make our internal reporting channel open and available for our staff to report any suspected bribery and corruption conduct through designated email, mail, or phone channels. Once the report is received, our internal auditors shall determine the members of the investigation team, the scope of the investigation and submit an application for investigation to the Audit Committee. Upon the Audit Committee’s approval, the investigation team will carry out the investigation work upon approval and a written investigation report shall be formulated. All reports will be handled following approved investigation procedures, with regular progress updates, and all whistleblower information will be kept confidential.

The official compliance reports obtained by us and our domestic controlling subsidiaries confirm that no administrative penalties were imposed on us for any related non-compliant matters during the Track Record Period.

ESG Risks and Opportunities

We are not involved in major construction projects, and the products we manufacture are not listed under the “high-pollution” product category as defined in the *Integrated Directory of Environmental Protection*. We do not emit a significant amount of wastes or pollutants from our business operations. We prioritize the development of a risk management system and have implemented Risk Management Policy to identify, analyze and assess risks related to our business operations. ESG elements are fully integrated into our risk management framework, which allows us to proactively identify and monitor related risks and opportunities, and to assess their potential risks and financial impacts.

We have been in compliance with environment related laws and regulations in all material aspects, and we developed a series of environmental management policies that define our environmental responsibilities and mechanisms. These measures aim to reduce the negative environmental impacts of our operations. In 2023, we obtained certification for GB/T24001-2016/ISO14001:2015 Environmental Management System, covering the design, sales, and after-sales services of products such as mobile user terminals, financial POS terminals, cash registers, and smart weighing terminals. The effective implementation of the ISO 14001 system enables us to continuously explore green innovation, adopt renewable energy and clean production processes, and produce eco-friendly, low-carbon products. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any material claim or penalty or accident in relation to health, work safety, social and environmental protection.

We conduct annual risk assessments that cover short-, medium-, and long-term risks, including ESG risks relating to technology, reputation, environment, and climate changes and their impact on strategy, financial performance and business. The Board of Directors and ESG committee evaluates existing strategies, objectives, we will continue to identify, assess, manage, and mitigate ESG risks through the following measures:

- Monitoring laws, regulations, and industry standards to evaluate the latest compliance requirements in different operation areas;
- Reviewing ESG reports from peer companies to identify emerging risks;
- Organizing management discussions on key ESG areas;
- Integrating the ESG risk management process into the overall business risk framework;
- Optimizing the business continuity system to address ESG-related disruptions.

BUSINESS

The risks we face in the realms of technology, reputation, environment, and climate changes warrants increasingly stringent requirements for information security, privacy protection and environmental compliance. Rapid product iteration and rising demands for product quality, stability, and service responsiveness may also impact our financial performance and product strategy. Conversely, opportunities arising from technological innovation and collaboration, innovations in packaging materials, the circular economy, and green energy procurement have shown the potential to enhance our financial performance and reduce production and operational costs.

Environmental Protection

We closely monitor and strictly comply with pollution control regulations throughout our production processes, especially concerning emissions of waste gasses, wastewater, and solid waste. We ensure that all emission indicators meet local standards to minimize adverse environmental impacts.

Greenhouse Gas Emissions

Our operational greenhouse gas emissions (“GHG”) are primarily indirect emissions from purchased electricity. The table below sets forth our greenhouse gas emission metrics for the period indicated.

	Unit	Year ended December 31,		
		2023	2024	2025
Scope 1 – Direct Emissions	tons	Not applicable	Not applicable	Not applicable
Scope 2 – Energy Indirect Emissions	tons	621.65	672.42	1,514.84 ³
Scope 3 – Other Indirect Emissions ¹	tons	446.67	753.22	1,418.01
Total Emissions	tons	1,068	1,426	2,932.85
Total Emission Intensity²	tons/ million RMB	0.20	0.19	0.40

Notes:

- (1) Scope 3 GHG emissions are calculated with reference to Appendix 2 of HKEX’s *How to Prepare an ESG Report: Environmental KPIs Reporting Guide*, and ISO 14064-1 standard (*Specification with guidance at the organization level for quantification and reporting of GHG emissions and removals*), as well as internal records and best estimates, waste generated during operations, the goods and services purchased by us. The main reason for the significant increase in Scope 3 greenhouse gas emissions in 2024 and 2025 compared with 2023 is the increase in air travel due to increased business needs.
- (2) Emission intensity is based on Scope 1 and Scope 2 emissions per million RMB of revenue.
- (3) Due to the commencement of production at our Jiashan plant in 2025, our Scope 2 emission in 2025 has seen an increase.

Waste Management

We do not directly emit greenhouse gasses or industrial waste gasses, and our wastewater is primarily domestic sewage from office facilities. We have implemented a series of policies defining the emission standards and treatment procedures for GHGs, wastewater and solid waste. Our non-hazardous waste¹ mainly consists of office domestic waste, and hazardous waste primarily refers to lithium batteries used in laboratories. The table below sets forth our waste metrics for the period indicated.

Supplement emission data of waste & fluctuation

	Unit	Year ended December 31,		
		2023	2024	2025
Non-hazardous Waste	kg	52,865	53,901	53,998
Non-hazardous Waste Intensity	kg/million RMB	17.21	15.60	14.17
	Unit	Year ended December 31,		
		2023	2024	2025
Hazardous Waste ¹	kg	13.20	11.40	11.88
Hazardous Waste Intensity ¹	kg/million RMB	0.0043	0.0033	0.0031

Notes:

- (1) Waste intensity calculated based on total emissions per million RMB of revenue.

Resource Usage

The resources used in our production primarily include purchased electricity for offices, water, and packaging materials.

BUSINESS

Electricity

Taking into account the actual production and operation situation, we have taken a number of measures to enhance the efficiency of resource utilization, including the following specific measures:

- With increased laboratory equipment, electricity usage rose from 2023 to 2024, we plan to expand our use of renewable energy through the purchase of Green Electricity Certificates (GECs); and
- We actively research and develop low-energy consumption products, our T3 PRO MAX, T3 PRO MAX SUPER, T3, D3 PRO and M2 MAX have been awarded Energy Star certification.

Packaging

The product shells also use recyclable materials and bear recycling symbols to ensure proper handling at the end of their lifecycle.

The following table sets forth our energy and water consumption metrics for the period indicated.

	Unit	Year ended December 31,		
		2023	2024	2025
Energy Consumption ¹	MWh	1,001.85	1,083.68	2,854.96 ³
Energy Intensity	MWh/million RMB	0.33	0.31	0.75
Total Water Consumption	tons	1,454.00	1,337.00	5,371.70 ³
Water Intensity ²	tons/million RMB	0.47	0.39	1.41

Notes:

- (1) Energy consumption calculated based on indirect energy use and Appendix III of the IEA Energy Statistics Manual.
- (2) Water intensity calculated based on total water consumption per million RMB of revenue.
- (3) Due to the commencement of production at our Jiashan plant in 2025, our consumption in 2025 has seen an increase

Climate Change

Based on an analysis of publicly disclosed ESG emissions data from peer companies, we demonstrate lower levels of carbon emission intensity, waste discharge intensity, and resource consumption intensity compared to industry benchmarks.

Climate change poses significant threats and challenges to human development. We proactively identify and analyze the potential impact of climate change on business operations and develop contingency plans to mitigate its effects.

Physical Risks. These include extreme weather events causing power outages, water shortages, and transportation disruptions, affecting operations, employee health and safety, and asset integrity. We have developed emergency plans and conduct regular drills and training to enhance staff preparedness.

Transition Risks. With the goal of transitioning to a low carbon economy, market demand for environmentally friendly products will increase, which may require us to increase investment in environmental product design, research and development and production. We will actively promote the development of low-carbon products and have already achieved initial results. We commissioned a certification entity to carry out product carbon footprint verification of our T3 PRO products and obtained a declaration of verification of the carbon footprint of the product. In addition, we apply for relevant product qualification according to the requirements of German environmental regulations, such as the WEEE (Waste of Electronic Equipment) Directive, the Battery Law, the Packaging Law and other decrees, and updates the declaration on a regular basis.

In 2023, 2024, and 2025, our expenses in relation to environmental compliance matters were approximately RMB130,000, RMB120,000 and RMB117,177 in the respective periods. During the Track Record Period and up to the Latest Practicable Date, we were in compliance with applicable environmental laws and regulations in all material aspects.

Social Responsibility

Product Quality and Safety

Product is the cornerstone of our development. We are committed to product quality management with a refined operational approach, strictly complying with relevant laws and regulations, and continuously improving our internal management systems. We have formulated relevant policies and procedures to ensure that quality-first principles are applied across all stages of product design, development, manufacturing, packaging and transportation.

BUSINESS

To promote standardized management, we have established relevant policies and procedures to ensure stable and reliable product quality. Our quality and safety department is responsible for overall project quality control through quality inspection points set in the MES system, covering in-process and pre-shipment inspections. In addition, to meet high product quality standards, we focus on personnel competence, with clear measures to ensure that inspection personnel meet qualification requirements, and we provide regular training and evaluation to relevant personnel. As of December 31, 2025 we did not received any material product quality complaints.

Customer Service

We have established a customer management system and set up customer complaint channels. Customers can submit feedback through the official website, online platforms (such as mini-programs and WeChat public accounts), hotlines, and email. We categorize customer complaints by severity and set response periods and corresponding procedures to ensure that customer complaints are handled promptly and effectively.

Innovation and R&D

We value and encourage technological innovation. Individuals or teams who successfully apply for new patents are given sufficient rewards and recognition. We have formulated relevant management policies and procedures to motivate all employees to engage in innovation and improve their innovation capabilities and professional skills.

Supply Chain Management

We actively establish stable and long-term cooperative partnerships with suppliers from various regions, striving for mutual benefit. During this process, we strictly comply with applicable laws and regulations and have formulated internal management policies and procedures to manage supplier development, access, tiered management, evaluation, and audits. In 2024, we organized an annual ESG training session for suppliers, conveying our ESG governance philosophy and requirements, with 40 suppliers participating in the training.

We promote the application of renewable materials in the procurement of components. Packaging materials achieved 100% usage of renewable materials, while metal and plastic parts reached 100% and 96% respectively. We strictly comply with hazardous substance regulations and have established internal management standards covering international regulatory requirements such as ROHS, REACH, and POPs. We regularly update these standards to align with the latest regulations.

The following table sets forth the movements of suppliers in the periods indicated:

	As of December 31,		
	2023	2024	2025
Southern China	186	244	304
Southwestern China	14	15	15
Eastern China	210	300	299
Central China	22	24	25
Northern China	42	44	17 ¹
Northwestern China	3	3	2
Northeastern China	0	0	0
Overseas	17	18	24
Total	494	648	686

Note:

- (1) Due to a structural adjustment to our supplier base in line with business evolution, the number of suppliers in the Northern China has decreased.

All new suppliers must successfully pass our onsite inspection by 2025. The inspection includes ESG-related criteria such as corporate governance, environmental protection, labor practices, and social responsibility. We have formulated management specifications for on-site inspection of suppliers. During on-site inspections of suppliers and third-party manufacturers, their ESG performance is incorporated into the assessment scope and scored by our ESG reviewers, and these scores will be recorded in the suppliers' overall assessment results.

In 2025, we conducted annual on-site audits for 38 core suppliers designated by our Supplier Committee, assessing key performance metrics including quality, delivery, pricing, service, R&D, and sustainability. 38 suppliers that were audited responded to and completed the on-site inspection. We have not identified any suppliers or third-party manufacturers that failed our check-ups and investigations, including the annual on-site inspections conducted in 2025.

BUSINESS

We strictly comply with laws, regulations, and internal policy requirements, refusing to accept or use “conflict minerals” from the Democratic Republic of Congo and surrounding regions. We require suppliers to trace the origin of gold (Au), tantalum (Ta), tin (Sn), and tungsten (W) used in products. We regularly conduct conflict minerals investigations on suppliers, require them to sign the “Non-use of Conflict Minerals Declaration,” and classify and manage supplier risk levels. We are also invested in the management of high-risk and medium-risk suppliers. A high-risk supplier refers to a supplier of materials that are directly associated with conflict minerals and metals. A medium-risk supplier refers to a supplier who provides materials that may not be directly linked to conflict minerals themselves, but whose manufacturing process may involve the use of materials containing certain elements or substances associated with conflict minerals. In the future, we plan to complete 100% audits of high- and medium-risk suppliers by 2027 to promote supply chain compliance and sustainable development.

Public Welfare

We deeply understand that corporate development is closely tied to social responsibility and actively fulfill our social obligations. The “Chengguang Initiative” is a public welfare project initiated by our Company, aiming to unite caring individuals to practice meaningful social responsibility together. The initiative is centered on the philosophy of “Shining for Love,” advocating for everyone to spread warmth and light up the lives of others.

During the pandemic, the Chengguang Initiative cooperated with the Yangpu District Government to organize volunteer teams providing online elderly care consultations and special group support for homebound elderly, elderly living alone, people with disabilities, and impoverished families.

During Children’s Day in 2024, volunteers from the Chengguang Initiative visited Yangpu District’s Yangfan School to celebrate the holiday with children, offering care and blessings and demonstrating our ongoing support for vulnerable groups.

We contributed a total around 798 hours of volunteer work, with 94 volunteer instances.

Employment

We strictly comply with relevant national and regional labor laws and regulations to ensure full legal compliance in all labor practices. We support the Universal Declaration of Human Rights and the International Covenants on Human Rights, firmly safeguarding employee rights. To ensure compliant and sound employment management, we have formulated and implemented a series of internal management systems covering recruitment, promotion, compensation management, equal employment, diversity and inclusion, anti-discrimination, and employee benefits. We prohibit any use of child labor in any of our operations. We also focus on embracing diversity within our organization, and provide an inclusive and equitable humanistic working environment.

The following table sets forth a breakdown of employees by gender:

Gender	Unit	As of December 31,		
		2023	2024	2025
Female	Person	367	439	455
Male	Person	706	788	856

The following table sets forth a breakdown of employees by age:

Age	Unit	As of December 31,		
		2023	2024	2025
Under 25	Person	35	103	74
25-29	Person	197	289	247
30-39	Person	598	606	702
Above 40	Person	243	229	288

Employee Benefits and Development

We strive to offer competitive salaries to attract and retain employees. We continue to optimize our talent acquisition and development systems by adopting diverse recruitment channels and adhering to the principles of fairness, justice, openness, and planning. We offer clearly defined career development paths to support employee growth. At the same time, we are committed to providing diverse training programs to help employees improve work skills, including onboarding training for new employees and job-specific training covering topics such as occupational safety and health, sustainable development, and essential job skills. We have established multiple communication channels (such as online platforms and forums) to listen to employee concerns and assign responsible personnel to follow up and resolve them, ensuring closed-loop feedback.

BUSINESS

Workplace Safety

We have adopted and maintained a series of rules, standard operating procedures and measures to maintain our employees' healthy and safe environment. We implement safety guidelines to set out information about potential safety hazards. We require new employees to participate in safety training to familiarize themselves with the relevant safety rules and procedures. Also, we have hygiene and health policies to adapt to material changes in labor and safety regulations. In 2023, we obtained the GB/T45001-2020 / ISO45001:2018 Occupational Health and Safety Management System certification for occupational health and safety management activities in certain business areas.

To improve our corporate safety management and ensure safe production, we have implemented safety measures such as risk source identification, daily safety inspections, emergency drills, and implementation of safety responsibilities, effectively preventing and controlling production safety incidents.

Metrics and Targets

Our Board of Directors will set targets for each material KPI at the beginning of each financial year in accordance with the disclosure requirements of Appendix C2 to the Listing Rules and other relevant rules and regulations upon Listing. The relevant targets on material KPIs will be reviewed on an annual basis to ensure that they remain appropriate to the needs of our Group. In setting targets for the KPIs, we have taken into account their respective historical levels and have considered our future business expansion thoroughly and prudently with a view of balancing business growth and environmental protection to achieve sustainable development. We have established consumption reduction targets based on energy and water usage, as well as waste emissions data in 2024. The following table sets forth our targets for emissions and resource consumption, along with the specific measures.

Item	Target	Specific Measures
Greenhouse Gas Emissions	Complete the first carbon inventory by 2025 to determine the baseline and formulate reduction targets accordingly.	• Reduce energy consumption through regular inspections and maintenance; • Advocate for low-carbon travel, reduce empty trips, and avoid unnecessary business travel; and • Reduce electricity consumption in offices through timely light-off and efficient use of air conditioning.
Waste Emissions-Hazardous	By 2029, reduce waste emission intensity by 5%.	• Optimize the experimental testing process by implementing intelligent charge-discharge strategies and temperature control to extend the testing cycle. Conduct data analysis on post-test batteries, such as establishing a historical test database, to identify high-energy-consumption tests and refine testing procedures.
Waste Emission-Non hazardous	By 2029, reduce waste emission intensity by 5%.	• Implement paperless office and prefer refillable office supplies
Electricity Consumption	By 2029, reduce energy consumption intensity by 5%.	• Improve equipment operational efficiency through regular inspections and maintenance to reduce energy consumption; and • Promote LED lighting retrofit projects to reduce electricity consumption.
Water Resource Consumption	By 2029, reduce water consumption intensity by 5%.	• Improve water-use equipment design to enhance water efficiency; • Promote water conservation in offices; and • Prioritize recycled water systems in future production.

LEGAL PROCEEDINGS AND COMPLIANCE

We are committed to adhering to the laws and regulations applicable to our business. During the Track Record Period and up to the Latest Practicable Date, we did not experience any non-compliance incidents that our Directors believe would, individually or collectively, have a material operational or financial impact on our business and operations as a whole.

Nokia Dispute

Since May 2023, we have engaged in licensing negotiations with Nokia, but have not reached an agreement due to differences over royalty rates. Our cellular-enabled products (primarily mobile devices) implement technologies covered by Nokia's 2G/3G/4G standard-essential patents (SEPs), for which the rights holder is required to offer licenses on fair, reasonable, and non-discriminatory (FRAND) terms. As a willing FRAND implementer, we initiated rate-setting proceedings in January 2025 before the Kunming Intermediate People's Court to resolve the dispute, obtain a license, and secure a judicial determination of a global FRAND royalty applicable to certain Nokia SEPs practiced by the Group's point-of-sale terminal devices.

In February and March 2025, Nokia initiated legal proceedings in Germany and India against the Group (the "Dispute") as a customary tactical response to bolster its negotiating position. In April 2025, the parties reached a comprehensive licensing settlement, and the Dispute was formally concluded. Based on the settlement agreement entered, intangible assets of RMB57.9 million and payables of RMB57.9 million, representing the entire assets and liabilities as a result of settling the Dispute, have been recognized in the consolidated financial statements. The terms of such license is five years from January 1, 2024 with annual licensing fee of approximately EUR1.5 million.

In terms of our internal control measures, during the R&D process, prior to conducting detailed design, we will conduct intellectual property searches to assess the risk of intellectual property infringement, only after confirming no such risks can the R&D plan be further refined. For new IP applications, our Legal Department is required to conduct necessary IP review and searches, and submit the application by proposal department to the management for approval.

Our Directors believe the Dispute did not have a material impact on the Group's financial or operational position, given its status and the insignificant amount of the claims. As of the Latest Practicable Date, we have not separately charged any of our customers with similar licensing fees.

Brazil Dispute

We are currently involved in a legal proceeding initiated by one of our major customers ("**Customer A**") during the Track Record Period regarding a supply agreement dispute.

We terminated the supply agreement as a whole (the "**Agreement**") with Customer A on September 8, 2025, because Customer A continued to fail to make payments according to the credit terms and did not cure within the cure period, which received the opposition from Customer A. On October 14, 2025, without filing for arbitration pursuant to the dispute resolution clause in the Agreement, Customer A obtained a judgment (the "**Brazilian Interim Order**") from the 6th Civil and Occupational Accidents Court of the District of Manaus, requiring us to continue to perform the Agreement during the interim period when the Brazilian Interim Order remains effective. Specifically, pursuant to the Brazilian Interim Order, the court determined that the Agreement, including the commercial exclusivity clause, remain valid between Customer A and us. In particular, we are required to: (i) maintain the commercial exclusivity clause under the Agreement, i.e., according to the Agreement, we granted Customer A exclusive rights to distribute our products in Brazil during the term of the Agreement. During this period, we shall not contract with, negotiate with, or sell our products to any other party in Brazil, and refrain from operating directly in the Brazilian market, whether independently or through third parties; (ii) cease selling any of our products to any person or entity other than Customer A in Brazil; and (iii) refrain from establishing local market channels or initiating communications that could constitute direct interaction with Customer A's end customers in Brazil. Also, the precautionary or urgent measure shall cease to be effective if Customer A does not request the institution of arbitration before ICC within 30 days from October 17, 2025. Among these, Customer A's primary claim is specific performance of the Agreement. We filed for appeal against the Brazilian Interim Order.

On November 26, 2025, the Court of Appeals of the State of Amazonas in Brazil issued a preliminary ruling to uphold the Brazilian Interim Order but provided us with some flexibility in terms of pricing of the product. Nonetheless, the final decision on our appeal remains pending, which may be different from the ruling issued by the lower court. According to Brazilian Law, the preliminary ruling issued by reporting judge is a procedural decision made during the appeal stage, while the final decision to the appeal needs to be finally decided by a panel. Such final decision by the Court of Appeals will relate solely to the validity and effectiveness of the Brazilian Interim Order, as the Brazilian courts do not have jurisdiction to adjudicate the merits of the dispute. As of the Latest Practicable Date, we have complied with the Brazilian Interim Order and continued to provide products to Customer A. As of the Latest

BUSINESS

Practicable Date, following the issuance of the Brazilian Interim Order, we have not engaged in any conduct that may constitute a breach of the Brazilian Interim Order, including seeking to sell products to other customers in Brazil covered by the exclusivity arrangement, nor the Agreement. On April 10, 2026, the Court of Appeals of the State of Amazonas in Brazil issued an updated preliminary ruling which suspended the key operational restrictions (i.e. the commercial exclusivity clauses) that the Brazilian Interim Order previously imposed on us. With the updated preliminary ruling, we are able to freely conduct our business and sell our products in Brazil. The updated preliminary ruling is legally effective and enforceable on an interim basis and will remain in force pending a final decision. The Brazilian proceedings are still going, and the relevant rulings may be subject to further appeal, modification or reversal.

We entered into the Agreement with Customer A in September 2019. Beginning in the fourth quarter of 2024 and continuing throughout 2025, Customer A engaged in a consistent pattern of overdue payments based on a 90-day credit terms. In March 2025, Customer A proposed a payment plan based on a 220-day credit term, which we did not accept. Instead, acting in good faith, we extended the credit term to 120 days after shipment as a grace period, a term that Customer A subsequently accepted in later orders, in the same month. Notwithstanding this concession, Customer A continued to delay payments. Accordingly, in accordance with the Agreement, the Company issued a final payment reminder notice providing a 10-day cure period and, due to Customer A's persistent failure to remedy its payment breaches within the cure period, terminated the Agreement.

In December 2025, Customer A filed for arbitration (the “**Arbitration**”) at the International Chamber of Commerce UK (the “**ICC**”), seeking primarily: (i) confirmation of the effect of the Brazilian Interim Order; (ii) an order for our continued performance under the Agreement with damages. Customer A initiated ICC arbitration notwithstanding the interim relief obtained from a Brazilian court, as the Brazilian Interim Order constitutes a provisional procedural measure and does not represent a determination on the merits of the disputes arising under the Agreement. The Agreement provides that all substantive disputes shall be resolved exclusively through final and binding ICC arbitration seated in London. Accordingly, initiation of ICC arbitration is the necessary and contractually mandated path to obtain a definitive award on the merits, notwithstanding any parallel court proceedings seeking temporary injunctive relief. If these claims are not upheld by the ICC, Customer A's alternative requests mainly include contract breach penalties of approximately US\$353.9 million, representing the total value of all the purchase orders placed by Customer A under the Agreement from approximately September 2019 to September 2025, a five-year non-competition restriction, and post-termination service obligations.

We believe all the above claims are entirely without legal merit and should be dismissed in their entirety. The specific rationale are as follows: due to Customer A's continuous and repeated delays in payment, which constitute a serious breach of the Agreement, we formally issued a final payment reminder notice to Customer A on August 29, 2025, pursuant to the Agreement. As Customer A failed to settle the overdue payments within the 10-day cure period stipulated in the Agreement, the Agreement with Customer A was lawfully terminated by us in accordance with the contractual terms. As the Agreement has been terminated pursuant to its terms, Customer A's claim for continued performance of the Agreement is groundless. In addition, Customer A's claims for contractual penalties, fulfillment of five-year non-competition restriction, and post-termination service obligations are also without legal basis.

We have submitted Answer to the Request for Arbitration (the formal written response to the claimant's assertion) on February 11, 2026 to the ICC. With respect to the “Answer to the Request for Arbitration (the formal written response to the claimant's assertion)”, this refers to our formal response submitted in the ICC arbitration proceedings in reply to the Customer A's Request for Arbitration, setting out our preliminary position and defenses to Customer A's assertions. At the current preliminary stage of the Arbitration, our immediate focus has been on procedural matters.

As of the Latest Practicable Date, the arbitral tribunal has been constituted, and we are actively preparing for the Arbitration. Zhong Lun Law Firm (the “**Legal Advisor**”) has been engaged by us as our legal counsel with respect to the disputed matter.

Potential Liability Exposure and Impact

As advised by the Legal Advisor, we are entitled to terminate the Agreement with reasonable legal basis. In particular, the assertions made by Customer A regarding the continued validity of the Agreement and the payment of contractual penalties lack contractual basis or legal foundation, because: (1) the Agreement was lawfully terminated by us following Customer A's continuous breach of its payment obligations, which constitutes a serious breach of the Agreement as advised by the Legal Advisor; and (2) we have fully performed our obligations in accordance with the Agreement without any breaches.

Pursuant to International Accounting Standard 37 Provisions, Contingent Liabilities and Contingent Assets (“IAS 37”), a provision is recognized only when an entity has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a

BUSINESS

reliable estimate of the amount can be made. In addition, IAS 37 further provides that a contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Based on the view of the Legal Advisor that the Agreement was lawfully terminated and the Legal Advisor opines that we have meritorious defenses, and accordingly, the risk of an adverse outcome in the Arbitration is remote, our Directors believe that it is highly unlikely that the Arbitration and Brazilian Interim Order would have a material adverse effect upon our financial position. Accordingly, no provision or contingent liability has been or will be recognized or disclosed as of December 31, 2025 in accordance with IAS 37.

The Reporting Accountants conducted their work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants. This standard requires that the Reporting Accountants plan and perform their work to obtain reasonable assurance about whether the Historical Financial Information as a whole is free from any material misstatement. As stated in the Accountants' Report, the Historical Financial Information (as defined in Appendix I) of the Group gives a true and fair view of the Group's financial position and financial performance for the Track Record Period as a whole.

Our Directors believe that the Arbitration and Brazilian Interim Order had not, and will not, have a material adverse effect on our business, results of operations and financial position. Specifically, the sales amount from Customer A in the fourth quarter of 2025 increased compared to the same period of 2024. As of December 31, 2025, Customer A's backlog was also increased compared to the backlog at year-end 2024. For details, please see "—View from the Directors and Sponsors — (iii) Impact of the commercial relationship between us and Customer A."

In the highly unlikely event that we are required to pay alleged contract breach penalties of approximately US\$353.9 million (the "Alleged Contract Breach Penalties"), we would primarily rely on a combination of our cash and cash equivalents, financial assets measured at fair value through profit or loss, term deposits, and our unutilized bank facilities (collectively, the "Liquidity Resources"). As of December 31, 2025, our Liquidity Resources amounted to RMB3.5 billion and there is no material changes to our Liquidity Resources since December 31, 2025. Although our Directors consider that, in this very remote scenario, the lump-sum payment of the Alleged Contract Breach Penalties would temporarily have certain material impacts on our financial position, we have consistently generated positive net operating cash flows throughout the Track Record Period. Accordingly, our Directors are of the view that our financial position will recover and continue to strength over the medium to long term, even if we were required to pay the Alleged Contract Breach Penalties in the very remote case. The Joint Sponsors concur with the aforementioned views of the Directors.

During the Track Record Period, revenue generated from Customer A amounted to RMB505.4 million, RMB758.9 million and RMB620.6 million, representing 16.5%, 22.0% and 16.3% of our total revenue, respectively. We sell products to Customer A, who consolidates end user software into the products. In a worst-case scenario in which our business relationship with Customer A is fully terminated, our Directors expect the end-users in Brazil may no longer purchase our products in short term, which may in turn adversely affect our revenue. However, it is not possible at this stage to quantify the specific magnitude of such impact, as it will depend on various factors, including our ability to identify and onboard replacement customers in Brazil through whom end users may continue to purchase the same or similar SUNMI products. Additionally, we are actively expanding our customer base and increasing our market penetration in other global markets, which is expected to create new growth drivers and likely offset any negative impact arising from a full termination of our business relationship with Customer A. Accordingly, our Directors are of the view that the full termination of our business relationship with Customer is not expected to have a material adverse impact to our business in a medium to long term. For details, please see "—View from the Directors and Sponsors — (iii) Impact of the commercial relationship between us and Customer A." The Joint Sponsors concur with the aforementioned views of the Directors.

View from the Directors and Sponsors

In light of the foregoing and based on the analysis and views of the Legal Advisor set out above, our Directors are of the view that (i) the claims from Customer A are without merit; and (ii) the Arbitration and Brazilian Interim Order had not had, and will not have, any material adverse effect on our business, financial position or results of operations, for the reasons set out below:

(i) Legal Advisor's views on the potential penalties and the arbitration conclusion.

Based on a comprehensive review of the contractual documentation, factual record, and applicable legal principles, the Legal Advisor is of the view that:

- We terminated the relevant supply contract strictly in accordance with our express contractual rights following Customer A's persistent and material breaches, in particular repeated and substantial payment defaults over an extended period;

BUSINESS

- The contractual termination was effective only after we had issued multiple notices, granted extended cure periods as a matter of commercial goodwill, and complied with the contractual cure mechanism;
- Customer A's core allegation of "wrongful termination" lacks merit under the governing contractual framework and is contradicted by contemporaneous evidence, including the Customer A's admitted payment arrears and repeated failures to comply with payment terms and our grace period; and
- The quantum of damages claimed by Customer A is highly inflated, speculative, and unsupported by any credible evidence of "actual and direct loss" as required under the contract.

In particular, Customer A's damages claim of approximately US\$353.9 million is, in the Legal Advisor's view, legally unsustainable and disproportionate, bearing no reasonable relationship to the contractual scope, historical trading volumes, or legally recoverable heads of loss. We will vigorously contest both liability and quantum in the arbitration.

(ii) *Assessment of Likely Arbitration Outcome.*

This arbitration just commenced but is still at a very preliminary stage. However, having regard to the factual and legal circumstances and subject to the inherent uncertainties of arbitration proceedings and the ultimate outcome will depend on, among other things, the evidence presented and the tribunal's assessment of the facts and law, the Legal Advisor considers that:

- We have strong defenses on both liability and damages;
- There is a reasonable prospect that the Customer A's claims will be dismissed in whole or in substantial part (the basis of which is set forth below); and
 - Due to Customer A's continuous and repeated delays in payment, which constitute a serious breach of the Agreement, we formally issued a final payment reminder notice to Customer A on August 29, 2025, pursuant to the Agreement. As Customer A failed to settle the overdue payments within the 10-day cure period stipulated in the Agreement, the Agreement with Customer A was lawfully terminated by us in accordance with the contractual terms. As the Agreement has been terminated pursuant to its terms, Customer A's claim for continued performance of the Agreement is groundless.
 - In addition, Customer A's claims for contractual penalties, fulfillment of five-year non-competition restriction, and post-termination service obligations are also without legal basis.
- The risk of an adverse outcome in the arbitration is remote.

Even in the remote case where the arbitration tribunal rules in favor of Customer A, the Legal Advisor understands that the Agreement will remain in effect, subject to damages being limited to direct compensation.

(iii) *Impact of the commercial relationship between us and Customer A*

Customer A is seeking our continued performance under the Agreement rather than the termination of the Agreement, and continued to secure orders from the Company after the initiation of the Arbitration. Sales amount from Customer A in the fourth quarter of 2025 increased compared to the same period of 2024. As of December 31, 2025, Customer A's backlog was also increased compared to the backlog at year-end 2024. The increased backlog is primarily attributable to Customer A is able to fulfill its payment obligations in a timely manner following the termination of the Agreement. The credit terms of the recent sales for Customer A has changed from 90 days to 120 days. Since the beginning of the collaboration with the Customer A and as of January 3, 2026, the total outstanding amount of trade receivables from Customer A was US\$56.1 million, all of which was incurred after the termination of the Agreement and within the credit term. We have no plan to gradually scale down or reduce the relationship with Customer A, and will continue to supply if Customer A is able to fulfill its payment obligation timely. This is because we place significant value on the Brazilian market, and the continuation of our business with Customer A is intended to protect our reputation and safeguard the interests of our end users in Brazil. Furthermore, Customer A's timely payments following the termination of the Agreement have mitigated the risk of overdue receivables and reduced our exposure to potential payment defaults. Following the termination, any supply to Customer A has been conducted solely on the basis of individual purchase orders. In the absence of an overarching framework agreement, these purchase orders are generally limited in scope and cover only basic commercial terms, such as quantity, pricing, and payment methods.

With respect to overdue receivables, we first conduct routine collection efforts through our business departments, followed by further collection actions led by the finance department. We have not engaged any third-party collection agencies, nor have we applied any bank bill receivables or other similar types of instruments. We also have a long-term business relationship with an established PRC-based insurance company, which is able to provide coverage of up to 80% for Customer A's overdue receivables in Brazil.

BUSINESS

Despite the commercial dispute with Customer A, we are expected to record overall revenue growth in 2025, demonstrating our ability to swiftly identify and develop alternative growth drivers. This growth is supported by the continued expansion of our diversified customer base, and increased penetration in other key accounts and geographic markets worldwide. Specifically, we acquired new customers in the fourth quarter of 2025, which in aggregate contributed to the revenue of approximately RMB109 million. Among these new customers, the top two revenue contributors are a Uzbekistan-based company and a Mexico-based company, based on unaudited management accounts.

Legal proceeding, regardless of the outcome, is likely to result in substantial costs and diversion of our resources, including our management's time and attention. For the potential impact of legal proceedings on us, see "Risk Factors — Risks Relating to Our Business and Industry — Legal, regulatory and administrative proceedings could adversely affect our business or financial results."

Based on the due diligence work conducted by the Joint Sponsors, the Joint Sponsors concur with the aforementioned views of the Legal Advisor and the Directors.

From time to time, we may be involved in contractual disputes or legal proceedings arising from the ordinary course of our business. Except for disclosed above, during the Track Record Period and up to the Latest Practicable Date, we were not subject to any claims, damages, or losses that would have a material adverse effect on our financial position or results of operations as a whole. Litigation or any other legal proceeding, regardless of the outcome, is likely to result in substantial costs and diversion of our resources, including our management's time and attention. In addition, during the Track Record Period and up to the Latest Practicable Date, our business operated globally. During the Track Record Period and up to the Latest Practicable Date, as advised by local counsel in our major jurisdictions, are of the view that we were not subject to any claims, damages, or losses that would have a material adverse effect on our financial position or results of operations as a whole, nor were we in any material breach or violation of any mandatory provisions of applicable local laws or regulations that would have a material adverse effect on our financial position or results of operations. For the potential impact of legal proceedings on us, see "Risk Factors – Risks Relating to Our Business and Industry – Legal, regulatory and administrative proceedings could adversely affect our business or financial results."

During the Track Record Period and up to the Latest Practicable Date, other than Customer A, we did not experience any material overdue payments from other customers. The majority of customer payments were made within the applicable credit periods, or were subject to negotiated and agreed extensions. In addition, we have implemented the Credit and Accounts Receivable Management Measures, which specify the review and monitoring of customers' credit limits and payment terms, as well as the monitoring and collection of overdue accounts receivable. We conduct assessments on customers' solvency, operating risks and potential default risks. Following internal approval, it determines customers' credit grades and assigns corresponding credit ratings and payment terms based thereon. Any credit extension in excess of the credit grade assigned to a customer shall be subject to additional approval. We also perform regular accounts receivable aging analysis and implements systematic collection procedures. In the event that a customer's credit status deteriorates drastically, the relevant department shall promptly submit an internal report, propose filing a lawsuit or applying for arbitration, and notify the relevant departments to suspend delivery and credit extension simultaneously.

TARIFFS AND TRADE RESTRICTIONS

During the Track Record Period and up to the Latest Practicable Date, our products and services were sold to customers in over 200 countries and regions, each subject to different import tariff policies. Pursuant to our framework agreements and order terms, the majority of import tariffs were borne by customers, while in limited cases tariffs were borne fully or partially (e.g. 50% of incremental tariffs) by us. The allocation of tariff burden between us and our customers was determined on case-by-case basis and through commercial negotiations and defined by the agreed terms between us and our customers. For example, under our agreement with one of our major customer, in the U.S. if the U.S. imposes additional tariffs on products originating from China beyond the level applicable as of August 30, 2019, each party will bear 50% of the incremental tariffs. If such increase exceeds 30% of the applicable rate, we may, subject to good-faith negotiations regarding feasibility and production conditions, relocate production to a customer-approved alternative site outside China without charging additional fees.

On May 12, 2025, China and the United States jointly announced a 90-day suspension of certain of their trade restrictions, with the United States imposing tariffs of 30% on most Chinese imports during this period, and China imposing tariffs of 10% on U.S. imports. The two sides agreed to continue negotiations during this period. In August, the two countries announced a further 90-day extension of this suspension through November 10, 2025, and on October 30, 2025, the two countries announced an agreement that lowers the U.S. 30% tariff to 20% through November 10, 2026. In terms of tariff rates, our products were generally subject to U.S. tariffs of 0%–7.5% for smart devices and 0%–25% for accessories from 2023 to 2024, which increased to 0%–17.5% and 0%–35%, respectively, in

BUSINESS

February 2026 due to multiple rounds of tariffs adjustments. In 2023, 2024 and 2025, our revenue from the U.S. amounted to RMB130.6 million, RMB345.6 million, RMB135.6 million respectively, represents 4.2%, 10.0% and 3.6% of total revenue during the same period. In 2023, 2024 and 2025, our sales transactions to the U.S. in which we bore tariffs amounted to approximately RMB65.2 million, RMB317.2 million and RMB84.0 million, respectively. The transaction value of such orders represented approximately 2.1%, 9.3% and 2.2% of our total revenue in 2023, 2024 and 2025, respectively. As of the Latest Practicable Date, our product was generally subject to U.S. tariffs of 0%–17.5% for smart devices and 0%–35% for accessories. In addition, we are not responsible for any indirect or resale-related U.S. tariffs that may be incurred by our customers after we have sold our products to them, as our products are sold on a seller-buyer basis.

Certain agreements entered into with our European customers provide that we shall bear applicable tariffs in Europe if any such tariffs are imposed to our products. However, as of the Latest Practicable Date, our products are not subject to any tariff rates in Europe. Therefore, we did not bear any tariffs on our sales in Europe during the Track Record Period and up to the Latest Practicable Date are currently not bearing any tariffs on our sales in Europe. In addition, we are not responsible for any indirect or resale-related tariffs that may be incurred by our customers after we have sold our products to them, as our products are sold on a seller-buyer basis. Based on the above, we believe the E.U. tariffs have had, and are expected to have, no impact on our operations or financial performance.

Our finance department has reviewed the tariff classifications of our products and the rates applicable in the U.S. and Europe, as well as the percentages of our total sales that are to these regions, and is of the view that the very small percentage that the U.S. has accounted for in our total sales since 2023 and the lack of indirect exposure from component sales to other companies serving the U.S. market, combined with the duty free imports to Europe and diversification of our manufacturing to other locations in Asia, taken together, indicate that we face a low risk of a material adverse impact from the U.S. tariffs. See “Regulatory Overview — U.S. and European Laws and Regulations — Regulations on Tariff.”

To mitigate the impact of tariffs, we adopted a range of measures, including pre-shipment stocking of over 10,000 units in the U.S. prior to tariff increases, collaborating with suppliers to establish overseas production capacity (including in Southeast Asia) to reduce exposure through trans-shipment arrangements, and engaging with customers to negotiate tariff cost-sharing mechanisms. As of November 30, 2025, approximately 8,000 of the pre-stocked units had been delivered to customers. Based on the current monthly sell-through rate and assuming no material change in customer demand, we estimate that the sales of these pre-stocked units will last for approximately six months. After sales of all pre-stocked units, we will discuss with customers whether subsequent orders should be fulfilled from production facilities in Chinese mainland or Southeast Asia, depending on cost and tariff considerations. As tariff rates applicable to exports from both Chinese mainland and Southeast Asia to the U.S. are similar and had not have a material impact on our operations and financial performance, we have not commenced discussions with customers regarding switching to shipments from Chinese mainland or Southeast Asia, which we do not foresee any material impact on our operations and financial performance. For instance, as of the Latest Practicable Date, the U.S. imposed a 0%–10% tariff for smart devices and accessories on Vietnam, similar to the tariff on China. Accordingly, during the Track Record Period we primarily exported our products from China to the U.S. and Europe, and we plan to adjust our allocation of the third-party manufacturing capacity strategically in response to future tariff changes. Given our globalized supply chain and overseas stock reserves, these tariff measures have not had a material adverse impact on our operations or financial performance. Considering that there have been no significant tariff changes in other relevant countries, this pre-shipment stocking measure has not been extended beyond the U.S. for the time being, although we will continue to monitor developments and adjust our strategy as necessary.

The following table sets forth the breakdown of sales volume exported from China to the U.S. and Europe during the Track Record Period.

	For the year ended December 31,		
	2023	2024	2025
	<i>(units in thousand)</i>		
The U.S.	66.6	184.4	67.4
Europe	245.5	305.1	460.9

The following table sets forth the breakdown of sales volume exported from Southeast Asia to the U.S. and Europe during the Track Record Period.

	For the year ended December 31,		
	2023	2024	2025
	<i>(units in thousand)</i>		
The U.S.	—	—	1.43
Europe	—	—	—

BUSINESS

We directly or indirectly source certain U.S.-origin mid- to low-end commercial chips (such as CPUs, USB chips and interface chips), which are generally not subject to export restrictions from the U.S. to China and are exempt from import tariffs into China. During the Track Record Period, the amount of our procurement of U.S.-origin raw materials accounted for less than 3% of our total cost of sales for the respective year or period. To further mitigate the risk, we have also established alternative sourcing channels and we have secured alternative raw materials from the Taiwan and Chinese mainland on similar terms and quality as U.S.-origin raw materials. We have not experienced during the Track Record Period, nor do we expect to experience, any restrictions on procurement (whether direct or indirect) or any supply shortages as a result of the U.S. export control restrictions. Our Directors are of the view that we have not been and are not expected to be materially adversely affected by the U.S. export control restrictions. Nothing material has come to the Joint Sponsors' attention that would reasonably cause the Joint Sponsors to disagree in any material respect with the aforementioned view of the Directors.

Given we had arranged advance stocking to mitigate potential tariff impacts on customers' purchase decisions, our Directors are of the view that we have not been and are not expected to be materially adversely affected by tariffs imposed by the U.S., E.U. and India. Based on the due diligence work conducted by the Joint Sponsors, the Joint Sponsors concur with the aforementioned views of the Directors. In addition, there are no changes in volume, product price, payment and logistics arrangements for sales of products to the E.U. and India after imposition of tariff, and the decreasing trend of sales to the U.S. was primarily due to the decreased order volume from our major customer in the U.S. based on its own business consideration to rather than increased tariff during the Track Record Period. For product price of products sold to the U.S., we will incorporate negotiated arrangements regarding the allocation of tariff responsibilities and corresponding product pricing adjustments, and there are no changes in payment and logistics arrangements for sales of products to the U.S.

LICENSES AND PERMITS

The following table sets forth the details of the material licenses and permits necessary for the business operations in which we engaged in China.

<u>License/Permit</u>	<u>Entity Holding the License/Permit</u>	<u>Grant Date</u>	<u>Expiration Date</u>
Registration form for record filing and registration of foreign trade operators	The Company	July 23, 2019	–
Customs import and export goods consignee or consignor for the record return receipt		August 8, 2019	Permanent
Registration for internet application store		November 21, 2019	–
Value-added telecommunications business operating license		August 8, 2024	August 8, 2029
Certificate of registration of customs declaration unit	Guangdong Shangjie Information Technology Co. Ltd.	October 16, 2017	Permanent
Registration form for record filing and registration of foreign trade operators		July 24, 2018	–
Customs import and export goods consignee or consignor for the record return receipt	Guangdong Chuantian Technology Co. Ltd.	September 20, 2005	Permanent
Registration form for record filing and registration of foreign trade operators		April 9, 2021	—
Food operation license ⁽¹⁾	Shanghai Sunmi House Commercial Management Co. Ltd. Yangpu Branch	July 12, 2023	July 11, 2028
Registration certificate of customs declaration unit	Sunmax (Hangzhou) Co., Ltd.	April 1, 2025	Permanent
Registration certificate of customs declaration unit	Sunmi Intelligent Technology (Zhejiang) Co. Ltd.	March 22, 2024	Permanent
Registration certificate of customs declaration unit	Sunmi Science and Trade (Zhejiang) Co. Ltd.	September 20, 2024	Permanent

BUSINESS

<u>License/Permit</u>	<u>Entity Holding the License/Permit</u>	<u>Grant Date</u>	<u>Expiration Date</u>
Registration certificate of customs declaration unit	Shanghai Sunmi Science and Trade Co. Ltd.	August 31, 2023	Permanent
Registration certificate of customs declaration unit	Shangmai Technology (Zhejiang) Co., Ltd.	August 7, 2024	Permanent

Note:

- (1) We maintain a food operation license to provide self-made beverages to customers who visit our SUNMI Home located in Shanghai.

During the Track Record Period and up to the Latest Practicable Date, we had obtained all material licenses, permits, approvals and certificates necessary to conduct our actual business operations from the relevant government authorities in the PRC, and such licenses, permits, approvals and certificates remained in full effect. Our PRC Legal Adviser is of the view that, as of the Latest Practicable Date, there is no legal impediment to renewal of the Group's licenses, provided that we comply with the relevant legal requirements and take necessary steps and submit the relevant applications in accordance with the requirements prescribed by the applicable laws and regulations.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established and currently maintain risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations. We are dedicated to continuously improving these systems. We have adopted and implemented risk management policies in various aspects of our business operations. Our Board of Directors is responsible for the establishment and updating of our internal control systems, while our senior management monitors the daily implementation of the internal control procedures and measures with respect to each subsidiary and functional department.

In preparation for the Listing, we engaged the Internal Control Consultant to evaluate the effectiveness of our internal control systems, identify any deficiencies, and recommend enhancements. The consultant's review covered multiple facets of our operations, including entity level control, sales management and accounts receivable, procurement and accounts payable, human resources and compensation, cash and fund management, financial reporting and disclosure, asset management (both tangible and intangible), and IT system controls.

The Internal Control Consultant identified certain deficiencies, and we implemented targeted internal control measures to address these issues. We adopted substantially all of the Internal Control Consultant's recommendations, resulting in an improved internal control system aligned with Listing Rules requirements.

Based on these enhancements, our Directors believe that our internal controls are adequate and effective in meeting the Company's obligations under the Listing Rules, as well as other applicable legal and regulatory standards.

Financial Reporting Risk Management

Our finance team manages our financial reporting risks through a set of accounting policies that include financial reporting, budgeting, and statement preparation. Regular staff training ensures that our finance team consistently applies these policies and follows established procedures in reviewing management accounts.

Information System Risk Management

Our business depends on secure data management, particularly as we handle certain types of customer information under relevant laws. We have implemented a suite of IT security policies and procedures to govern various aspects of data handling, including system maintenance, personal data security, and network and database management. Protecting customer data is essential to our operations, so we prioritize measures that safeguard against unauthorized access, data leakage, or loss.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material system failure in our IT infrastructure, or any material leakage or loss of customer data.

Compliance and Intellectual Property Risk Management

Our legal team oversees compliance across our operations, particularly in ensuring that our business practices, contracts, and intellectual property rights comply with all relevant laws and regulations. Before entering into any contract with customers or suppliers, our legal department works with our business team to review contract terms, verify supporting documents, and conduct necessary due diligence. This ensures that we and our partners meet the required standards and maintain strong, compliant relationships.

BUSINESS

Additionally, our legal team collaborates with our business and internal control departments to obtain and maintain all necessary government approvals, licenses, and permits for our operations. Our intellectual property team handles applications, renewals, and filings for our trademarks, copyrights, and patents to protect our innovations and intellectual property assets.

Internal Control Risk Management and Measure

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. We maintain internal procedures to ensure that we have obtained all material requisite licenses, permits and approvals for our business operation, and conduct regular reviews to monitor the status and effectiveness of those licenses and approvals. We obtain requisite governmental approvals or consents, including preparing and submitting all necessary documents for filing with relevant government authorities within the prescribed regulatory timelines.

Human Resources Risk Management

A key part of our risk management involves developing a skilled and knowledgeable workforce. Our HR department oversees recruitment, training, and performance evaluation programs to ensure our team's skills remain current and aligned with our operational goals. We uphold high recruitment standards to secure quality hires and perform regular evaluations of our employees' performance.

Our employee handbook, which has been approved by management and distributed to our employees, includes internal guidelines on best practices, confidentiality, ethics, fraud prevention, and anti-corruption standards. Our anti-corruption policy is particularly important in promoting integrity within our organization. It defines misconduct and outlines our zero-tolerance approach to corruption. An anonymous reporting system enables employees to report any concerns about potential misconduct or corruption, and our business, finance, legal, and internal control teams investigate and respond to these reports to uphold ethical standards.

Investment Risk Management

We have an investment and financing management policy in place to govern the sourcing, screening, execution and portfolio management of investment projects. For example, with respect to long term investments, the finance department will generally conduct a preliminary assessment of the proposed investment project and prepare a project feasibility study report. Board of directors of the Company will then review the investment proposal, which will then be submitted to the board of directors of the Company for approval in accordance with the Company's protocols. Once approved, the management team oversees the implementation of the investment.

Internal Control Deficiencies and Remedial Measures Undertaken

In preparation for the Listing, we appointed the Internal Control Consultant to review the effectiveness of our internal control measures related to our major business processes in March 2025 to identify the deficiencies for improvement, advise on the rectification measures and review the implementation of such measures. The scope of the internal control review was agreed among our Group, the Joint Sponsors and the Internal Control Consultant. Certain internal control matters were identified, and we have adopted corresponding internal control measures to improve on these matters.

Major internal control issues identified during such review primarily include (i) Policies relating to corporate governance shall be drafted in compliance with the Listing Rules and the Companies Ordinance; and (ii) lack of information disclosure management policies and connected transaction policies in accordance with the Listing Rules. Upon the Internal Control Consultant's recommendation, we adopted the remedial measures provided by the Internal Control Consultant. The Internal Control Consultant has completed the follow-up procedures in May 2025 and was of the view that it did not identify additional material deficiencies in our internal control system.

Audit Committee Experience and Qualification and Board Oversight

We have established an audit committee to monitor the implementation of our risk management policies across our Company on an ongoing basis to ensure that our internal control system is effective in identifying, managing, and mitigating risks involved in our business operations.

We also maintain an internal audit department that is responsible for reviewing the effectiveness of internal controls and reporting to the audit committee on any issues identified. Our internal audit department holds regular meetings with the management to discuss any internal control issues we face and the corresponding measures to implement toward resolving such issues.

BUSINESS

AWARDS AND RECOGNITIONS

As of December 31, 2025, our smart devices earned more than 30 international design awards, including 13 Red Dot Awards, one iF Gold Design Award, 12 iF Design Awards, two Good Design Awards. These honors highlight our commitment to industrial design, intuitive user experiences, and advanced technology.

The following sets forth some of our Company's recent major awards and achievements.

<u>Award/Recognition</u>	<u>Award Year</u>	<u>Awarding Authority</u>
Shanghai Innovative Headquarters 上海市創新型總部	2023	Shanghai Municipal People's Government 上海市人民政府
2022 Zhangjiang Star Leading Enterprise 2022年上海市張江之星領軍型企業	2023	Zhangjiang High-tech Park Administrative Committee, Shanghai Science and Technology Commission, Pudong New Area Government. 張江高新區管委會、上海市科委聯合浦東新區政府
National Industrial Design Center 國家級工業設計中心	2023	MIIT 工信部
2022 Next-Generation Information Technology and Manufacturing Integration Development Pilot Demonstration List 2022年新一代信息技術與製造業融合發展試點示範名單公示	2022	MIIT 工信部
National Seventh Batch of National Manufacturing Single Champion Enterprises 國家級第七批製造業單項冠軍企業	2022	MIIT 工信部
2021 National Industrial Internet Identification Application Solution Pilot Demonstration Project 2021年國家工業互聯網標識應用解決方案試點示範項目	2022	MIIT 工信部
Private Enterprise Headquarters 民營企業總部	2020	Shanghai Municipal Commission of Commerce 上海市商務委員會
National "Specialized, Refined, Distinctive, and Innovative" (Little Giant) Enterprise 國家級「專精特新」小巨人	2020	MIIT 工信部

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board comprises nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors. Pursuant to the Articles of Association, our Directors are elected and appointed by our Shareholders at a Shareholders' meeting for a term of three years, which is renewable upon re-election and re-appointment.

The following table sets out key information about our Directors.

Name	Age	Position/Title	Time of Joining our Group	Date of Appointment as a Director	Responsibilities
Executive Directors					
Mr. Lin Zhe (林喆)	49	Executive Director, chairman of the Board and general manager	December 11, 2013	December 11, 2013	Presiding over our Board and being responsible for the overall management of business operation, strategy and corporate development of our Group
Mr. Chen Xiaojing (陳肖旌)	38	Executive Director and secretary of the Board	May 28, 2015	May 28, 2015	Responsible for investment, financing and government relations of our Group
Mr. Zhang Jinpu (張金普)	49	Executive Director and deputy general manager	February 22, 2018	May 21, 2018	Responsible for human resources and legal affairs of our Group
Mr. Chen Guihong (陳桂鴻)	47	Executive Director	December 11, 2013	August 8, 2014	Responsible for research and development of accessory products of our Group
Non-executive Directors					
Mr. Wang Huan (王歡)	36	Non-executive Director	May 15, 2025	May 15, 2025	Participating in the formulation of our Company's corporate and business strategies
Ms. Zhang Yi (張一)	35	Non-executive Director	May 15, 2025	May 15, 2025	Participating in the formulation of our Company's corporate and business strategies
Independent Non-executive Directors					
Mr. Li Shihong (李詩鴻)	40	Independent Non-executive Director	April 19, 2022	April 19, 2022	Responsible for providing independent opinion and judgment to the Board
Ms. Wang Xia (王霞)	53	Independent Non-executive Director	May 15, 2025	May 15, 2025	Responsible for providing independent opinion and judgment to the Board
Mr. Poon Wing Shing, Anthony (潘永誠)	52	Independent Non-executive Director	May 15, 2025	May 15, 2025	Responsible for providing independent opinion and judgment to the Board

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Lin Zhe (林喆), aged 49, is an executive Director, the chairman of the Board and the general manager. Mr. Lin is in charge of presiding over our Board and being responsible for the overall management of business operation, strategy and corporate development of our Group. Mr. Lin has been the chairman of the Board and the general manager of the Company since December 2013.

Mr. Lin has over 30 years of entrepreneurial experience. He started his business at the age of 19 and founded Guangdong Chuantian Company Limited (廣東川田科技有限公司), one of the company's current subsidiaries, in June 1996. Guangdong Chuantian Company Limited is primarily engaged in the research, development, manufacture, and sales of POS machines. In 2006, Mr. Lin led the Company to win the German iF International Industrial Design Gold Award in the computer category, making the Company the first Chinese mainland enterprise to win the aforementioned award. Additionally, Mr. Lin received the honorary title of Top Talent of Yangpu District, Shanghai (上海市楊浦區拔尖人才) in 2019, and was selected for the Shanghai Leading Talent Cultivation Program (上海領軍人才培養計劃) in 2021. Mr. Lin has been materially responsible for the growth of the Group's business since its establishment by way of his skills, knowledge and/or insights to the industry. Being at the core of the Group's leadership team and leveraging his professional experience in the industry, Mr. Lin is pivotal to the success of the Group, its business model and technologies through his visionary leadership.

Mr. Lin graduated from Shantou Tuobin Vocational Secondary School (汕頭市鮑濱職業中學) in July 1994.

Mr. Chen Xiaojing (陳肖旌), aged 38, is an executive Director and the secretary of the Board. Mr. Chen is in charge of investment, financing and government relations of our Group. Since June 2019, Mr. Chen has been the secretary of the Board.

Mr. Chen was an investment advisor at Anxin Securities Co., Ltd. (安信證券股份有限公司) from July 2011 to June 2015.

Mr. Chen obtained his bachelor's degree in electrical engineering and automation from Hanshan Normal College (韓山師範學院) in June 2011. Mr. Chen received his executive master's degree in business administration from Shanghai Jiao Tong University (上海交通大學) in December 2022.

Mr. Zhang Jinpu (張金普), aged 49, is an executive Director and the deputy general manager. Mr. Zhang is in charge of human resources and legal affairs of our Group. Mr. Zhang has been chief operating officer from February 2018 to June 2022, the deputy general manager since June 2019 and the chief human resources officer since June 2022.

Prior to joining our Company, Mr. Zhang was a senior manager and director of Motorola (China) Electronics Co., Ltd. (摩托羅拉(中國)電子有限公司), where he was responsible for retail sales and operations in China. Mr. Zhang also previously served as an assistant vice president and chief operation officer of HTC Communication Co., Ltd. (宏達通訊有限公司).

Mr. Zhang received his bachelor's degree in metallurgical machinery from Yanshan University (燕山大學) in July 1997. Mr. Zhang received his master's degree in business administration from Tsinghua University (清華大學) in July 2002.

Mr. Chen Guihong (陳桂鴻), aged 47, is an executive Director. Mr. Chen is in charge of research and development of accessory product of our Group. Mr. Chen has successively served as the director and senior director of the Company's product and research and development center since January 2014.

Mr. Chen was the director of the technology department of Citaq Co., Ltd. (廣東川田科技有限公司) from November 2001 to December 2013, prior to which Mr. Chen worked at a government department in Shantou from July 1997 to December 2001.

Mr. Chen completed his professional studies in computer applications at Shantou City Zhigong Yeyu University (汕頭市職工業餘大學), a predecessor of Shantou Open University (汕頭開放大學), in July 2002. Mr. Chen received his bachelor's degree in computer science and technology by online course from East China Normal University (華東師範大學) in September 2020.

Non-executive Directors

Mr. Wang Huan (王歡), aged 36, was appointed as our non-executive Director in May 2025. Mr. Wang is primarily responsible for participating in the formulation of our Company's corporate and business strategies.

Mr. Wang worked as an analyst at the Hongkong and Shanghai Banking Corporation Limited from July 2013 to July 2015. Subsequently, Mr. Wang joined the Ant Group in August 2015, with his latest position as the senior director of the investment and corporate development department at Ant Group (螞蟻集團). Mr. Wang has also been the director of Beijing Green Exchange Co., Ltd. (北京綠色交易所有限公司) since June 2022, and has been serving as a director of M-DAQ Global Pte. Ltd. since January 2025.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wang received his bachelor's degree in finance from Shanghai University of International Business and Economics (上海對外經貿大學) in July 2012. Mr. Wang received his master's degree in finance from University of York in January 2014.

Ms. Zhang Yi (張一), aged 35, was appointed as our non-executive Director in May 2025. Ms. Zhang is primarily responsible for participating in the formulation of our Company's corporate and business strategies.

Ms. Zhang previously worked at PricewaterhouseCoopers Zhong Tian LLP (普華永道中天會計師事務所) from 2011 to 2014. In addition, Ms. Zhang formerly worked for CEC Capital Group (易凱資本). Ms. Zhang has been the senior investment director of the strategic investment department of Beijing Xiaomi Mobile Software Co., Ltd. (北京小米移動軟件有限公司), part of Xiaomi Group (小米集團), since 2017.

Ms. Zhang received her bachelor's degree in accounting from Wuhan University (武漢大學) in June 2011.

Independent Non-executive Directors

Mr. Li Shihong (李詩鴻), aged 40, has been appointed as an independent Director since April 2022, and was re-designated as an independent non-executive Director in May 2025.

Mr. Li joined the East China University of Political Science and Law (華東政法大學) in 2013 and serves as the associate professor of the East China University of Political Science and Law from July 2019 to present. Mr. Li is the responsible person (承擔人) of the Shanghai Chenguang Project (上海市晨光項目) of 2014, and a Member of the China Business Law Society and the Institute of Securities Law of CLS.

Mr. Li has served as the independent director of Yangzhou Tianfulong Group Co., Ltd. (揚州天富龍集團股份有限公司) since October 2021 and the independent director of Nantong Beixin Xinneng Technology Co., Ltd. (南通北新新能科技股份有限公司) since January 2022. Mr. Li was the independent director of Vohringer Home Technology Co., Ltd. (菲林格爾家居科技股份有限公司, stock code: 603226.SH), a company listed on the Shanghai Stock Exchange, from January 2022 to November 2023 and Shanghai Taisheng Wind Power Equipment Co., Ltd. (上海泰勝風能裝備股份有限公司, stock code: 300129.SZ), a company listed on the Shenzhen Stock Exchange, from June 2022 to March 2025. Mr. Li has been the independent director of SUZHOU DELPHI LASER CO., LTD. (蘇州德龍激光股份有限公司, stock code: 688170.SH), a company listed on the Shanghai Stock Exchange, since June 2022.

Mr. Li obtained his bachelor's degree in law from East China University of Political Science and Law (華東政法大學) in July 2006, and subsequently obtained a master's degree in economic law from the East China University of Political Science and Law. Mr. Li received a doctoral degree in international law from Peking University (北京大學) in July 2013.

Ms. Wang Xia (王霞), aged 53, has been appointed as our independent non-executive Director in May 2025.

Ms. Wang served as the lecturer at Dongbei University of Finance & Economics (東北財經大學) from April 1996 to July 2001. Since 2005, Ms. Wang has served as the lecturer at Renmin University of China (中國人民大學). Ms. Wang has joined the East China Normal University (華東師範大學) in October 2008, and has served consecutively as an associate professor and the chair of the Department of Accounting (會計系主任), as well as the associate dean of the School of Business Administration (工商管理學院副院長). Ms. Wang has subsequently been engaged as a professor at the East China Normal University since December 2022. Ms. Wang was qualified as a certified public accountant in the PRC in 2003.

Ms. Wang has been the independent director of Shanghai Weihong Electronic Technology Co., Ltd (上海維宏電子科技股份有限公司, stock code: 300508.SZ) a company listed on the Shenzhen Stock Exchange, since May 2024.

Ms. Wang obtained her bachelor's degree in trade economics from Anhui University of Finance and Economics (安徽財經大學) formerly known as Anhui Finance & Trade College (安徽財貿學院) in July 1993. She further earned a master's degree in business economics in April 1996 from Dongbei University of Finance & Economics (東北財經大學). Ms. Wang received her doctoral degree in business administration from Tsinghua University (清華大學) in July 2005.

Mr. Poon Wing Shing, Anthony (潘永誠), aged 52, has been appointed as our independent non-executive Director in May 2025.

Mr. Poon has over 25 years of experience in the legal and corporate affairs industry. From November 2006 to December 2024, he worked in the legal and compliance department at China Resources (Holdings) Company Limited with his last position as senior deputy general manager. His role at China Resources involved overseeing the legal and compliance aspects of equity market transactions and mergers and acquisitions of various business units of the China Resources group, including several initial public offerings on the Stock Exchange and projects relating acquisition of listed companies. Prior to joining the China Resources group, Mr. Poon served as a legal counsel at a company listed on the Stock Exchange and worked for an international law firm.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Poon obtained a bachelor's degree in economics and statistics concentration from the University of Western Ontario, Canada in August 1994 and a postgraduate certificate in laws from The University of Hong Kong in June 1996.

Mr. Poon was admitted as a solicitor in Hong Kong in August 1998 and in England and Wales in April 1999. Mr. Poon is a member of the Recreation and Sports Committee of the Law Society of Hong Kong. He served as a member of the Greater China Legal Affairs Committee of the Law Society of Hong Kong from November 2022 to November 2024 and a member of the In-House Lawyers Committee of the Law Society of Hong Kong from October 2023 to September 2024.

SENIOR MANAGEMENT

The following table sets out key information about our senior management.

Name	Age	Position/Title	Time of Joining our Group	Date of Appointment as Senior Management	Responsibilities
Mr. Lin Zhe (林喆)	49	Executive Director, chairperson of the Board and general manager	December 11, 2013	December 11, 2013	Presiding over our Board and being responsible for the overall management of business operation, strategy and corporate development of our Group
Mr. Chen Xiaojing (陳肖旌)	38	Executive Director and secretary of the Board	May 28, 2015	June 16, 2019	Responsible for investment, financing and government relations of our Group
Mr. Zhang Jinpu (張金普)	49	Executive Director and deputy general manager	February 22, 2018	June 16, 2019	Responsible for human resources and legal affairs of our Group
Ms. Zeng Guirong (曾桂榮)	45	Chief financial officer	June 1, 2022	March 1, 2023	Responsible for financial strategic planning, financial management and financial reporting, treasury management, tax management and risk management

Mr. Lin Zhe (林喆), aged 49, is an executive Director, the chairman of the Board and the general manager of our Company. See “— Executive Directors” above for details of his biography.

Mr. Chen Xiaojing (陳肖旌), aged 38, is an executive Director and the secretary of the Board of our Company. See “— Executive Directors” above for details of his biography.

Mr. Zhang Jinpu (張金普), aged 49, is an executive Director and the deputy general manager of our Company. See “— Executive Directors” above for details of his biography.

Ms. Zeng Guirong (曾桂榮), aged 45, has been the chief financial officer of our Company since March 2023. Ms. Zeng is primarily responsible for financial strategic planning, financial management and financial reporting, treasury management, tax management and risk management.

Ms. Zeng served at Baosteel Group Shanghai No.1 Iron and Steel Co., Ltd. (寶鋼集團上海第一鋼鐵有限公司) from July 2001 to February 2006. She then served at Henkel (China) Investment Co., Ltd. (漢高(中國)投資有限公司) from February 2006 to August 2008. Ms. Zeng served at Ingersoll Rand (China) Investment Co., Ltd. (英格索蘭(中國)投資有限公司) from September 2008 to May 2012, and served as the accounting manager from September 2010. Ms. Zeng served as the finance analysis manager of Shanghai Electric Leasing Co., Ltd. (上海電氣租賃有限公司) from June 2012 to January 2013. Ms. Zeng then worked at ASSA ABLOY China (亞薩合萊中國) from January 2013 to December 2016, where she was the finance director and the manager of the logistics order department. Subsequently, she served at AIWAYS Automobile (愛馳汽車) from December 2016 to May 2022, with her last position being the general manager of the finance department.

Ms. Zeng obtained her bachelor's degree in accounting from Southwest University (西南大學) (formerly known as Southwest Normal University (西南師範大學)) in June 2001. She was awarded the accountant qualification in 2004 and became a Certified Public Accountant of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in December 2004, and was awarded the Senior Accountant Qualification (高級會計師資格) issued by the Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局) in November 2018.

DIRECTORS AND SENIOR MANAGEMENT

INTERESTS OF DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed above, none of the Directors or members of senior management of our Company has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this Prospectus.

None of the Directors or members of the senior management of our Company is related to any other Directors and members of the senior management of our Company.

Save as disclosed herein, to the best knowledge, information and belief of our Directors having made all reasonable inquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the 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 as of the Latest Practicable Date.

JOINT COMPANY SECRETARIES

Mr. Chen Xiaojing (陳肖旌), aged 38, is an executive Director and the secretary of the Board of our Company. See “— Executive Directors” above for details of his biography.

Mr. Wong Chun Wing Samuel (黃俊穎) is the assistant manager of the Listing Services Department of TMF Hong Kong Limited and is responsible for provision of corporate secretarial and compliance services to listed company clients. Mr. Wong has approximately 8 years of experience in the company secretarial field. Mr. Wong received his bachelor’s degree of business administration from The Hong Kong University of Hong Kong in November 2017. Mr. Wong is an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, our Company has formed four Board committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee and the Corporate Governance Committee.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code. The Audit Committee consists of three Directors, namely Ms. Wang Xia, Mr. Li Shihong and Mr. Poon Wing Shing, Anthony. Ms. Wang Xia holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules and serves as the chairman of the Audit Committee. The primary duties of the Audit Committee include, but not limited to, the following:

- proposing the appointment or change of external auditors to our Board, and monitoring the independence of external auditors and evaluating their performance;
- examining the financial information of our Company and reviewing financial reports and statements of our Company;
- examining the financial reporting system, the risk management and internal control system of our Company, overseeing their rationality, efficiency and implementation and making recommendations to our Board; and
- dealing with other matters that are authorized by our Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with paragraph B.3 of the Corporate Governance Code. The Nomination Committee consists of three Directors, namely Mr. Li Shihong, Mr. Zhang Jinpu and Ms. Wang Xia. Mr. Li Shihong serves as the chairman of the Nomination Committee. The primary duties of the Nomination Committee include, but not limited to, the following:

- conducting extensive search and providing to our Board suitable candidates for our Directors, chief executive officer and other members of the senior management;
- reviewing the structure, size and composition (including the skills, knowledge and experience) of our Board at least annually, assisting our Board in maintaining a board skills matrix and making recommendations on any proposed changes to our Board to complement the Company’s corporate strategy;
- researching and developing standards and procedures for the election of our Board members, chief executive officer and members of the senior management, and making recommendations to our Board;

DIRECTORS AND SENIOR MANAGEMENT

- assessing the independence of independent non-executive directors;
- supporting our Company's regular evaluation of our Board's performance; and
- dealing with other matters that are authorized by our Board.

Remuneration Committee

We have established a Remuneration Committee with written terms of reference in compliance with paragraph E.1 of the Corporate Governance Code. The Remuneration Committee consists of three Directors, namely Mr. Poon Wing Shing, Anthony, Mr. Lin and Mr. Li Shihong. Mr. Poon Wing Shing, Anthony serves as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee include, but not limited to, the following:

- making recommendations to the Board on the Company's policy and structure for all Directors' and senior managements remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- monitoring the implementation of remuneration system of our Company;
- making recommendations on the remuneration packages of our Directors and senior management; and
- dealing with other matters that are authorized by our Board.

Corporate Governance Committee

We have established a Corporate Governance Committee in compliance with Chapter 8A of the Listing Rules. The Corporate Governance Committee comprises three independent non-executive Directors, namely Mr. Li Shihong, Ms. Wang Xia and Mr. Poon Wing Shing, Anthony. Mr. Li Shihong is the chairperson of the Corporate Governance Committee. The primary duties of the corporate governance committee are, among other things, to ensure that the Company is operated and managed for the benefit of all Shareholders and to ensure the Company's compliance with the Listing Rules and safeguards relating to the weighted voting right structures of the Company.

In accordance with Rule 8A.30 of the Listing Rules and the Corporate Governance Code, the work of our corporate governance committee as set out in its terms of reference includes:

- (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors;
- (e) to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report;
- (f) to review and monitor whether the Company is operated and managed for the benefit of all its Shareholders;
- (g) to confirm, on an annual basis, that the beneficiaries of weighted voting rights have been members of the Board throughout the year and that no matters under Rule 8A.17 of the Listing Rules have occurred during the relevant financial year;
- (h) to confirm, on an annual basis, whether or not the beneficiaries of weighted voting rights have complied with Rules 8A.14, 8A.15, 8A.18 and 8A.24 of the Listing Rules throughout the year;
- (i) to review and monitor the management of conflicts of interests and make a recommendation to the Board on any matter where there is a potential conflict of interest between the Company, a subsidiary of the Company and/or Shareholders of the Company (considered as a group) on one hand and any beneficiary of weighted voting rights on the other;
- (j) to review and monitor all risks related to the Company's weighted voting rights structure, including connected transactions between the Company and/or a subsidiary of the Company on one hand and any beneficiary of weighted voting rights on the other and make a recommendation to the Board on any such transaction;
- (k) to make a recommendation to the Board as to the appointment or removal of the Compliance Adviser;

DIRECTORS AND SENIOR MANAGEMENT

- (l) to seek to ensure effective and on-going communication between the Company and its Shareholders, particularly with regards to the requirements of Rule 8A.35 of the Listing Rules;
- (m) to report on the work of the corporate governance committee on at least a half-yearly and annual basis covering all areas of its terms of reference; and
- (n) to disclose, on a comply or explain basis, its recommendations to the Board in respect of the matters in sub-paragraphs (i) to (l) above in the report referred to in sub-paragraph (m) above.

Pursuant to Rule 8A.32 of the Listing Rules, the Corporate Governance Report prepared by the Company for inclusion in our interim and annual reports after Listing will include a summary of the work of the corporate governance committee for the relevant period.

ROLE OF OUR INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to Rule 8A.26 of the Listing Rules, the role of the independent non-executive directors of a listed company with WVR structure must include, but is not limited to, the functions described in Code Provisions C.1.2, C.1.6 and C.1.7 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. The functions of the independent non-executive Directors include:

- participating in Board meetings to bring an independent judgment to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;
- taking the lead where potential conflicts of interests arise;
- serving on the audit, remuneration and appraisal, nomination and corporate governance committees, if invited;
- scrutinizing the Company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting;
- giving the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation;
- making a positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments; and
- attending general meetings and developing a balanced understanding of the views of our Shareholders.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

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

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in May 2025, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he or she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointment.

COMPENSATION OF DIRECTORS

Our Directors receive compensation in the form of fees, salaries, allowances, discretionary bonuses, share-based compensation, retirement benefit scheme contributions and other benefits in kind.

For the years ended December 31, 2023, 2024 and 2025, the aggregate amount of remuneration paid or payable to our Directors amounted to RMB11.2 million, RMB11.4 million and RMB10.2 million, respectively.

Under the current compensation arrangement, we estimate the total compensation before taxation to be accrued to our Directors for the year ending December 31, 2026 to be approximately RMB10 million.

DIRECTORS AND SENIOR MANAGEMENT

The total emoluments for the remaining individuals among the five highest paid individuals amounted to RMB10.4 million, RMB17.4 million and RMB17.4 million for the years ended December 31, 2023, 2024 and 2025 respectively.

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 our Company or any of our subsidiaries.

During the Track Record Period, none of our Directors waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors or the five highest paid individuals during the Track Record Period.

CORPORATE GOVERNANCE

Pursuant to Code Provision C.2.1 of part 2 of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be separate and should not be performed by the same individual. We do not have a separate chairman and general manager and Mr. Lin currently performs these two roles. The Board believes that vesting the roles of both chairman and general manager in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively.

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural and educational background, and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, finance, accounting and corporate governance in addition to industry experience. We have three independent non-executive Directors with different industry backgrounds, representing one-third of the members of our Board. Our Company has evaluated the structure, size and composition of our Board, and is of the opinion that the structure of our Board is reasonable, and the experience and skills of the Directors in various aspects and fields can enable our Company to maintain a high standard of operations.

Besides, we particularly recognize the importance of gender diversity. We have taken, and will continue to take, steps to promote gender diversity at all levels of our Company, including but without limitation to our Board and senior management levels. Going forward, we will continue to work to enhance gender diversity of our Board when selecting and recommending suitable candidates for Board appointments. Our Company also intends to promote gender diversity at the mid to senior level so that our Company can maintain a balanced gender ratio at different levels. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After the Listing, our Nomination Committee will examine the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

COMPLIANCE ADVISER

We have appointed Rainbow Capital (HK) Limited as our Compliance Adviser pursuant to Rules 3A.19 and 3A.23 of the Listing Rules. The Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will advise our Company in certain circumstances including:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;
- (c) the WVR Structure;
- (d) where we propose to use the proceeds from the Global Offering in a manner different from that detailed in this Prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this Prospectus;

DIRECTORS AND SENIOR MANAGEMENT

- (e) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules;
- (f) transactions in which the WVR Beneficiary has an interest; and
- (g) where there is a potential conflict of interest between the Company, its subsidiary and/or Shareholders (considered as a group) on one hand and WVR Beneficiary in the Company on the other.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Adviser will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Adviser will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the applicable requirements under the Listing Rules and laws and regulations.

The term of the appointment will commence on the Listing Date. Pursuant to Rule 8A.33 of the Listing Rules, the Company is required to engage a compliance adviser on a permanent basis.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Global Offering, Mr. Lin will directly hold 98,584,276 Class A Shares and will control a total of 41,251,282 Class B Ordinary Shares through Woyou ESOP, Woyou Partnership and Ningbo Woyou as their general partner, representing a total of (i) 79.63% of the voting rights in our issued share capital in general meetings (except for resolutions with respect to the Reserved Matters and the Special Matters) with each Class A Shares entitling the holder to exercise ten votes and each Class B Ordinary Shares entitling the holder to exercise one vote, and (ii) 34.73% of the voting rights in our issued share capital in general meetings for resolutions with respect to the Reserved Matters and the Special Matters with each Share entitling the holder to exercise one vote. Therefore, Mr. Lin, Woyou ESOP, Woyou Partnership and Ningbo Woyou will be our Controlling Shareholders upon the Listing.

RULE 8.10 OF THE LISTING RULES

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

INDEPENDENCE OF OUR BUSINESS

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

Operational Independence

Our Company has full rights to make all decisions on, and to carry out, our own business operations independently. We hold our own operation resources including but not limited to customers and suppliers, as well as our own registered patents which can be used for carrying out our businesses. We have a team of senior management to operate the business independently from our Controlling Shareholders and their respective close associates. We also have access to third parties independently from, and not connected with, our Controlling Shareholders for sources of suppliers, customers and business partners.

Based on the above, our Directors believe that we are operationally independent from our Controlling Shareholders and their respective close associates.

Management Independence

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

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

- (a) our independent non-executive Directors have extensive experience in different areas. We believe that they will be able to exercise their independent judgment and will be able to provide impartial opinions in the decision-making process of our Board to protect the interests of our Shareholders;
- (b) each of our Directors is aware of his or her fiduciary duties as a director, which requires, among other things, that he or she acts for our Company's best interests and he or she must not allow any conflict between his or her duties as a Director and his or her personal interests; and
- (c) where a Board meeting or Shareholders' meeting is held to consider a proposed transaction in which our Directors or Controlling Shareholders or any of their respective close associates have a material interest, the relevant Directors or our Controlling Shareholders and their respective close associates shall abstain from voting on the relevant resolutions and shall not be counted towards the quorum for the voting.

Financial Independence

We have a finance center independent from our Controlling Shareholders and their respective close associates. We have also established an independent financial system to make the decisions based on our own business needs. In addition, we are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Controlling Shareholders and their respective close associates. As of the Latest Practicable Date, there were no loans, advances and balances due to or from our Controlling Shareholders or their respective close associates, nor were there any pledges and guarantees provided by and to our Controlling Shareholders or their respective close associates.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

Based on the above, our Directors are of the view that we are capable of carrying on our business independently of, and do not place undue reliance on, our Controlling Shareholders and their respective close associates after the Listing.

CORPORATE GOVERNANCE MEASURES

The Company has established a corporate governance committee pursuant to Rule 8A.30 which has adopted terms of reference consistent with Code Provision A.2.1 in Part 2 of Appendix C1 to and Rule 8A.30 of the Listing Rules effective upon Listing. The members of the corporate governance committee are independent non-executive Directors with experience in overseeing corporate governance related functions of private and listed companies. The primary duties of the corporate governance committee are to ensure that the Company is operated and managed for the benefit of all shareholders and to ensure the Company's compliance with the Listing Rules and safeguards relating to its WVR structure.

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

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

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

CONNECTED TRANSACTIONS

OVERVIEW

Prior to the Listing, our Company has entered into a number of transactions with our connected persons in our ordinary and usual course of business. Upon the Listing, the transactions disclosed in this section will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

As of the Latest Practicable Date, Ant Group Co., Ltd. (螞蟻科技集團股份有限公司, “Ant”), through Yunxin Venture, its wholly owned subsidiary, is indirectly interested in approximately 27.27% of the beneficial interests in the share capital of our Company. Following the Global Offering (assuming the conversion of Unlisted Shares into H Shares), Ant will hold approximately 24.39% beneficial interests in the share capital of our Company and continue to be our substantial shareholder. Accordingly, Ant and its close associates are connected persons of our Company under the Listing Rules.

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Sunmi Supply Framework Agreement

Principal Terms

On February 25, 2026, the Company entered into an agreement with Yunxin Venture (the “Sunmi Supply Framework Agreement”), pursuant to which our Group agreed to supply Ant and its subsidiaries certain smart payment devices, smart mobile devices, accessories and parts and services as well as relevant after-sales maintenance and support services, including but not limited to “Alipay Tap!”, self-service countertop devices, and facial recognition smart devices.

The Sunmi Supply Framework Agreement has a term commencing from the Listing Date and ending on December 31, 2028.

Reasons for the Transaction

Ant traces its roots to Alipay, now has grown to become one of the world’s leading open Internet platforms. During the Track Record Period, we have been providing our products to Ant and its subsidiaries and our products have been adopting in various business scenarios with Alipay. Having considered that Alipay is a well-known platform with large customer base and customer traffic, it is mutually beneficial for our Group and Ant as well as its subsidiaries to cooperate with each other on the provision of our products as each of our Group and Ant has competitive advantages in its respective business segment. Also, having considered, among others, the (i) the reputation of Alipay as a leading payment platform in the industry, (ii) the customer traffic from Alipay, and (iii) the variety of industries and scenarios we will be introduced to through the Alipay ecosystem, the transactions with Ant as well as its subsidiaries enable our Group to expand our customer base and market penetration. Our Directors are of the view that the purchase price payable by Ant and its subsidiaries is in line with market practice and the transactions contemplated under the Sunmi Supply Framework Agreement will provide us with a steady source of income which is in the interest of our Company and our Shareholders as a whole.

Pricing Policy

The prices of transactions contemplated under the Sunmi Supply Framework Agreement are based on the cost and expenses incurred by our Group and the standard fee rates as provided by the Group from time to time. In particular, (i) for standard products, the preliminary standard fee rates will be proposed based on information such as costs, products market positioning, prices of competitive products, and customer demand, which are then submitted to the Company’s pricing committee comprising representatives of Company’s sales marketing and service center, research and development center, operations center and finance department. for review and approval; (ii) for client’s demand requiring special discounts, the Company will consider factors including but not limited to standard fee rates, purchase amounts, historical orders, and client’s brand before submitting to the pricing committee for review and approval; and (iii) for customized products, we will consider factors such as client expectations, material costs, labor costs, technical feasibility, delivery feasibility and commercial feasibility when determining the fee rates. The Directors are of view that such pricing policy is in the best interests of the Shareholders as a whole and the sales prices of our products under the Sunmi Supply Framework Agreement are fair and reasonable, and on normal commercial terms no less favorable to our Company than terms offered to Independent Third Parties.

Historical Transaction Amounts

Our relevant product sales to Ant and its subsidiaries amounted to approximately RMB14.01 million, RMB78.63 million and RMB116.19 million for the years ended December 31, 2023, 2024 and 2025, respectively. The increase of transaction amounts during the Track Record Period was primarily because the launch of “Alipay Tap!” in 2024 and its subsequent business expansion.

CONNECTED TRANSACTIONS

Annual Cap and Basis of Cap

Our proposed annual caps of the transactions under the Sunmi Supply Framework Agreement for the years ending December 31, 2026, 2027 and 2028 are RMB67.77 million, RMB49.68 million and RMB19.65 million, respectively.

In arriving at the above annual caps, the Directors have considered the following factors: (1) the existing contracts between our Group and Ant, including the current orders from Ant and our sales prices as stipulated in the contracts, (2) the historical transaction amounts, (3) the estimated decrease in the demand from Ant in the next three years based on our current estimation and communication with Ant, in particular the procurement estimation of Ant on our Group for relevant products according to its downward adjustment of focused payment scenarios where our products can be adopted, and (4) the expected sales price of our Group offered to customers including Ant based on historical quotes.

Ant Software Service Provision Framework Agreement

Principal Terms

On February 25, 2026, the Company entered into an agreement with Yunxin Venture (the “Ant Software Service Provision Framework Agreement”), pursuant to which our Group agreed to purchase from Ant and its subsidiaries medical insurance related software services, which facilitate the adoption of our products on Alipay in hospitals and healthcare sectors.

The Ant Software Service Provision Framework Agreement has a term commencing from the Listing Date and ending on December 31, 2028.

Reasons for the Transaction

During the Track Record Period, we have been purchasing medical insurance software services from Ant and its subsidiaries to support our operation of products adopted in medical insurance payment. Given Alipay is one of the a few payment methods permitted under applicable laws and regulations in China, relevant software services provided by Ant and its subsidiaries enable us to expand our business in healthcare sectors. The Company believes that it would be beneficial to continue using the services provided by Ant and its subsidiaries to satisfy the increasing demand from healthcare sectors.

Pricing Policy

The prices of transactions contemplated under the Ant Software Service Provision Framework Agreement are based on standard fee rates as provided by Ant and its subsidiaries from time to time. Such standard fee rates are determined by Ant and its subsidiaries with reference to factors including market demand as well as its technology and labor costs. The Company will also consider the market position of Ant and the Company’s own business demand when choosing Ant and its subsidiaries. The Company will monitor prices and review relevant pricing policies on an annual basis. Considering the technologies Ant and its subsidiaries provide to us are cutting-edge and driven by our clients’ demand, the Company currently does not obtain third-party fee quotes for comparison. The Directors are of view that such pricing policy is in the best interests of the Shareholders as a whole and the purchase price under the Ant Software Service Provision Framework Agreement are fair and reasonable, and on normal commercial terms no less favorable to our Company than terms offered to Independent Third Parties.

Historical Transaction Amounts

Our purchases of relevant services from Ant and its subsidiaries amounted to approximately RMB15.21 million, RMB13.40 million, RMB48.40 million for the years ended December 31, 2023, 2024 and 2025, respectively. We started our purchases in 2023. The decrease of transaction amounts for the year ended December 31, 2024 was primarily because the reduce of demand from hospitals, which led to the decrease of software request from us to Ant and its subsidiaries. Relevant demand from hospitals increased for the year ended December 31, 2025 as compared with 2024 and our software request grew correspondingly.

Annual Cap and Basis of Cap

Our proposed annual caps of the transactions under the Ant Software Service Provision Framework Agreement for the years ending December 31, 2026, 2027 and 2028 are RMB60.00 million, RMB72.00 million and RMB84.00 million, respectively.

In arriving at the above annual caps, the Directors have considered the following factors: (1) the existing contracts between our Group and Ant and its subsidiaries, including the current orders from Ant and our sales prices as stipulated in the contracts, (2) the historical transaction amounts, (3) the business expansion of our Group in hospitals and healthcare sectors, and (4) the expected sales price offered by Ant to its customers in the next three years based on our current estimation and communication with Ant.

CONNECTED TRANSACTIONS

Listing Rules Implications

In respect of each of the continuing connected transactions as described above, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules is expected to be above 0.1% but will not exceed 5% on an annual basis. Accordingly, each of the continuing connected transactions as described above are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules but will be subject to the annual reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

CONFIRMATION OF OUR DIRECTORS

Our Directors (including independent non-executive Directors) consider that (i) the partially-exempt continuing connected transactions above have been and will be entered into in the ordinary and usual course of business of our Group, on normal commercial terms or better, are fair and reasonable and in the interests of our Group and Shareholders as a whole, and (ii) the proposed annual caps in respect of the partially-exempt continuing connected transactions are fair and reasonable, and in the interests of our Group and Shareholders as a whole.

CONFIRMATION OF THE JOINT SPONSORS

The Joint Sponsors are of the view that (i) the partially-exempt continuing connected transactions above have been and will be entered into in the ordinary and usual course of business of our Group, on normal commercial terms, are fair and reasonable and in the interests of our Group and Shareholders as a whole; and (ii) the proposed annual caps in respect of the partially-exempt continuing connected transactions are fair and reasonable, and in the interests of our Group and Shareholders as a whole.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In relation to the continuing connected transactions above, we have applied for, and the Stock Exchange has granted to us, a waiver from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules pursuant to Rule 14A.105 of the Listing Rules, subject to the condition that the aggregate value of such continuing connected transactions for the years ended December 31, 2026, 2027 and 2028 shall not exceed relevant annual amounts stated above.

SHARE CAPITAL

This section presents certain information regarding our share capital before and upon completion of the Global Offering.

BEFORE THE COMPLETION OF THE GLOBAL OFFERING

As of the Latest Practicable Date, the registered capital of our Company was RMB360,000,000, comprising 360,000,000 Unlisted Shares (including 98,584,276 Class A Shares and 261,415,724 Class B Ordinary Shares) in issue of nominal value RMB1.00 each.

UPON THE COMPLETION OF THE GLOBAL OFFERING

Immediately following the completion of the Global Offering and the conversion of certain Unlisted Shares into H Shares, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total share capital
Unlisted Class A Shares in issue	98,584,276	24.49%
Unlisted Class B Ordinary Shares in issue	—	—
H Shares to be converted from Unlisted Shares (all being Class B Ordinary Shares)	261,415,724	64.93%
H Shares to be issued under the Global Offering (all being Class B Ordinary Shares)	42,626,800	10.59%
Total	402,626,800	100%

RANKING

Upon completion of the Global Offering and the conversion of 261,415,724 Unlisted Shares into H Shares, the Shares will consist of H Shares (all comprising of Class B Ordinary Shares) and Unlisted Shares (all comprising unlisted Class A Shares). However, apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai — Hong Kong Stock Connect or the Shenzhen — Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between investors of the PRC. All dividends for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollars or Renminbi, whereas all dividends for Unlisted Shares will be paid in Renminbi. Other than cash, dividends could also be paid in the form of Shares.

The Offer Shares (all comprising of Class B Ordinary Shares) will rank *pari passu* in all respects with all Class B Ordinary Shares (including H Shares) currently in issue or to be issued as mentioned in this Prospectus, and will qualify and rank equally for all dividends or other distributions declared, made or paid on the Shares on a record date which falls after the date of this Prospectus.

H-SHARE WEIGHTED VOTING RIGHTS STRUCTURE

The Company has an H-Share weighted voting rights structure. Under our weighted voting rights structure, our share capital comprises Class A Shares and Class B Ordinary Shares. As of the Latest Practicable Date and upon the completion of the Global Offering, each Class A Share shall entitle the holder to exercise ten votes and each Class B Ordinary Share shall entitle the holder to exercise one vote, respectively, on any matters subject to the vote at general meetings of the Company, subject to Rule 8A.24 of the Listing Rules, the PRC Company Law and the Articles of Association that require the Reserved Matters and the Special Matters to be voted on a one vote per share basis.

The Reserved Matters are:

- (i) any amendment to the Articles of Association;
- (ii) the variation of the rights attached to any class of Shares;

SHARE CAPITAL

- (iii) the appointment, election or removal of any independent non-executive Director;
- (iv) the appointment or removal of the Company's auditors; and
- (v) the voluntary winding-up of the Company.

The Special Matters are:

- (i) merger, division, dissolution or change of corporate form of the Company;
- (ii) determining the remunerations of Directors who are not employee representatives; and
- (iii) the election and change of the members of the Audit Committee.

Holders of Class B Ordinary Shares will be able to convene an extraordinary general meeting and add resolutions to the meeting agenda. The minimum stake required to do so must not be higher than 10% of the voting rights (excluding treasury shares) on a one vote per share basis in the share capital of the Company. See "Appendix III — Summary of Articles of Association" for further details.

Class A Shares may be converted into Class B Ordinary Shares on a one to one basis, subject to the procedures required under relevant PRC laws and regulations, the Articles of Association, and the securities regulatory rules of the place where the Company's shares are listed. Also see "— Conversion of our Unlisted Shares into H Shares" below. Upon the conversion of all the issued and outstanding Class A Shares into Class B Ordinary Shares, the Company will issue 98,584,276 Class B Ordinary Shares, representing approximately 32.42% of the total number of issued Class B Ordinary Shares immediately following the Listing.

The weighted voting rights attached to our Class A Shares will cease when the WVR Beneficiary cease to have beneficial ownership of any of our Class A Shares, in accordance with Rule 8A.22 of the Listing Rules and Articles of Association. This may occur:

- (i) upon the occurrence of any of the circumstances set out in Rule 8A.17 of the Listing Rule, in particular where the WVR Beneficiary is: (1) deceased; (2) no longer a member of our Board; (3) deemed by the Stock Exchange to be incapacitated for the purpose of performing his duties as a director; or (4) deemed by the Stock Exchange to no longer meet the requirements of a director set out in the Listing Rules;
- (ii) when the holders of Class A Shares have transferred to another person the beneficial ownership of, or economic interest in, the Class A Shares or the control over the voting rights attached to them, other than in the circumstances permitted by Rule 8A.18 of the Listing Rule;
- (iii) where a vehicle holding Class A Shares on behalf of the WVR Beneficiary no longer complies with Rule 8A.18(2) of the Listing Rule;
- (iv) when all of the Class A Shares have been converted to Class B Ordinary Shares; and
- (v) other circumstances as stipulated in the Articles of Association.

Shareholding Structure of the WVR Beneficiary

The table below sets out the beneficial interests and voting rights that the WVR Beneficiary upon the completion of the Global Offering:

	Number of Class A Shares held	Number of Class B Ordinary Shares held	Approximate percentage of beneficial interests in our total share capital	Approximate percentage of voting rights ⁽¹⁾
Mr. Lin ⁽²⁾	98,584,276	41,251,282	34.73%	79.63%

Notes:

- (1) On the basis that each Class B Ordinary Share entitles the Shareholder to one vote per Share and each Class A Share entitles the Shareholder to ten votes per Share.
- (2) For details of the shareholding structure of Mr. Lin and his controlled entities, see "History, Development and Corporate Structure — Capitalization".

The Company confirms that the holding arrangement through which the WVR Beneficiary hold the Class A Shares as described above meets the requirements in Rule 8A.18 of the Listing Rules and the holding arrangement is permitted under the "Consultation Conclusions — a listing regime for companies from emerging and innovative sectors" issued by the Stock Exchange in April 2018, namely: (a) a partnership of which the WVR Beneficiary is a partner and the terms of which must expressly specify that the voting rights attached to any and all of the Class A Shares held by such partnership are solely dictated by the WVR Beneficiary; (b) a trust of which the WVR Beneficiary

SHARE CAPITAL

is a beneficiary and that meets the following conditions: (i) the WVR Beneficiary must in substance retain an element of control of the trust and any immediate holding companies of, or, if not permitted in the relevant tax jurisdiction, retain a beneficial interest in any and all of the Class A Shares held by such trust; and (ii) the purpose of the trust must be for estate planning and/or tax planning purposes; or (c) a private company or other vehicle wholly owned and wholly controlled by the WVR Beneficiary or by a trust referred to in paragraph (b) above.

To ensure that there will not be any circumvention of Rule 8A.18(1), each of the Company and Mr. Lin undertakes that so long there is any weighted voting rights attached to the Shares held by Mr. Lin, he will not transfer any beneficial ownership of or economic interest or the control over the voting rights attached to the Shares held by him to another person. In the event that there is any change in the beneficial ownership of or economic interest in the Shares held by Mr. Lin or the control over the voting rights attached to the Shares held by Mr. Lin to another person, the Company and Mr. Lin will notify the Stock Exchange pursuant to Rule 8A.19 of the Listing Rules and comply with the relevant statutory obligations including obligations of disclosure of interests under the SFO, and the weighted voting rights attached to the Class A Shares held by Mr. Lin shall cease upon such transfer accordingly. The Company will also comply with Rule 8A.30 of the Listing Rules to confirm, on an annual basis, that the WVR Beneficiary has complied with Rule 8A.18 of the Listing Rules.

Contribution of the WVR Beneficiary

Our executive team is headed by our WVR Beneficiary, namely Mr. Lin, who has been materially responsible for the growth of the Company's business since its establishment by way of his skills, knowledge and/or insights to the industry. Being at the core of the Group's leadership team and leveraging his professional experience in the industry, Mr. Lin is pivotal to the success of the Group and has continuously introduced innovation to the Group's business model and technologies through his visionary leadership. Prior to the founding of our Group, Mr. Lin has been a serial entrepreneur and a recognized leader in digital commerce with nearly 20 years of experience. In 1999, he developed the world's first PC-based POS terminal, and in the early 2010s, he foresaw the mobile internet trend and launched the world's first Android-based POS terminal. In 2013, Mr. Lin founded the Company and led the launch of the Company's intelligent commercial IoT platform in 2015. Driven by his extensive experience in commercial hardware research and design, Mr. Lin was among the first to introduce the next-generation concept of "hardware + software + services" in the field of commercial IoT terminals. As the leader of the Company's technology development, Mr. Lin has laid the foundation of the Company's major products and technologies through his continuous efforts on their invention, development and commercialization, including but not limited to SUNMI Max Program, All-in-one IoT terminal and SUNMI LINK protocol and Hyper Wi-Fi. In addition, leveraging his long-term and in-depth understanding of the industry, Mr. Lin led the Company in establishing its inner and outer ecosystem with many other players in the industry, including strategic cooperation partners, the Group's major suppliers and customers, and other market participants. This laid the foundation for the Company's future national and international development strategy and was critical to the Company's future business development when the Company promoted cooperation among industry participants and worldwide practices and standards.

Mr. Lin has been integral to the success of the Company and has been materially responsible for the operation and growth of the Company's business since its inception until now, and will continue to lead the future development and operations of the Company. Mr. Lin has been and will continue to be responsible for the Company's overall business strategies, research and development as well as talents recruiting. He also leads the Company in formulating its corporate values, as well as setting a distinct vision to drive the Company's long-term sustainable growth.

Our Company is adopting the WVR structure to enable the WVR Beneficiary to exercise voting control over our Company. This will enable our Company to benefit from the continuing vision and leadership of the WVR Beneficiary who will control our Company with a view to its long-term prospects and strategy. Taking into account the WVR Beneficiary's contribution to the Group, it is in the best interests of the Company and its Shareholders as a whole.

Prospective investors are advised to be aware of the potential risks of investing in companies with weighted voting rights structures, in particular that interests of the WVR Beneficiary may not necessarily always be aligned with those of our Shareholders as a whole, and that the WVR Beneficiary will be in a position to exercise their higher voting power to influence the affairs of our Company and the outcome of Shareholders' resolutions, irrespective of how other Shareholders vote.

Prospective investors should make the decision to invest in the Company only after due and careful consideration. For further information about the risks associated with the WVR structure adopted by the Company, see "Risk Factors — Risks Related to the WVR Structure." Save for the weighted voting rights attached to Class A Shares, the rights attached to Class A Shares and Class B Ordinary Shares are identical. For further information about the rights, privileges and restrictions of the Class A Shares and Class B Ordinary Shares, see "Appendix III — Summary of Articles of Association."

SHARE CAPITAL

Undertakings by the WVR Beneficiary

Pursuant to Rule 8A.43 of the Listing Rules, the WVR Beneficiary is required to give a legally enforceable undertaking to the Company that he will comply with the relevant requirements as set out in Rule 8A.43, which is intended to be for the benefit of and enforceable by the Shareholders. In February 2026, Mr. Lin made an undertaking to the Company (the “**Undertaking**”), that for so long as he is a WVR Beneficiary:

- (a) he shall comply with (and, if the shares to which the weighted voting rights that he is beneficially interested in are attached are held through a limited partnership, trust, private company, or other vehicle, use his best endeavors to procure that such limited partnership, trust, private company or other vehicle complies with) all applicable requirements under Rules 8A.09, 8A.14, 8A.15, 8A.17, 8A.18 and 8A.24 of the Listing Rules from time to time in force (the “**Requirements**”); and
- (b) he shall use his best endeavors to procure that the Company complies with all applicable Requirements.

For the avoidance of doubt, the Requirements are subject to Rule 2.04 of the Listing Rules. The WVR Beneficiary acknowledged and agreed that the Shareholders rely on the Undertaking in acquiring and holding their Shares. The WVR Beneficiary acknowledged and agreed that the Undertaking is intended to confer a benefit on the Company and all Shareholders and may be enforced by the Company and/or any Shareholder against the WVR Beneficiary.

The Undertaking shall automatically terminate upon the earlier of (i) the date of delisting of the Company from the Stock Exchange, and (ii) the date on which the relevant WVR Beneficiary ceases to be a beneficiary of weighted voting rights in the Company. For the avoidance of doubt, the termination of the Undertaking shall not affect any rights, remedies, obligations or liabilities of the Company and/or any Shareholder and/or the WVR Beneficiary himself that have accrued up to the date of termination, including the right to claim damages and/or apply for any injunction in respect of any breach of the Undertaking which existed at or before the date of termination.

The Undertaking shall be governed by the laws of Hong Kong and all matters, claims or disputes arising out of the Undertaking shall be subject to the exclusive jurisdiction of the courts of Hong Kong.

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

According to the regulations issued by the CSRC, the holders of our Unlisted Shares may, at their own option, authorize the Company to apply to the CSRC for conversion of their respective Unlisted Shares to H Shares, and such converted Shares may be listed and traded on an overseas stock exchange provided that the required filings with the CSRC for the conversion, listing and trading of such converted Shares have been completed. Additionally, such conversion, trading and listing shall meet any 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. Save as disclosed in the section headed “History, Development and Corporate Structure — Capitalization” in this Prospectus and to the best knowledge of our Directors, we are not aware of the intention of such existing Shareholders to convert their Unlisted Shares.

If any of the Unlisted Shares are to be converted, listed and traded 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 listing of all or any portion of the Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion after the Global Offering to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. As the listing of additional Shares after the Listing on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for listing at the time of our listing in Hong Kong. No class Shareholder voting is required for the conversion of such Shares or the listing and trading of such converted Shares on an overseas stock exchange. Any application for listing of the converted shares on the Stock Exchange after our initial listing 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, and our Company will re-register such Shares on the H Share register maintained in Hong Kong and instruct the H Share Registrar to issue H Share certificates. Registration on the H Share register of our Company will be on the conditions that (i) the H Share Registrar lodges with the Stock Exchange a letter confirming the entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates; and (ii) the admission of the H Shares to be traded 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 on the H Share register of our Company, such Shares would not be listed as H Shares. For

SHARE CAPITAL

details of our existing Shareholders' proposed conversion of Unlisted Shares into H Shares, see "History, Development and Corporate Structure — Capitalization."

TRANSFER OF OUR SHARES ISSUED PRIOR TO THE GLOBAL OFFERING

Pursuant to the PRC Company Law, our Shares issued prior to the Listing shall not be transferred within one year from the Listing Date.

Shares transferred by our Directors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company 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 and members of the senior management in our Company.

REGISTRATION OF SHARES NOT LISTED ON THE 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 Depository 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 Depository 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' GENERAL MEETING

See the section headed "Appendix III — Summary of Articles of Association" for details of circumstances under which our general Shareholders' meeting is required.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Global Offering and conversion of our 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 us pursuant to 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 nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company:

As of Latest Practicable Date

Name of Shareholders	Nature of Interest	Number of Shares	Approximate percentage of interests in respective class
Class A Shares			
Mr. Lin	Beneficial Owner	98,584,276	100%
Class B Ordinary Shares			
Woyou ESOP ⁽¹⁾	Beneficial Owner	28,877,670	11.05%
Woyou Partnership ⁽¹⁾	Beneficial Owner	10,622,371	4.06%
Ningbo Woyou ⁽¹⁾	Beneficial Owner	1,751,241	0.67%
Mr. Lin ⁽¹⁾	Interests in controlled corporations	41,251,282	15.78%
Yunxin Venture ⁽²⁾	Beneficial Owner	98,182,427	37.56%
Ant Group Co., Ltd ⁽²⁾	Interests in controlled corporations	98,182,427	37.56%
Hantao Consulting ⁽³⁾	Beneficial Owner	29,515,358	11.29%
Meituan ⁽³⁾	Interests in controlled corporations	29,515,358	11.29%
Jinxing Venture ⁽⁴⁾	Beneficial Owner	28,011,271	10.72%
Xiaomi Corporation ⁽⁴⁾	Interests in controlled corporations	28,011,271	10.72%
Shenzhen Capital Group	Beneficial Owner	24,777,737	9.48%
Shanshang Investment ⁽⁵⁾	Beneficial Owner	14,832,000	5.67%
Zhejiang Kunxin Investment Management Co. Ltd ⁽⁵⁾	Interests in controlled corporations	14,832,000	5.67%
Zhejiang Zheli Investment Management Co., Ltd ⁽⁵⁾	Interests in controlled corporations	14,832,000	5.67%
Zhejiang Equity Service Group Co., Ltd ⁽⁵⁾	Interests in controlled corporations	14,832,000	5.67%
Jiashan County Shanrui Venture Capital Co., Ltd ⁽⁵⁾	Interests in controlled corporations	14,832,000	5.67%
Jiashan County Zhongxin Industrial Development Investment Co., Ltd ⁽⁵⁾	Interests in controlled corporations	14,832,000	5.67%
Jiashan County Financial Investment Co., Ltd. ⁽⁵⁾	Interests in controlled corporations	14,832,000	5.67%
Jiashan County State-owned Assets Investment Group Co., Ltd. ⁽⁵⁾	Interests in controlled corporations	14,832,000	5.67%
Jiashan County Shancheng Industry Co., Ltd. ⁽⁵⁾	Interests in controlled corporations	14,832,000	5.67%

Immediately following completion of the Global Offering

Name of Shareholders	Nature of Interest	Number of Shares	Approximate percentage of interests in respective class
Class A Shares			
Mr. Lin	Beneficial Owner	98,584,276	100%
Class B Ordinary Shares/ H Shares⁽⁶⁾			
Woyou ESOP ⁽¹⁾	Beneficial Owner	28,877,670	9.50%
Woyou Partnership ⁽¹⁾	Beneficial Owner	10,622,371	3.49%
Ningbo Woyou ⁽¹⁾	Beneficial Owner	1,751,241	0.58%
Mr. Lin ⁽¹⁾	Interests in controlled corporations	41,251,282	13.57%
Yunxin Venture ⁽²⁾	Beneficial Owner	98,182,427	32.29%
Ant Group Co., Ltd ⁽²⁾	Interests in controlled corporations	98,182,427	32.29%
Hantao Consulting ⁽³⁾	Beneficial Owner	29,515,358	9.71%
Meituan ⁽³⁾	Interests in controlled corporations	29,515,358	9.71%
Jinxing Venture ⁽⁴⁾	Beneficial Owner	28,011,271	9.21%
Xiaomi Corporation ⁽⁴⁾	Interests in controlled corporations	28,011,271	9.21%
Shenzhen Capital Group	Beneficial Owner	24,777,737	8.15%

SUBSTANTIAL SHAREHOLDERS

Notes:

- (1) Mr. Lin is the general partner of Woyou ESOP, Woyou Partnership and Ningbo Woyou. Therefore, Mr. Lin is deemed to be interested in the Shares held by Woyou ESOP, Woyou Partnership and Ningbo Woyou in our Company under the SFO.
- (2) Yunxin Venture is wholly-owned by Ant Group Co., Ltd.. Therefore, Ant Group Co., Ltd. is deemed to be interested in the Shares held by Yunxin Venture in our Company under the SFO.
- (3) Hantao Consulting is a consolidated affiliated entity of Meituan. Therefore, Meituan is deemed to be interested in the Shares held by Hantao Consulting in our Company under the SFO.
- (4) Jinxing Venture is a consolidated affiliated entity of Xiaomi Corporation. Therefore, Xiaomi Corporation is deemed to be interested in the Shares held by Jinxing Venture in our Company under the SFO.
- (5) Shanshang Investment is owned as to 1% by its general manager, Zhejiang Kunxin Investment Management Co. Ltd., which is wholly-owned by Zhejiang Zheli Investment Management Co., Ltd, which is in turn wholly-owned by Zhejiang Equity Service Group Co., Ltd. The remaining 39.6% partnership interests is owned by Jiashan County Shanrui Venture Capital Co., Ltd. (嘉善縣善瑞創業投資有限公司) and 59.40% partnership interests is owned by Jiashan County Zhongxin Industrial Development Investment Co., Ltd. (嘉善縣中新產業發展投資有限公司) as limited partners. Jiashan County Shanrui Venture Capital Co., Ltd. is controlled by Jiashan County Financial Investment Co., Ltd., which is wholly owned by Jiashan County State-owned Assets Investment Group Co., Ltd. Jiashan County Zhongxin Industrial Development Investment Co., Ltd. is wholly owned by Jiashan County Shancheng Industry Co., Ltd. Therefore, each of Zhejiang Kunxin Investment Management Co. Ltd., Zhejiang Zheli Investment Management Co., Ltd, Zhejiang Equity Service Group Co., Ltd Jiashan County Shanrui Venture Capital Co., Ltd., Jiashan County Zhongxin Industrial Development Investment Co., Ltd. Jiashan County Financial Investment Co., Ltd., Jiashan County State-owned Assets Investment Group Co., Ltd. and Jiashan County Shancheng Industry Co., Ltd. is deemed to be interested in the Shares held by Shanshang Investment in our Company under the SFO.
- (6) After completion of the Global Offering, all Class B Ordinary Shares in issues as of the Latest Practicable Date will be converted to H Shares.

Save as disclosed above and the section headed “Appendix IV – Statutory and General Information – Further Information about our Directors and Substantial Shareholders,” our Directors are not aware of any person who will, immediately following completion of the Global Offering, have any interest and/or short position in the Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company or any other member of our Group.

CORNERSTONE INVESTORS

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a “**Cornerstone Investment Agreement**”, and together the “**Cornerstone Investment Agreements**”) with the cornerstone investors set out below (each a “**Cornerstone Investor**”, and together the “**Cornerstone Investors**”), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe at the Offer Price for a certain number of Offer Shares that may be purchased for an aggregate amount of US\$36.57 million (approximately HK\$286.41 million) (the “**Cornerstone Placing**”). The calculations in this section, which are based on the exchange rate as disclosed in the section headed “Information about this Prospectus and the Global Offering”, are for illustration purpose.

Based on the Offer Price, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 11,520,800 Offer Shares. The table below reflects the shareholding percentage immediately after the completion of the Global Offering assuming there is no other change made to the issued share capital of our Company between the Latest Practicable Date and the Listing Date.

Immediately after the completion of the Global Offering

<i>Approximate % of the Offer Share</i>	<i>Approximate % of the Shares in issue</i>
27.03%	2.86%

Our Company is of the view that the Cornerstone Placing will help to raise the profile of our Company and to signify that such investors have confidence in our business and prospect. Our Company became acquainted with each of the Cornerstone Investors in its ordinary course of operation through the business network of our Group or through introduction by certain Underwriters in the Global Offering.

To the best knowledge of the Company, among the Cornerstone Investors, XINWUTANG CO., LIMITED is a close associate of Shanshang Investment, an existing minority Shareholder of our Company. The Stock Exchange has granted a waiver from strict compliance with the requirements under Rule 10.04 of the Listing Rules and consent under paragraph 1C of Appendix F1 to the Listing Rules to permit Offer Shares in the International Offering to be placed to certain existing minority Shareholders and/or their close associates. For further details, please see the section headed “Waivers”.

Save as disclosed in this Prospectus, to the best knowledge of our Company, each of the Cornerstone Investors (i) is an Independent Third Party; (ii) none of the Cornerstone Investors is accustomed to taking instructions from our Company, the Directors, chief executive, our Controlling Shareholders, substantial shareholders, existing Shareholders or any of their respective subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares; (iii) none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors is financed by our Company, the Directors, chief executive, our Controlling Shareholders, substantial shareholders, existing Shareholders or any of their respective subsidiaries or their respective close associates; (iv) each Cornerstone Investor will be utilizing their internal resources as their source of funding for the subscription of the Offer Shares; and (v) no approval from other stock exchange is required for each Cornerstone Investor’s investment in our Company as described in this section. The subscription of the Offer Shares by all Cornerstone Investors under the Cornerstone Investment is not required to be submitted to the Cornerstone Investors’ listed holding company (as the case may be) for approval.

The Cornerstone Placing will form part of the International Offering, and save as otherwise consented from the Stock Exchange, the Cornerstone Investors and their respective close associates will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respect with the fully paid Shares in issue and will be counted towards the public float of our Company under Rule 8.08 of the Listing Rules. Immediately following the completion of the Global Offering, none of the Cornerstone Investors will become a substantial shareholder of the Company, and the Cornerstone Investors will not have any Board representation in our Company. Other than a guaranteed allocation of the relevant Offer Shares at the Offer Price, the Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders. There are no side arrangements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Cornerstone Placing.

The total number of Offer Shares to be subscribed by the Cornerstone Investors may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the paragraph headed “Structure of the Global Offering – The Hong Kong Public Offering – Reallocation” in this Prospectus. The number of Offer Shares to be acquired by each Cornerstone Investor may be reduced on a pro rata basis in accordance with the terms of the Cornerstone Investment Agreement to satisfy the short fall, after taking into account the requirements under Appendix F1 to the Listing Rules.

CORNERSTONE INVESTORS

Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement of our Company to be published on or around April 28, 2026. Where delayed delivery takes place, each Cornerstone Investor that may be affected by such delayed delivery has agreed that it shall nevertheless pay for the relevant Offer Shares on or before 8:00 a.m. on the Listing Date. There will be no over-allocation in the International Offering and delayed delivery will not take place. As such, there will be no deferred settlement of the investment amount for the Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Investment Agreements.

Set out below in the aggregate number of Offer Shares, and the corresponding percentages to the Offer Shares and our Company's total issued share capital under the Cornerstone Placing based on the Offer Price:

Name	Investment Amount	Number of Offer Shares (rounded down to nearest whole board lot of 100 H Shares)	Immediately following the completion of Global Offering	Approximate % of the Shares in issue
	(US\$ in millions)		Approximate % of the Offer Share	
China Orient Enhanced Income Fund	5.00	1,575,100	3.70%	0.39%
XINWUTANG CO., LIMITED	31.57	9,945,700	23.33%	2.47%
Total	36.57	11,520,800	27.03%	2.86%

Notes:

- (1) The investment amount excludes brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee, and is calculated based on the exchange rate set out in the section headed "Information about this Prospectus and the Global Offering — Exchange Rate Conversion" in this Prospectus. The number of Offer Shares to be subscribed by the Cornerstone Investors are subject to the exchange rate to be determined in accordance with each relevant Cornerstone Investment Agreement.

OUR CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by our Cornerstone Investors in connection with the Cornerstone Placing.

China Orient International Asset Management Limited - China Orient Enhanced Income Fund ("China Orient Enhanced Income Fund")

China Orient Enhanced Income Fund is a company incorporated in the Cayman Islands and is managed by China Orient International Asset Management Limited. China Orient International Fund Management Limited, a company incorporated in the Cayman Islands with limited liability, is the sole management shareholder of China Orient Enhanced Income Fund. Both China Orient International Fund Management Limited and China Orient International Asset Management Limited are wholly-owned subsidiaries of China Orient Asset Management (International) Holding Limited. China Orient Asset Management (International) Holding Limited is ultimately controlled by Central Huijin Investment Ltd, a state-owned investment company, established in December 2003 and mandated to exercise the rights and the obligations as an investor in major state-owned financial enterprises, on behalf of the People's Republic of China.

XINWUTANG CO., LIMITED

XINWUTANG CO., LIMITED, is a limited company incorporated in Hong Kong wholly owned by Jiashan Xinwutang Equity Investment Partnership Enterprise (Limited Partnership) (嘉善新武塘股權投資合夥企業(有限合夥)) ("Jiashan Xinwutang"). Jiashan Xinwutang is managed and held as to 0.1% by its general partner, Zhejiang Kunxin Investment Management Co. Ltd. (浙江坤鑫投資管理有限公司) ("Zhejiang Kunxin"), which is in turn ultimately controlled by Zhejiang Equity Service Group Company Limited (浙江股權服務集團有限公司) ("Zhejiang Equity Service Group"). The single largest shareholder of Zhejiang Equity Service Group is Zhejiang Finance Market Investment Company Limited (浙江省金融市場投資有限公司), a state-owned company holding the equity interests therein as to 12%. The remaining 95% and 4.9% partnership interests of Jiashan Xinwutang is owned by Jiashan County Xinwutang Venture Capital Co., Ltd. (嘉善縣新武塘創業投資有限公司) and Jiashan County Zhongxin Industrial Development Investment Co., Ltd. (嘉善縣中新產業發展投資有限公司) as limited partners respectively, both of which are ultimately controlled by Jiashan County Finance Bureau (Jiashan County People's Government State-owned Assets Supervision and Administration Office) (嘉善縣財政局(嘉善縣人民政府國有資產監督管理辦公室)). XINWUTANG CO., LIMITED is a close associate of Shanshang Investment, an existing minority Shareholder of our Company.

CORNERSTONE INVESTORS

CLOSING CONDITIONS

The obligation of each Cornerstone Investor to subscribe for the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

- (i) the Underwriting Agreements being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Underwriting Agreements, and neither of the Underwriting Agreements having been terminated;
- (ii) the Offer Price having been agreed between the Company and the Overall Coordinators (on behalf of the Underwriters);
- (iii) the Listing Committee having granted the listing of, and permission to deal in, the H Shares (including the relevant Cornerstone Investor's Shares as well as other applicable waivers and approvals) and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;
- (iv) the CSRC has accepted the filing and published the filing result on its official website, and such acceptance notice and/or the published filing result have not been rejected, withdrawn, revoked or invalidated prior to the commencement of dealings in the H Shares on the Stock Exchange;
- (v) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or the Cornerstone Investment Agreements and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (vi) the respective representations, warranties, undertakings, acknowledgements and confirmations of the relevant Cornerstone Investor under the relevant Cornerstone Investment Agreement are (as of the date of the agreement) and will be (on the Listing Date and the delayed delivery date (if applicable)) accurate, true and complete in all respects and not misleading or deceptive and that there is no material breach of the relevant Cornerstone Investment Agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

The Offer Shares subscribed by China Orient Enhanced Income Fund shall not be disposed of, whether directly or indirectly, at any time during the period of 11 months from and including the Listing Date; and the Offer Shares subscribed by XINWUTANG CO., LIMITED shall not be disposed of, whether directly or indirectly, at any time during the period of 6 months from and including the Listing Date, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the lock-up period restriction.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our consolidated financial statements and the accompanying notes included in the Accountant's Report set forth in Appendix I to this Prospectus. Our consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountant's Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. In evaluating our business, you should carefully consider all of the information provided in this Prospectus.

For the purposes of this section, unless the context otherwise requires, references to the years of 2023, 2024 and 2025 refer to our financial year ended December 31 of such year. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a leading global Business Internet of Things (BIoT) solution provider. Our disruptive solutions integrate smart hardware, software, and data insights to enable the digital transformation of a vast array of offline commercial scenarios, streamlining essential business operations such as payments, membership management, order fulfillment, inventory control, and workforce management.

Our BIoT solutions mainly include smart devices and BIoT PaaS platform. Each of our smart devices is powered by our proprietary operating system, namely SUNMI OS, allowing merchants to efficiently manage and optimize their transactions and operations. Our BIoT PaaS platform offers a unified software infrastructure equipped with ready-to-use development tools that enable merchants and developers to efficiently develop, manage and upgrade vertical-specific software applications for use on smart devices. As of December 31, 2025, we recorded over 0.2 billion cumulative application downloads in our SUNMI App Store.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business and results of operations are influenced by various general factors that affect overall consumer demands and market conditions for smart BIoT solutions. These factors include macroeconomic trends, industry dynamics, and competitive landscape. Any negative change in these conditions may adversely impact our results of operations.

In addition to these general factors, the following specific factors have a more direct impact on our results of operations.

Expanding BIoT Hardware Reach and Penetration

We have established a unique competitive edge in the global BIoT landscape through our multi-layered hardware deployment network. Under our globalization strategy, our smart devices have been deployed to over 200 countries and geographic regions, with localized adaptations tailored to regional market characteristics. For instance, in markets with diverse payment preferences, we have introduced smart devices supporting multiple mainstream payment protocols while deepening collaborations to expand into emerging markets.

By focusing on industries such as food service, retail, and healthcare, we have developed a modular hardware portfolio that integrates BIoT device solutions with AI cameras, smart weighing devices, and other peripherals, delivering end-to-end digital solutions. We cover the broadest range of industry verticals including more than 100 industry sub-verticals, such as restaurant, sport and fitness, clinic, delivery and logistics. This dual approach not only combines broad geographic reach with industry-specific customization, but also allows us to quickly penetrate into new markets, such as new countries in Europe.

Developing an Open, Scalable Software Ecosystem

Leveraging a architecture, we have built an open and customizable software ecosystem. Our proprietary operating system seamlessly integrates AI algorithms and IoT protocols, enabling functional expansions ranging from basic transaction processing to advanced data analytics. As of December 31, 2025, SUNMI APP Store hosts approximately 33,300 business application software, and recorded the total number of cumulated app downloads of over 0.2 billion.

Catering to businesses of all scales, we offer both plug-and-play PaaS solutions for SMEs and private cloud deployments with dedicated data hubs for large enterprises. Through continuous iterations of our SUNMAX BIoT PaaS Platform, we have attracted approximately 42,000 developers to co-create applications spanning supply chain

FINANCIAL INFORMATION

management, customer loyalty programs, and financial analytics, as of December 31, 2025. Open API integration further bridges third-party systems, eliminating data silos and fostering interoperability. As of December 31, 2025, we offered approximately 800 APIs and flexible integration options.

Cost Optimization through Refined Supply Chain Management and Technological Innovation

In hardware production, our hybrid model of core component self-procurement reduces procurement costs via domestic (including Chinese mainland and Hong Kong) sourcing of critical parts like batteries and communication modules. We typically procure these critical parts through our own procurement department or through our OEM/ODMs at our request. Leveraging China's OEM/ODMs for scalable production, with top-tier China's OEM/ODM during the Track Record Period to manage our product quality effectively and efficiently. Additionally, our CBB technology enables standardized modular application of our devices. This allows us to centralize procurement, enhance bargaining power, ultimately achieving cost optimization.

Seasonality

Our sales exhibit a seasonal pattern, with a greater share of revenue generated in the second half of the year, because our major customers in the BIoT industry typically plan their budgets at the beginning or end of their fiscal year and bulk purchase orders are more likely to be placed following budget approvals.

Furthermore, given our customer portfolio, our sales are often influenced by non-PRC holidays observed by global customers (e.g., Christmas and Ramadan), in addition to PRC national holidays. The BIoT industry is also affected by regional consumption patterns and festive seasons, as many customers complete device upgrades or deployments ahead of major holidays or peak business periods. This seasonality is common across the industry and reflects customer purchasing behavior rather than company-specific operational factors.

BASIS OF PREPARATION

The historical financial information of our Group has been prepared in accordance with the accounting policies which confirm with the IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB"). The historical financial information of our Group is presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of the historical financial information in conformity with IFRS Accounting Standards requires the use of certain material accounting policy information and estimates. It also requires management to exercise its judgment in the process of applying our Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information, are disclosed in Notes 4 and 5 of the Accountant's Report included in Appendix I to this Prospectus.

MATERIAL ACCOUNTING POLICY INFORMATION AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates.

Some of our accounting policies require us to apply estimates, assumptions. These estimates, assumptions have a significant impact on our financial position and operational results. Our management continuously evaluates such estimates, assumptions based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. 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. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth a summary of our consolidated statements of profit or loss for the periods indicated, derived from our consolidated statements of profit or loss set out in the Accountant's Report included in Appendix I to this prospectus.

	Years Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Revenue	3,070,569	3,456,377	3,811,858
Cost of sales	(2,249,409)	(2,459,046)	(2,618,912)
Gross profit	821,160	997,331	1,192,946
Other income	50,569	94,855	91,871
Other gains and losses	8,038	39,550	(28,951)
Distribution and selling expenses	(321,878)	(360,985)	(411,627)
Administrative expenses	(84,996)	(135,076)	(120,702)
Research and development expenses	(353,647)	(394,453)	(422,767)
Impairment losses under expected credit loss ("ECL") model, net of reversal ..	(2,290)	(3,910)	(5,322)

FINANCIAL INFORMATION

	Years Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Listing expenses	—	—	(26,156)
Finance costs	(16,641)	(30,103)	(31,721)
Profit before tax	100,315	207,209	237,571
Income tax credit (expense)	913	(26,166)	(14,970)
Profit for the year	101,228	181,043	222,601

Non-IFRS Measures

To supplement our consolidated statements of profit or loss which are presented in accordance with IFRS, we use adjusted net profit (Non-IFRS measure) as non-IFRS measures, which are not required by, or presented in accordance with, IFRS.

We define adjusted net profit (Non-IFRS measure) as profit for the periods adjusted by adding back (i) share-based payments, which are non-cash in nature, and (ii) listing expenses, which relate to the Global Offering. We believe that Non-IFRS measures facilitate the comparisons of operating performance and provide useful information to investors and others in understanding and evaluating our operating performance in the same manner as it helps our management. However, our presentation of Non-IFRS measures for the periods may not be comparable to similarly titled measures presented by other companies. The use of Non-IFRS measures has limitations as an analytical tool, and investors should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

The following table reconciles Non-IFRS measures for the periods prepared in accordance with IFRS Accounting Standards.

	For the Year Ended December 31		
	2023	2024	2025
	(RMB in thousands)		
Profit for the year	101,228	181,043	222,601
<i>adjusted for</i>			
Share-based payment expenses	4,201	39,324	19,993
Listing expenses	—	—	26,156
Adjusted net profit (Non-IFRS measure)	105,429	220,367	268,750

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we generated our revenue primarily from sales of smart devices, and to a lesser extent, from PaaS platform and customization services. Our PaaS platform and customization services mainly consist of (a) self-developed supporting software products or systems (e.g. upgraded SUNMI OS system and DMP system), which is charged to the relevant customers on an annual basis, (b) provision of PaaS platform services, which is charged to the relevant customers in accordance with (i) the number of SUNMI smart devices connected and/or (ii) their transaction amount, and (c) provision of customization services for BIOT hardware and software developed based on our PaaS platform, which is charged to the relevant customers on a project basis. Our revenue were mainly generated from standardized offerings during the Track Record Period. The following table sets forth a breakdown of our revenue by business segment and as a percentage of our total revenue, for the periods indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
Sales of smart devices						
Smart desktop devices	954,216	31.1	959,202	27.7	972,455	25.5
- Series T + D ⁽¹⁾⁽²⁾	436,627	14.2	371,547	10.8	458,113	12.0
- Series F ⁽³⁾	299,660	9.8	193,175	5.6	339,046	8.9
- Others ⁽⁴⁾	217,928	7.1	394,480	11.3	175,296	4.6
Smart mobile devices	659,879	21.5	808,764	23.4	1,001,734	26.2
- Series V ⁽⁵⁾	471,494	15.4	581,683	16.8	710,256	18.6
- Others	188,385	6.1	227,081	6.6	291,478	7.6

FINANCIAL INFORMATION

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Smart payment devices	1,222,771	39.8	1,463,896	42.4	1,536,646	40.3
- Series P ⁽⁶⁾	1,222,446	39.8	1,454,683	42.1	1,490,896	39.1
- Others	325	0.0	9,213	0.3	45,750	1.2
Accessories and parts	170,953	5.6	206,131	6.0	262,235	7.0
Subtotal	3,007,819	98.0	3,437,993	99.5	3,773,070	99.0
PaaS platform and customization services	62,750	2.0	18,384	0.5	38,788	1.0
Total revenue	3,070,569	100.0	3,456,377	100.0	3,811,858	100.0

Notes:

- (1) Launched in 2017, Series T is positioned as the premium flagship line for medium to large chains and high-traffic stores that require top-tier performance, durability, and deep system integration. Typical specifications include advanced processors, and multi-touch displays. Series T's average selling price typically ranges around RMB1,700 to RMB8,000, subject to configuration and models. During the Track Record Period, Series T achieved sales volumes of approximately 78,000 units in 2023, 68,000 units in 2024 and 48,000 units in 2025. The decreased sales volume of Series T in 2025 is primarily because Series T mainly contained our previous-generation products, and some of its sales were cannibalized by our latest products.
- (2) Launched in 2017, Series D is positioned as the entry-level, value-oriented line for small to medium retailers and cost-sensitive deployments that require reliable core POS functionality, easy maintenance, and seamless integration with cloud-based systems. Typical specifications include efficient mid-tier processors, storage, and touch displays with optional payment and scanning modules. Series D's average selling price typically ranges around RMB700 to RMB5,000, subject to configuration and features. During the Track Record Period, Series D achieved sales volumes of approximately 178,000 units in 2023, 151,000 units in 2024 and 271,000 units in 2025. The increased sales volume of Series D in 2025 is primarily due to the launch of D3 with new functions.
- (3) Launched in 2019, Series F is positioned as a product designed to accelerate checkout and pickup while minimizing queues through three-in-one payments: facial recognition, QR code, and card payments. Typical specifications include integrated cameras for face authentication, payment modules touch displays. Covering all tiers customers, Series F's average selling price typically ranges around RMB1,100 to RMB2,900, depending on configuration and features. During the Track Record Period, Series F achieved sales volumes of approximately 203,000 units in 2023, 98,000 units in 2024, and 170,000 units in 2025. The increase in sales volume in 2023 was driven by the promotion of our F2 series with facial-recognition features in China's group catering and healthcare sectors. However, as hospitals and group catering companies completed their rollouts, sales volume subsequently declined in 2024.
- (4) Others primarily include Series K, Series S and Series H. During the Track Record Period, Series K achieved sales volumes of approximately 10,000 units in 2023, 8,000 units in 2024 and 14,000 units in 2025. During the Track Record Period, Series S achieved sales volumes of approximately 13,000 units in 2023, 7,000 units in 2024 and 7,000 units in 2025.
- (5) Launched in 2016, Series V combines printing, scanning, voice prompts, and capacitive touch in a single device to streamline checkout, ordering, order intake, and store management workflows across industries. It is designed to match diverse merchant needs with an all-in-one footprint that reduces peripheral clutter and simplifies deployment, while supporting seamless integration with mainstream retail systems and cloud device management. Covering all tiers customers, Series V typically offers efficient processors, thermal printing, high-sensitivity barcode capture, clear audio for voice announcements, and multi-touch displays. Series V's average selling price typically ranges around RMB100 to RMB1,900, depending on configuration and features. During the Track Record Period, Series V achieved sales volumes of approximately 575,000 units in 2023, 659,000 units in 2024 and 798,000 units in 2025. The increase in sales volume from 2023 to 2025 was primarily due to the changes in demands from food and on-demand delivery platforms.
- (6) Launched in 2017, Series P supports multiple checkout modes—mobile and desktop—within a single device, enabling flexible deployments from countertop POS to on-the-go payments. It integrates full omnichannel payment capabilities, including magnetic stripe, IC (chip), contactless (NFC), and QR code payments, PCI-compliant encryption, and transaction processing. Covering all tiers customers, Series P typically features efficient processors, long-lasting batteries for mobile use, brighter touch displays, robust connectivity, and seamless integration with retail platforms and cloud device management. Series P's average selling price typically ranges around RMB300 to RMB2,900, depending on configuration and features. During the Track Record Period, Series P achieved sales volumes of approximately 1,926,000 units in 2023, 2,429,000 units in 2024 and 2,472,000 units in 2025.

Series T is our flagship smart desktop device, recognized with multiple international design awards, delivering high performance and reliability for merchants seeking premium solutions. Our Series D is primarily designed for startups, combining our unique design with professional functionality to meet the daily operational needs of retail and service merchants. Series T and Series D share similar core functions, with Series D serving as the entry-level option and Series T positioned as the premium high-end series. The revenue from Series T + D decreased from RMB436.6 million in 2023 to RMB371.5 million in 2024, primarily due to the shift in customer demand from smart desktop devices to our smart mobile devices. Our Series F primarily provides digitalized group dining solutions, enhancing dining experiences and operational efficiency in cafeterias across schools, campuses, and corporate parks. The revenue from Series F decreased from RMB299.7 million in 2023 to RMB193.2 million in 2024, primary due to the demand from academic institutions and corporate customers normalized following the stabilization of the COVID-19 pandemic. The revenue increased from RMB193.2 million in 2024 to RMB339.0 million in 2025, primarily due to the rising customer demands.

FINANCIAL INFORMATION

Our Series V is primarily used by food delivery platforms and restaurant customers. The revenue from Series V increased from RMB471.5 million in 2023 to RMB581.7 million in 2024, and increased to RMB710.3 million in 2025, primarily because the changes in demands from food and on-demand delivery platforms.

Our Series P is a versatile financial terminal supporting magnetic stripe, NFC card, contactless, and QR code payments, enabling both mobile and desktop use for banks, fintechs, and other financial institutions. The revenue from Series P increased from RMB1,222.4 million in 2023 to RMB1,454.7 million in 2024, and further to RMB1,490.9 million in 2025, primarily driven by the increased financial payment customers and the increasing global adoption of mobile payment solutions.

Since our inception, we have steadily expanded our global footprint. The following table sets forth our revenue breakdown by geographical locations and as a percentage of our total revenue, for the periods indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Asia Pacific	1,449,770	47.3	1,215,953	35.2	1,623,281	42.6
- China	990,553	32.3	760,042	22.0	954,523	25.1
- South Korea	75,561	2.5	142,810	4.1	261,062	6.8
- Others ⁽¹⁾	383,656	12.5	313,101	9.1	407,696	10.7
North America	182,092	5.9	365,993	10.6	136,941	3.6
- the U.S.	130,586	4.2	345,608	10.0	135,631	3.6
- Others ⁽²⁾	51,506	1.7	20,385	0.6	1,310	—
Central & South America	627,507	20.4	820,190	23.7	740,628	19.4
- Brazil	506,014	16.4	758,984	21.9	620,817	16.3
- Others ⁽³⁾	121,493	4.0	61,206	1.8	119,811	3.1
Europe	458,377	14.9	717,064	20.7	987,896	25.9
- U.K.	82,045	2.7	149,964	4.3	168,974	4.4
- Germany	45,235	1.5	126,015	3.6	243,058	6.4
- Others ⁽⁴⁾	331,097	10.7	441,085	12.8	575,864	15.1
Middle East and Africa	352,823	11.5	337,177	9.8	323,112	8.5
- South Africa	91,454	3.0	114,512	3.3	110,071	2.9
- United Arab Emirates	45,881	1.5	45,934	1.3	42,342	1.1
- Others ⁽⁵⁾	215,488	7.0	176,731	5.2	170,699	4.5
Total revenue	3,070,569	100.0	3,456,377	100.0	3,811,858	100.0

Notes:

* Line item “Others” comprises countries that individually contributed less than 5% of our total revenue in each year/period of the Track Record Period.

(1) Others consist of Thailand, Indonesia, Malaysia, Singapore, India, Vietnam, Japan and other Asia-Pacific countries.

(2) Others primarily consist of Mexico.

(3) Others consist of Peru, Chile, Guatemala, Dominican Republic and other Central and South American countries.

(4) Others consist of Turkey, the Netherlands, Italy, Romania, Spain and other European countries.

(5) Others consist of Saudi Arabia and other Middle East and Africa countries.

Our revenue from China decreased from RMB990.6 million in 2023 to RMB760.0 million in 2024, primarily due to the completion of the customization services for some customers in China. Our revenue from China increased from RMB760.0 million in 2024 to RMB954.5 million in 2025, primarily due to the increase in orders from key customers, which purchased a significant amount of products in connection with their promotion of new financial payment solutions.

Our revenue from the U.S. increased from RMB130.6 million in 2023 to RMB345.6 million in 2024, primarily due to our expanded customer base. Our revenue from the U.S. decreased from RMB345.6 million in 2024 to RMB135.6 million in 2025, primarily due to a key customer reduced its purchase volume. Our revenue from Brazil increased from RMB506.0 million in 2023 to RMB759.0 million in 2024, primarily due to the increase in the number of orders. Our revenue from Brazil decreased from RMB759.0 million in 2024 to RMB620.6 million in 2025, primarily due to decrease in sales to a customer in South America.

FINANCIAL INFORMATION

Our revenue from the U.K. increased from RMB82.0 million in 2023 to RMB150.0 million in 2024, and further increased to RMB169.0 million in 2025, primarily due to strategic expansion in Europe.

Cost of Sales

The following table sets forth a breakdown of cost of sales by business segment and as a percentage of our total cost of sales, for the periods indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(in thousands, except for percentages)</i>					
Sales of smart devices						
- Smart desktop devices	724,266	32.2	674,157	27.4	694,369	26.5
- Smart mobile devices	436,186	19.4	525,203	21.3	623,562	23.8
- Smart payment devices	929,475	41.3	1,096,938	44.6	1,108,372	42.3
- Accessories and parts	120,946	5.4	153,761	6.3	179,407	6.9
Subtotal	2,210,873	98.3	2,450,059	99.6	2,605,710	99.5
PaaS platform and customization services	38,536	1.7	8,987	0.4	13,202	0.5
Total	2,249,409	100.0	2,459,046	100.0	2,618,912	100.0

The following table sets forth a breakdown of cost of sales by nature and as a percentage of our total cost of sales, for the periods indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(in thousands, except for percentages)</i>					
Cost of inventories sold	2,184,478	97.1	2,402,727	97.7	2,559,200	97.7
- OEM/ODM cost	1,601,406	71.2	1,455,283	59.1	1,727,750	66.0
- Raw materials	576,357	25.6	938,189	38.2	815,281	31.1
- Production fees	6,715	0.3	9,255	0.4	16,169	0.6
Logistic expenses	10,135	0.5	24,485	1.0	15,463	0.6
Warranties	12,200	0.5	13,371	0.5	18,755	0.7
Cost of other customization services	39,559	1.8	2,100	0.1	8,227	0.3
Others	3,037	0.1	16,363	0.7	17,267	0.7
	2,249,409	100.0	2,459,046	100.0	2,618,912	100.0

Gross Profit and Gross Profit Margin

For the years ended December 31, 2023, 2024 and 2025, we recorded gross profit of RMB821.2 million, RMB997.3 million, and RMB1,192.9 million, respectively, representing gross profit margin of 26.7%, 28.9% and 31.3%, respectively.

The following table sets forth a breakdown of our gross profit and gross profit margin by business segment, for the periods indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	<i>Gross Profit</i>	<i>Gross Profit Margin</i>	<i>Gross Profit</i>	<i>Gross Profit Margin</i>	<i>Gross Profit</i>	<i>Gross Profit Margin</i>
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(in thousands, except for percentages)</i>					
Sales of smart devices						
- Smart desktop devices	229,950	24.1	285,045	29.7	278,086	28.6
- Smart mobile devices	223,693	33.9	283,561	35.1	378,172	37.8
- Smart payment devices	293,296	24.0	366,958	25.1	428,274	27.9
- Accessories and parts	50,007	29.3	52,370	25.4	82,828	31.6
Subtotal	796,946	26.5	987,934	28.7	1,167,360	30.9
PaaS platform and customization services	24,214	38.6	9,397	51.1	25,586	66.0
Total	821,160	26.7	997,331	28.9	1,192,946	31.3

FINANCIAL INFORMATION

The following table sets forth a breakdown of our gross profit and gross profit margin by geographical locations for the periods indicated.

	For the Year Ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Asia Pacific	337,240	23.3	291,099	23.9	431,220	26.6
North America	76,810	42.2	132,154	36.1	56,057	40.9
Central & South America	121,830	19.4	187,468	22.9	185,774	25.1
Europe	183,398	40.0	281,125	39.2	410,882	41.6
Middle East and Africa	101,882	28.9	105,485	31.3	109,013	33.7
Total	821,160	26.7	997,331	28.9	1,192,946	31.3

The following table sets forth a sensitivity analysis of changes in our financial performance in response to changes in raw material costs and/or third-party manufacturing fees, showing such changes' impact to our profit before tax.

	For the Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Hypothetical fluctuations in cost of inventories			
Increase of 5%	(109,224)	(120,136)	(127,960)
Decrease of 5%	109,224	120,136	127,960
Increase of 10%	(218,448)	(240,273)	(255,920)
Decrease of 10%	218,448	240,273	255,920

Distribution and Selling Expenses

The following table sets forth a breakdown of our distribution and selling expenses, in an absolute amount and as a percentage of our total distribution and selling expenses, for the periods indicated.

	Years Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Employee expenses	201,942	62.7	231,140	64.1	234,712	57.0
Promotional expenses	69,268	21.5	71,124	19.7	108,598	26.4
Logistic and rental expenses	16,064	5.0	21,648	6.0	22,276	5.4
Depreciation and amortization charges	13,705	4.3	13,805	3.8	16,824	4.1
Others*	20,899	6.5	23,268	6.4	29,217	7.1
Total	321,878	100.0	360,985	100.0	411,627	100.0

Note:

* Others mainly represent insurance expenses and office expenses.

Administrative Expenses

The following table sets forth a breakdown of administrative expenses, in an absolute amount and as a percentage of our total administrative expenses, for the periods indicated.

	Years Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>					
Employee expenses	50,009	58.9	87,520	64.8	81,504	67.5
Professional service fees	11,814	13.9	17,861	13.2	11,271	9.3
Office expenses	7,734	9.1	11,177	8.3	6,546	5.4
Depreciation and amortization charges	6,303	7.4	8,872	6.6	8,969	7.4
Rental expenses	2,068	2.4	2,585	1.9	3,379	2.8
Others*	7,068	8.3	7,061	5.2	9,033	7.5
Total	84,996	100.0	135,076	100.0	120,702	100.0

Note:

* Others mainly represent travel expenses, bank surcharges and others.

FINANCIAL INFORMATION

Research and Development Expenses

The following table sets forth the breakdown of our research and development expenses, in an absolute amount and as a percentage of total research and development expenses, for the periods indicated.

	Years Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
Employee expenses	283,176	80.1	317,566	80.5	340,704	80.6
Depreciation and amortization charges	6,737	1.9	8,099	2.1	18,855	4.5
Material expenses	16,299	4.6	17,562	4.5	23,769	5.6
Rental expenses	16,496	4.7	15,447	3.9	3,463	0.8
Others*	30,939	8.7	35,779	9.0	35,976	8.5
Total	353,647	100.0	394,453	100.0	422,767	100.0

Note:

* Others mainly represent travel expenses and other miscellaneous expenses.

Other Income

The following table sets forth a breakdown of our other income for the periods indicated.

	Years Ended December 31,					
	2023		2024		2025	
	RMB	%	RMB	%	RMB	%
<i>(in thousands, except for percentages)</i>						
Interest income	33,867	67.0	63,664	67.2	47,751	52.0
Government grants related to income	8,436	16.7	17,672	18.6	40,408	44.0
Government grants related to assets	6,533	12.9	3,732	3.9	3,712	4.0
Sundry income	1,733	3.4	9,787	10.3	—	—
Total	50,569	100.0	94,855	100.0	91,871	100.0

Other Gains and Losses

In managing the foreign exchange risks, we historically utilized certain hedging instruments such as derivative financial instruments before 2023. We currently do not have a foreign currency hedging policy. However, our Directors continue to monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. For further details of our foreign currency risk, see Note 40 to the Accountants' Report included in Appendix I to this Prospectus.

The following table sets forth a breakdown of our other gains and losses for the periods indicated.

	Years Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Net foreign exchange gains (losses)	(816)	41,981	(37,217)
Fair value (losses) gains on derivative financial instruments	744	—	—
Fair value gains (losses) on other financial investments	6,559	(1,692)	1,576
Fair value gains on structured deposit	—	—	624
Fair value gain on callable notes	—	—	1,117
Others	1,551	(739)	4,949
Total	8,038	39,550	(28,951)

Impairment Losses Under Expected Credit Loss ("ECL") Model, Net of Reversal

We record impairment losses under ECL model, net of reversal, of RMB2.3 million, RMB3.9 million and RMB5.3 million in 2023, 2024, and 2025, respectively.

Finance Costs

Our finance costs consist of interest expenses on bank borrowings and interest expenses on lease liabilities. We recorded finance costs of RMB16.6 million, RMB30.1 million and RMB31.7 million in 2023, 2024 and 2025, respectively.

FINANCIAL INFORMATION

Income Tax Credit(Expense)

We record income tax credit of RMB0.9 million in 2023, income tax expense of RMB26.2 million and RMB15.0 million in 2024 and 2025, respectively.

Profit for the Year

We recorded profit for the year of RMB101.2 million, RMB181.0 million and RMB222.6 million in 2023, 2024 and 2025, respectively.

TAXATION

PRC

Income tax expense primarily represents income tax paid or payable by us in accordance with the EIT Law and its corresponding implementation regulations. This income tax expense comprises both current income tax and deferred income tax.

Entities located in the PRC are subject to a statutory income tax rate of 25.0%. During the Track Record Period, certain subsidiaries within our Group were eligible for preferential income tax rates pursuant to the relevant tax regulations. During the Track Record Period and as of the Latest Practicable Date, we did not have any disputes or unresolved tax issues with the relevant tax authorities.

Hong Kong

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of our qualifying entities will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of our entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate 16.5%.

Other Countries

Income tax on profit arising from other jurisdictions, including the United States, European countries and Southeast Asian countries, among others, had been calculated on the estimated assessable profit for the year at the respective rates prevailing in the relevant jurisdictions, ranging from 17.0% to 25.0%.

DISCUSSION OF RESULTS OF OPERATIONS

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

Revenue

Our revenue increased from RMB3,456.4 million in 2024 and RMB3,811.9 million in 2025.

- **Sales of smart devices.** Revenue from sales of smart devices increased by 9.7% from RMB3,438.0 million in 2024 to RMB3,773.1 million in 2025. The increase was primarily attributable to (i) the increase in revenue from our smart mobile devices by 23.9% from RMB808.8 million in 2024 to RMB1,001.7 million in 2025, mainly due to the increased customer demand from food delivery sector, and (ii) the increase in revenue from smart payment devices by 5.0% from RMB1,463.9 million in 2024 to RMB1,536.6 million in 2025, mainly driven by the changes in customer demands.
- **PaaS platform and customization services.** Revenue from PaaS platform and customization services increased by 111.0% from RMB18.4 million in 2024 to RMB38.8 million in 2025, primarily due to an increase in demand for our PaaS platform.

Our revenue from Asia Pacific increased from RMB1,216.0 million in 2024 to RMB1,623.3 million in 2025, primarily due to increased orders from key customers in Asia-Pacific region, especially in medical sector, which purchased a significant amount of products in connection with their promotion of convenient financial payment solutions. Our revenue from North America decreased from RMB366.0 million in 2024 to RMB136.9 million in 2025, primarily due to a major customer reduced its purchase volume based on its own order schedule. Our revenue from Central and South America decreased from RMB820.2 million in 2024 to RMB740.6 million in 2025, primarily due to decrease in sales to a customer in South America. Our revenue from Europe increased from RMB717.1 million in 2024 to RMB987.9 million in 2025, primarily due to the expansion of our sales channel in Europe.

Cost of Sales

Our cost of sales increased from RMB2,459.0 million in 2024 to RMB2,618.9 million in 2025, primarily due to the increase in revenue as a result of the continued scaling of our business.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 19.6% from RMB997.3 million in 2024 to RMB1,192.9 million in 2025. Our gross profit margin increased from 28.9% in 2024 to 31.3% in 2025. The increase in our overall gross profit margin was primarily attributable to (i) the increase in sales in Europe, which is a region with

FINANCIAL INFORMATION

relatively higher gross profit margins due to relatively higher pricing strategies in such region, (ii) the optimization of our product mix and pricing, and (iii) our cost management efforts. In particular, the gross profit margin for sales of smart devices increased from 28.7% in 2024 to 30.9% in 2025, primarily due to (i) decreased purchase costs for certain raw materials as a result of the continued scaling of our business, and (ii) our cost management efforts.

The gross profit margin of our PaaS platform and customization services increased from 51.1% in 2024 to 66.0% in 2025, primarily due to the change of our product mix.

Distribution and Selling Expenses

Our distribution and selling expenses increased by 14.0% from RMB361.0 million in 2024 to RMB411.6 million in 2025, primarily due to the increase in labor costs and promotional costs, as a result of our increasing marketing activities in overseas market.

Administrative Expenses

Our administrative expenses decreased by 10.6% from RMB135.1 million in 2024 to RMB120.7 million in 2025, which was mainly attributable to the decrease in employee expenses from RMB87.5 million to RMB81.5 million, driven by the optimization of compensation structure for our administrative staff.

Research and Development Expenses

Our research and development expenses increased by 7.2% from RMB394.5 million in 2024 to RMB422.8 million in 2025, primarily due to an increase in employee expenses from RMB317.6 million to RMB340.7 million, as a result of the expansion of our research and development staff headcount.

Other Income

Our other income remained relatively stable at RMB94.9 million in 2024 and RMB91.9 million in 2025.

Other Gains and Losses

We recorded other gains of RMB39.6 million in 2024 compared to other losses of RMB29.0 million in 2025. This was primarily due to a shift from net foreign exchange gains in 2024 to net foreign exchange losses in 2025, driven by fluctuations in foreign exchange rates of USD to RMB, resulting from the appreciation of RMB amid U.S. interest rate cuts in 2025 and our relatively high level of foreign currency-denominated assets.

Impairment Losses Under Expected Credit Loss (“ECL”) Model, Net of Reversal

We recorded reversal under ECL model of RMB3.9 million and RMB5.3 million in 2024 and 2025, respectively. The increase was primarily attributed to our increased trade receivables.

Finance Costs

Our finance costs increased by 5.4% from RMB30.1 million in 2024 to RMB31.7 million in 2025. The increase was primarily attributed to the increases in interest expenses on borrowings of RMB2.3 million.

Income Tax Credit (Expense)

Our income tax expenses decreased by 42.8% from RMB26.2 million in 2024 to RMB15.0 million in 2025. The decrease was primarily due to certain tax exemption in Hong Kong.

Profit for the Year

As a result of the foregoing, our profit for the period increased from RMB181.0 million in 2024 to RMB222.6 million in 2025.

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

Revenue

Our revenue increased by 12.6% from RMB3,070.6 million in 2023 to RMB3,456.4 million in 2024. Such increase was primarily attributable to the increase in the sales of our smart devices, which is the result of the expansion of our customer base as well as increased revenue contributions from our existing customers.

- ***Sales of smart devices.*** Revenue from sales of smart devices increased by 14.3% from RMB3,007.8 million in 2023 to RMB3,438.0 million in 2024. The increase was primarily attributable to (i) an increase in revenue from our smart payment devices by 19.7% from RMB1,222.8 million in 2023 to RMB1,463.9 million in 2024, which is the result of the increased sales volume from SUNMI P series and (ii) an increase in revenue from our smart mobile devices by 22.6% from RMB659.9 million in 2023 to RMB808.8 million in 2024, mainly due to our strategic expansion in Europe. Our expansion strategy in Europe focused on strengthening local partnerships with key clients, deepening cooperation with existing distributors, and expanding our distribution network across pan-European channels. We maintained

FINANCIAL INFORMATION

consistent pricing across Europe, with no significant regional price differences, except during country-specific promotions or sales events. Initially, we targeted established markets such as the U.K., Germany, France and Netherlands, and as our presence grew, we also expanded to Hungary and Romania, leveraging local distributors to assist with sales.

- **PaaS platform and customization services.** Revenue from PaaS platform and customization services decreased by 70.7% from RMB62.8 million in 2023 to RMB18.4 million in 2024, primarily due to completion of major customization service projects in 2023.

Our revenue from Asia Pacific decreased from RMB1,449.8 million in 2023 to RMB1,216.0 million in 2024, primarily due to the decrease in revenue from China, mainly as a result of the completion of the customization services for some customers in China. While revenue from our PaaS platform (including the customization services) historically accounted for an immaterial portion of our total revenue, such services may result in temporary fluctuations in revenue in specific regions or periods depending on the size and timing of the projects. Our revenue from North America increased from RMB182.1 million in 2023 to RMB366.0 million in 2024, from Central and South America increased from RMB627.5 million in 2023 to RMB820.2 million in 2024, and from Europe increased from RMB458.4 million in 2023 to RMB717.1 million in 2024, primarily due to our expanded sales channel in such regions.

Cost of Sales

Our cost of sales increased by 9.3% from RMB2,249.4 million in 2023 to RMB2,459.0 million in 2024, which was primarily due to an increase in the cost of inventories by 10.0% from RMB2,184.5 million in 2023 to RMB2,402.7 million in 2024, which was driven by the expansion of our procurement scale as a result of higher customer demand and growth in sales revenue.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 21.5% from RMB821.2 million in 2023 to RMB997.3 million in 2024. Our gross profit margin increased from 26.7% in 2023 to 28.9% in 2024.

The increase in our overall gross profit margin was primarily attributable to (i) the increase in sales in Europe and other developed countries, which are regions with relatively higher gross profit margins due to relatively higher pricing strategies in such regions, (ii) the optimization of our product mix and pricing, and (iii) our cost management efforts, including establishing our own manufacturing facilities to reduce processing costs, increasing the proportion of direct procurement of key materials to lower intermediary costs, and deepening cooperation with major suppliers and enhancing refined cost management to reduce costs at both the OEM and component supplier levels. In particular, the gross profit margin for sales of smart devices increased from 26.5% in 2023 to 28.7% in 2024, primarily due to (i) decreased purchase costs for certain raw materials as a result of the continued scaling of our business, and (ii) our cost management efforts.

The gross profit margin of our PaaS platform and customization services increased from 38.6% in 2023 to 51.1% in 2024, primarily due to the increase in revenue proportion of PaaS platform, which generally has relatively higher gross profit margin.

Distribution and Selling Expenses

Our distribution and selling expenses increased by 12.1% from RMB321.9 million in 2023 to RMB361.0 million in 2024, which was mainly attributable to an increase in employee expenses of RMB29.2 million, primarily due to the expansion of our sales team to support our business growth, as well as an increase in average compensation levels for our sales personnel driven by increased sales.

Administrative Expenses

Our administrative expenses increased by 58.9% from RMB85.0 million in 2023 to RMB135.1 million in 2024, which was mainly attributable to an increase in employee expenses of RMB37.5 million, primarily due to the expansion of our administrative team to support our business growth, as well as an increase in average compensation levels for our administrative staff.

Research and Development Expenses

Our research and development expenses increased by 11.6% from RMB353.6 million in 2023 to RMB394.5 million in 2024, which was mainly due to our research and development efforts related to the PaaS platform and software applications. Our PaaS platform is an important part of our BIoT solutions, which enables us to provide localized software solutions for businesses and merchants around the world. Specifically, the increase was mainly driven by an increase in employee expenses of RMB34.4 million due to the expansion of our research and development staff headcount, as well as the increase in average compensation levels for our research and development staff.

FINANCIAL INFORMATION

Other Income

Our other income increased by 87.6% from RMB50.6 million in 2023 to RMB94.9 million in 2024. This was primarily due to (i) an increase in interest income of RMB29.8 million from our bank deposits, (ii) an increase in government grants related to income of RMB9.2 million due to our eligibility for certain tax benefits under relevant local policies, and (iii) an increase in sundry income of RMB8.1 million, mainly representing forfeited customer prepayment resulting from order cancelations by customers, as we had already incurred costs and we retained part of customer prepayment based on the agreements.

Other Gains

Our other gains increased from RMB8.0 million in 2023 to RMB39.6 million in 2024, primarily due to a shift from net foreign exchange losses of RMB0.8 million in 2023 to net foreign exchange gains of RMB42.0 million in 2024, driven by fluctuations in foreign exchange rates of USD to RMB.

Impairment Losses Under Expected Credit Loss (“ECL”) Model, Net of Reversal

We recorded impairment losses under ECL model, net of reversal, of RMB2.3 million and RMB3.9 million in 2023 and 2024, respectively. The increase was primarily attributed to our increased trade receivables in 2024.

Finance Costs

Our finance costs increased by 80.9% from RMB16.6 million in 2023 to RMB30.1 million in 2024. The increase was primarily attributed to the increase in interest expense on bank borrowings of RMB14.4 million.

Income Tax Credit/(Expense)

We record income tax credit of RMB0.9 million in 2023, compared to income tax expense of RMB26.2 million in 2024, primarily due to (i) the increased profit before tax in 2024, and (ii) the tax benefits we received from certain deductions related to our research and development activities in 2023.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 78.8% from RMB101.2 million in 2023 to RMB181.0 million in 2024. Our net profit margin increased from 3.3% in 2023 to 5.2% in 2024.

DISCUSSION OF CERTAIN KEY ITEMS FROM OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth the selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from our consolidated financial statements included in Appendix I to this Prospectus.

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Non-current assets	275,608	365,516	1,139,431
Current assets	3,185,912	4,037,756	4,212,988
Total assets	3,461,520	4,403,272	5,352,419
Non-current liabilities	50,452	73,223	78,228
Current liabilities	1,635,548	2,490,302	3,181,694
Total liabilities	1,686,000	2,563,525	3,259,922
Net current assets	1,550,364	1,547,454	1,031,294
Net assets	1,775,520	1,839,747	2,092,497

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of
	2023	2024	2025	February 28,
		(RMB in thousands)		2026
				(unaudited)
Inventories	407,758	501,737	773,265	1,121,804
Trade and other receivables	1,083,271	1,573,246	1,804,880	1,437,559
Contract costs	1,613	429	1,506	1,756
Tax recoverable	4,816	4,363	4,392	4,391
Bills receivables measured at fair value through other comprehensive income (“FVTOCI”)	11,714	3,289	7,998	5,726
Term deposits with an original maturity over three months but within one year	134,217	57,500	92,720	60,367

FINANCIAL INFORMATION

	As of December 31,			As of
	2023	2024	2025	February 28,
	(RMB in thousands)			2026
				(unaudited)
Restricted bank deposits	121,688	79,344	57,332	57,935
Cash and cash equivalents	1,420,835	1,817,848	1,470,895	1,078,549
Current assets	3,185,912	4,037,756	4,212,988	3,768,087
Trade and other payables	820,132	1,426,338	1,653,346	1,226,487
Income tax payable	1,208	1,676	11,301	4,529
Bank borrowings	685,101	938,485	1,396,362	1,462,051
Deferred income	3,732	4,921	1,994	1,321
Lease liabilities	24,447	25,412	23,715	26,600
Provisions	14,933	12,941	15,271	15,774
Contract liabilities	85,995	80,529	79,705	117,418
Current liabilities	1,635,548	2,490,302	3,181,694	2,854,180
Net current asset	1,550,364	1,547,454	1,031,294	913,907

Our net current assets decreased from RMB1,031.3 million as of December 31, 2025 to RMB913.9 million as of February 28, 2026, primarily due to the decrease of trade and other receivables of RMB367.3 million. The decrease in our net current asset was partially offset by (i) the increase of inventories of RMB348.5 million; and (ii) the increase of restricted bank deposits of RMB0.6 million.

Our net current assets decreased from RMB1,547.5 million as of December 31, 2024 to RMB1,031.3 million as of December 31, 2025, which was primarily due to (i) the increase of bank borrowings of RMB457.9 million; and (ii) the decrease of cash and cash equivalents of RMB347.0 million. The decrease in our net current asset was partially offset by the increase of inventories of RMB271.5 million.

Our net current assets decreased from RMB1,550.4 million as of December 31, 2023 to RMB1,547.5 million as of December 31, 2024, which was primarily due to (i) the increase in trade and other payables of RMB606.2 million; (ii) the increase in bank borrowings of RMB253.4 million; (iii) the decrease in term deposit with an original maturity over three months but within one year of RMB76.7 million; and (iv) the decrease in restricted bank deposits of RMB42.3 million. The decrease in our net current assets was partially offset by (i) the increase in trade and other receivables of RMB490.0 million; (ii) the increase in cash and cash equivalents of RMB397.0 million; and (iii) the increase in inventories of RMB94.0 million.

Inventories

The following table sets forth a summary of our inventory balances as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Raw materials and consumables	185,974	186,165	442,089
Work in progress	10,173	7,884	5,544
Finished goods	211,611	307,688	325,632
Total	407,758	501,737	773,265

Our inventories increased from RMB407.8 million as of December 31, 2023 to RMB501.7 million as of December 31, 2024, and further to RMB773.3 million as of December 31, 2025, which was generally aligned with our business growth.

Our provision for impairment of inventories increased from RMB12.1 million as of December 31, 2023 to RMB16.4 million as of December 31, 2024, and further to RMB22.0 million as of December 31, 2025. This was primarily because we recorded additional provisions based on the lower of cost or net realizable value for certain slow-moving inventories that are not our core products, such as (i) after-sales parts prepared for our products in accordance with after-sales policies but not consumed, and (ii) residual customized materials or backup units produced in small quantities to ensure timely order delivery but remaining unsold after completion of the relevant orders.

FINANCIAL INFORMATION

The following table sets forth the aging analysis of our inventory as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within one year	344,399	450,175	716,286
Over one year	75,444	67,986	78,958
Provision for impairment of inventories	(12,085)	(16,424)	(21,979)
Total	407,758	501,737	773,265

As of December 31, 2025, the inventories that aged over one year amounted to RMB79.0 million, representing 10.2% of total inventories, which is insignificant.

We believe we have a comprehensive and adequate system in place for identifying and accounting for inventory risks and impairment provisions. We regularly review our inventories to identify items with low sales or usage value and make impairment provisions accordingly. We further assess inventories based on the lower of cost or net realizable value to make any additional impairment provisions.

The following table sets forth inventory turnover days for the periods indicated:

	For the Year Ended December 31,		
	2023	2024	2025
Inventory turnover days ⁽¹⁾	77	67	89

Notes:

- (1) Calculated using the average of opening balance and closing balance of the inventories for such period divided by cost of sales for the relevant period and multiplied by the number of days for the years ended December 31 is 365 days.

Our inventories turnover days decreased from 77 days in 2023 to 67 days in 2024, mainly as a result of our inventory management efforts. Our inventories turnover days increased to 89 days in 2025, primarily due to an increase in inventory in anticipation of the growing sales in the second half of 2025.

As of February 28, 2026, RMB341.8 million, or 44.2% of our inventories outstanding as of December 31, 2025 had been subsequently sold or utilized.

We do not foresee any significant impairment issue for our inventories and no further provision is required, considering that (i) we have taken stringent internal measures to enhance the inventory management, and (ii) a higher utilization of inventories is foreseeable in light of the increase of sales, and our consumption progress of inventory is generally in line with turnover expectations.

Trade and Other Receivables

Our trade receivables primarily represent outstanding amounts due from some customers, to which we supplied certain smart devices in accordance with specific credit periods during the Track Record Period. Our other receivables mainly represent the amounts to be received from OEM/ODM suppliers upon the transfer of raw materials by us to them for further processing. We normally grant a credit period of 30 to 120 days or a particular period agreed with customers effective from the date when the goods and services have been completed and accepted by customers. Specifically, the majority of our credit sales customers were granted a credit period of 30 to 120 days, in exceptional circumstances, and subject to application by the customer and approval under our internal control procedures, we may grant a particular period. The following table sets forth a breakdown of our trade and other receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Non-current:			
Rental deposits	9,383	10,183	12,079
Total non-current trade and other receivables, net	9,383	10,183	12,079
Current:			
Trade receivables	637,580	1,048,839	1,140,944
Other receivables	300,621	393,598	331,919
Bill receivables	—	—	1,807
Interest receivables	6,632	1,536	1,830

FINANCIAL INFORMATION

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Prepayments to suppliers	66,398	32,029	173,272
Deferred issue costs	—	—	4,003
VAT recoverable	9,241	5,863	10,196
VAT export refund receivable	61,394	87,169	140,654
Advance to employees	322	339	255
Others	1,083	3,873	—
Total current trade and other receivables, net	1,083,271	1,573,246	1,804,880
Total trade and other receivables, net	1,092,654	1,583,429	1,816,959

Our trade and other receivables increased from RMB1,092.7 million as of December 31, 2023 to RMB1,583.4 million as of December 31, 2024, and further increased to RMB1,817.0 million as of December 31, 2025. The increase from 2023 to 2025 was primarily due to the expansion of our business operations that leads to higher trade receivables.

As of December 31, 2023, 2024 and 2025, we recorded allowance for expected credit losses for trade and other receivables of RMB7.0 million, RMB10.9 million and RMB16.2 million, respectively. We have performed impairment analysis on trade and other receivables to measure the expected credit losses, and we believe that we have made sufficient impairment allowance on trade receivables during the Track Record Period. For details on impairment provisions for trade and other receivables, see Note 40 to the Accountant's Report set out in Appendix I to this Prospectus.

Having considered that (i) the trade receivables balances were mainly due from customers with ongoing business relationships with us, (ii) there were no material ongoing disputes with such customers, (iii) these customers had been making continuous subsequent repayment to us and their historical repayment patterns were generally consistent during the Track Record Period, and (iv) we have continuously carried out stringent credit management policy and increased effort in trade receivables collection, we are of the view that there is no material recoverability issue for our trade and other receivables.

The following table sets forth the aging analysis of our trade receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Up to two months	470,954	739,964	871,612
Two to four months	141,217	233,077	164,084
Four to six months	15,658	44,218	52,838
Six months to one year	5,349	17,648	31,605
Over one year	4,402	13,932	20,805
Total	637,580	1,048,839	1,140,944

The following table sets forth the turnover days of our trade receivables for the periods indicated.

	For the Year Ended December 31,		
	2023	2024	2025
Trade receivable turnover days ⁽¹⁾	62	89	105

Notes:

- (1) Trade receivable turnover days for a period equal the average of the opening and closing trade receivables balance (net of allowance) divided by revenue for the relevant period and multiplied by the number of days during such period. The number of days for the years ended December 31 is 365 days.

Our trade receivables turnover days increased from 62 days in 2023 to 89 days in 2024, and further to 105 days in 2025, primarily because we granted longer credit periods to our long-term customers as our cooperation with such customer deepened, such as the 210-day credit period in order to support inventory stocking needs arising from the impact of U.S. tariffs. Despite the increase in our trade receivables turnover days, we remain focused on managing our trade receivables by enhancing our collection efforts. For instance, we closely monitor the collection progress of trade receivables, hold periodic meetings to discuss the status of trade receivables, and follow up with customers regularly on outstanding amounts through various channels. In addition, we set credit limits, adopt credit insurance coverage and

FINANCIAL INFORMATION

third-party guarantees, and enhance bad debt provisioning policies. Specifically, for credit insurance, we extend credit and payment terms to customers within the credit limit granted by the insurance company, and in the event of default, the insurance company is obligated to compensate us for approximately 80% to 90% of the relevant outstanding balance. For third-party guarantees, which are mainly used for domestic customers, the guarantees are generally provided by the customers' legal representatives or senior management on an unlimited joint liability basis, and do not involve discounting of trade receivables. The implementation of these measures is jointly managed by our finance department and our sales department. If the recoverability of our trade receivables becomes lower than expected, we may make impairment allowance on trade receivables. Our Internal Control Consultant performed a general internal control review over selected areas of our internal controls over financial reporting in March 2025 (the "Internal Control Review"). The scope of the Internal Control Review includes the sales and receivables. We adopted the recommendations provided by Internal Control Consultant and implemented corresponding remedial measures accordingly. After the follow-up review in May 2025, the Internal Control Consultant is of the view that there were no material findings on the design of internal control measures. Nothing material has come to the Joint Sponsors' attention that would reasonably cause them to disagree in any material respect with the aforementioned view of the Internal Control Consultant. Our Directors are of the view that, given our comprehensive internal control measures on monitoring and collection of trade receivables, as well as the adoption of credit insurance, the growing balance of trade receivables and increasing trade receivable turnover days did not have and will not have any material impact on our operations and financial performance.

As of February 28, 2026, RMB477.7 million, or 41.9% of our trade receivables outstanding as of December 31, 2025 had been subsequently settled.

We believe there is not any recoverability issue for trade receivables, primarily because the subsequent settlements of trade receivables are still increasing, the repayment progress of trade receivables is generally in line with turnover expectations, and no further provision is required.

Restricted Bank Deposits

Our restricted bank deposits consist primarily of restricted bank balances for the issuance of bills. Our restricted bank deposits amounted to RMB121.7 million, RMB79.3 million and RMB57.3 million as of December 31, 2023, 2024 and 2025, respectively.

Cash and Cash Equivalents

We had cash and cash equivalents of RMB1,420.8 million, RMB1,817.8 million and RMB1,470.9 million as of December 31, 2023, 2024 and 2025, respectively. For details, see "— Liquidity and Capital Resources — Cash Flow Analysis."

Trade and Other Payables

Our trade and other payables primarily represent amounts due to raw materials suppliers and other product suppliers incurred in the ordinary course of business. The following table sets forth our trade and other payables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Trade payables	386,996	818,599	991,601
Other payables	27,973	98,105	97,403
Bills payables	298,849	191,114	352,325
Payroll payables	59,958	130,199	125,889
Other tax payables	20,466	32,070	55,117
Accrued expenses	23,963	43,858	45,700
Accrued listing expenses and issue costs	—	—	11,004
Dividend payables	—	151,200	—
Others	1,927	1,811	1,566
Total trade and other payables	820,132	1,466,956	1,680,605

Our trade and other payables increased from RMB820.1 million as of December 31, 2023, to RMB1,467.0 million as of December 31, 2024, and further increased to RMB1,680.6 million as of December 31, 2025, which aligned with our business expansion.

FINANCIAL INFORMATION

The following table sets forth the aging analysis of our trade payables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Up to two months	382,637	797,471	942,558
Two to four months	3,669	20,400	47,627
Four to six months	289	293	382
Six months to one year	212	294	357
Over one year	189	141	677
Total	386,996	818,599	991,601

The following table sets forth the turnover days of our trade payables for the periods indicated.

	For the Year Ended December 31,		
	2023	2024	2025
Trade payables turnover days ⁽¹⁾	44	89	126

Notes:

- (1) Trade payables turnover days are based on the average balance of trade payables divided by cost of sales for the relevant period and multiplied by the number of days in the relevant period. Average balance is calculated as the average of the beginning balance and ending balance of a given period. The number of days for the years ended December 31 is 365 days.

Our trade payables turnover days increased from 44 days in 2023, to 89 days in 2024, and further to 126 days in 2025, reflecting the credit treatment extended by suppliers as of the respective dates in light of stronger bargaining power.

As of February 28, 2026, RMB757.8 million, or 76.4% of our trade payables outstanding as of December 31, 2025 had been subsequently settled.

Bank Borrowings

Our bank borrowings represent bank loans from commercial banks in China. Our bank borrowings increased from RMB685.1 million as of December 31, 2023 to RMB938.5 million as of December 31, 2024, and further to RMB1,396.4 million as of December 31, 2025, mainly due to our additional bank loans secured for working capital purposes.

Contract Liabilities

Our contract liabilities primarily arise from customer prepayments for the purchase of our smart devices. The following table sets forth the details of our contract liabilities as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Prepayments for the purchase of smart devices, PaaS platform and customization services	85,995	80,529	79,705
Total	85,995	80,529	79,705

Our contract liabilities decreased from RMB86.0 million as of December 31, 2023 to RMB80.5 million as of December 31, 2024 and further decreased to RMB79.7 million in 2025, primarily due to declined contract liabilities related to sales of goods.

As of February 28, 2026, RMB34.3 million, accounting for approximately 43.1% of the outstanding contract liabilities as of December 31, 2025, had been subsequently recognized as revenue.

Lease Liabilities

Our lease liabilities pertain to payment obligations for properties leased primarily as our offices and showrooms. The carrying amount of our lease liabilities amounted to RMB71.2 million, RMB54.0 million and RMB71.1 million as of December 31, 2023, 2024 and 2025, respectively.

FINANCIAL INFORMATION

Property and Equipment

The following table sets forth a breakdown of our property and equipment as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Machinery and equipment	8,996	11,447	16,287
Office equipment and furniture	249	278	195
Molds	15,125	13,651	20,590
Leasehold improvements	3,294	4,719	5,040
Total	27,664	30,095	42,112

The carrying amount of our property and equipment subsequently increased from RMB27.7 million as of December 31, 2023 to RMB30.1 million as of December 31, 2024, and further to RMB42.1 million as of December 31, 2025, primarily due to the expansion of our production capacity to support our business growth.

Right-of-Use Assets

Our right-of-use assets mainly consist of leased offices, plant and warehouse. Our right-of-use assets decreased from RMB72.4 million as of December 31, 2023, to RMB53.4 million as of December 31, 2024, primarily due to depreciation in the ordinary course of business. Our right-of-use assets increased from RMB53.4 million as of December 31, 2024 to RMB73.3 million as of December 31, 2025, primarily due to the renewal of lease agreements and the newly leased properties used for our offices.

Other Intangible Assets

The following table sets forth our intangible assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Software	16,041	20,522	15,625
License	—	46,305	34,729
Patents	1,457	1,150	843
Total	17,498	67,977	51,197

Our other intangible assets increased from RMB17.5 million as of December 31, 2023 to RMB68.0 million as of December 31, 2024, primarily due to the increase in license for our business operations. Our other intangible assets decreased from RMB68.0 million as of December 31, 2024 to RMB51.2 million as of December 31, 2025, primarily due to the decrease in license, mainly as a result of the depreciation.

Deferred Tax Assets

Our deferred tax assets primarily arise from right-of-use assets, lease liabilities, unrealized profit on internal transactions, tax losses and others. Our deferred tax assets decreased from RMB95.3 million as of December 31, 2023 to RMB74.8 million as of December 31, 2024, primarily due to the decrease of tax losses. Our deferred tax assets decreased from RMB74.8 million as of December 31, 2024 to RMB67.8 million as of December 31, 2025, primarily due to tax losses and unrealized internal trading profits.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements mainly from cash generated from our business operations and bank loans. After the Global Offering, we intend to finance our future capital requirements through cash generated from our business operations, and the net proceeds from the Global Offering. We currently do not anticipate any changes to the availability of financing to fund our operations in the near future. We had cash and cash equivalents of RMB1,420.8 million, RMB1,817.8 million and RMB1,470.9 million as of December 31, 2023, 2024 and 2025, respectively.

FINANCIAL INFORMATION

Cash Flow Analysis

The following table sets forth our cash flows for the periods indicated.

	For the Year Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Net cash flows generated from operating activities	82,894	155,844	209,814
Net cash flows (used in)/generated from investing activities	(131,356)	50,921	(790,047)
Net cash flows generated from financing activities	346,369	195,497	235,466
Net increase/(decrease) in cash and cash equivalents	297,907	402,263	(344,767)
Cash and cash equivalents at beginning of the year	1,117,013	1,420,835	1,817,848
Effects of exchange rate changes	5,915	(5,250)	(2,186)
Cash and cash equivalents at end of the year	1,420,835	1,817,848	1,470,895

Operating Activities

Net cash flows generated from operating activities in 2025 was RMB209.8 million, which was primarily attributable to our profit before tax of RMB237.6 million, adjusted for certain non-cash and non-operating items, which primarily include (i) interest income of RMB47.8 million, (ii) interest expense on bank borrowing of RMB28.9 million, and (iii) depreciation of right-of-use assets of RMB26.0 million. The amount was further adjusted by changes in working capital, primarily including increase in inventories of RMB277.1 million, partially offset by increase in trade and other payables of RMB362.8 million.

Net cash flows generated from operating activities in 2024 was RMB155.8 million, which was primarily attributable to our profit before tax of RMB207.2 million, adjusted for certain non-cash and non-operating items, which primarily include (i) interest income of RMB63.7 million, (ii) share-based payment expenses of RMB39.3 million, (iii) depreciation of right-of-use assets of RMB27.9 million, (iv) interest on bank borrowing of RMB26.6 million, and (v) amortization of other intangible assets of RMB21.8 million. The amount was further adjusted by changes in working capital, primarily including increase in trade and other receivables of RMB499.0 million and increase in inventories of RMB98.3 million, partially offset by increase in trade and other payables of RMB439.1 million.

Net cash flows generated from operating activities in 2023 was RMB82.9 million, which was primarily attributable to our profit before tax of RMB100.3 million, adjusted for certain non-cash and non-operating items, which primarily include (i) interest income of RMB33.9 million, (ii) depreciation of right-of-use assets of RMB27.2 million, and (iii) depreciation of property and equipment of RMB19.2 million. The amount was further adjusted by changes in working capital, primarily including increase in trade and other receivables of RMB281.9 million and decrease in contract liabilities of RMB45.6 million, partially offset by increase in trade and other payables of RMB164.6 million and decrease in inventories of RMB133.6 million.

Investing Activities

Net cash flows used in investing activities in 2025 was RMB790.0 million, which consists primarily of (i) placement of term deposits of RMB827.6 million, and (ii) purchase of structured deposit of RMB520.0 million, partially offset by proceeds from disposal of structured deposit of RMB520.6 million.

Net cash flows generated from investing activities in 2024 was RMB50.9 million, which consists primarily of (i) withdrawal of term deposits of RMB136.2 million, and (ii) interest received of RMB68.8 million, partially offset by placement of term deposits of RMB127.5 million and purchase of property and equipment of RMB21.2 million.

Net cash flows used in investing activities in 2023 was RMB131.4 million, which consists primarily of (i) gross cash outflows from forward exchange contracts of RMB240.7 million, and (ii) placement of term deposits of RMB176.0 million, partially offset by gross cash inflows from forward exchange contracts of RMB228.9 million.

Financing Activities

Net cash flows generated from financing activities in 2025 was RMB235.5 million, which consists primarily of new bank borrowings raised of RMB1,411.2 million, partially offset by repayment of bank borrowings of RMB953.5 million.

Net cash flows generated from financing activities in 2024 was RMB195.5 million, which consists primarily of proceeds from bank borrowings of RMB1,102.4 million, partially offset by repayment of bank borrowings of RMB849.1 million.

FINANCIAL INFORMATION

Net cash flows generated from financing activities in 2023 was RMB346.4 million, which consists primarily of proceeds from bank borrowings of RMB740.2 million, partially offset by repayment of bank borrowings of RMB351.8 million.

INDEBTEDNESS

The following table sets forth our indebtedness as of the dates indicated.

	For the Year Ended December 31,			As of February 28,
	2023	2024	2025	2026
	<i>(RMB in thousands)</i>			<i>(unaudited)</i>
Current				
Bank borrowings	685,101	938,485	1,396,362	1,462,051
- Unsecured and guaranteed ⁽¹⁾	541,458	614,889	—	—
- Unsecured and unguaranteed	143,643	286,096	1,387,562	1,453,251
- Secured and unguaranteed	—	37,500	8,800	8,800
Lease liabilities	24,447	25,412	23,715	26,600
Other payable	—	23,717	15,070	14,901
Non-Current				
Lease liabilities	46,739	28,579	47,382	42,676
Other payable	—	40,618	27,259	26,919
Total	756,287	1,056,811	1,509,788	1,573,147

Note:

(1) The guarantee provided by our related parties has been released before December 31, 2025.

Our bank borrowings increased from RMB685.1 million as of December 31, 2023, and to RMB938.5 million as of December 31, 2024, and further to RMB1,396.4 million as of December 31, 2025, mainly due to our additional bank loans secured for working capital purposes. Our bank borrowings subsequently increased to RMB1,462.1 million as of February 28, 2026. For further details of our bank borrowings and lease liabilities during the Track Record Period, see “— Discussion of Certain Key Items from Our Consolidated Statements of Financial Position.” During the Track Record Period and up to the date of this Prospectus, we did not have any material contingent liabilities.

As of February 28, 2026, we had unutilized bank facilities of RMB2,999.5 million.

During the Track Record Period, our lease liabilities were mainly related to the offices, plant and warehouse and equipment we leased for business operations. Our lease liabilities are secured and unguaranteed, and amounting to RMB71.2 million, RMB54.0 million and RMB71.1 million as of December 31, 2023, 2024 and 2025, respectively.

During the Track Record Period, the other payables are payables for intangible assets acquisitions, which is unsecured and unguaranteed. The other payables are due in five years with annual payment.

Our Directors confirm that as of the Latest Practicable Date, the agreements under our bank borrowings did not contain any covenant that would have a material and adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors further confirm that we had no defaults in bank borrowings, nor did we breach any covenants (that were not waived) during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulties in obtaining credit facilities, or withdrawal of facilities or requests for early repayment.

Save as otherwise disclosed under sections headed “— Indebtedness”, as of February 28, 2026, being the latest practicable date for determining our indebtedness, we did not have any material bank overdrafts, loans and other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, other recognized lease liabilities, guarantees or other material contingent liabilities. Our Directors confirm that there were no material changes in our indebtedness since February 28, 2026 and up to the date of this Prospectus.

FINANCIAL INFORMATION

CAPITAL EXPENDITURES

Our capital expenditures primarily include the additions of property and equipment, other intangible assets and right-of-use assets. The following table sets forth our capital expenditures for the periods indicated.

	For the Year Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Capital expenditures			
Property and equipment	15,425	20,729	33,391
Other intangible assets	15,505	72,583	5,488
Right-of-use assets	1,869	8,901	27,500
Subtotal	32,799	102,213	66,379

We will continue to make capital expenditures to meet the expected growth of our business and our expansion plan. See “Future Plans and Use of Proceeds — Use of Proceeds”. We intend to fund our future capital expenditures with financial resources available to us, including our existing cash and bank balances, cash flows generated from our operating activities, and net proceeds from the Global Offering.

KEY FINANCIAL RATIOS

The following table sets forth some of our key financial ratios for the dates indicated.

	As of / For the Years Ended December 31,		
	2023	2024	2025
Gross profit margin ⁽¹⁾	26.7%	28.9%	31.3%
Net profit margin ⁽²⁾	3.3%	5.2%	5.8%
Adjusted net profit margin (Non-IFRS measure) ⁽³⁾	3.4%	6.4%	7.1%
Gearing ratio ⁽⁴⁾	38.6%	51.0%	66.7%

Notes:

- (1) Gross profit margin is calculated using gross profit for the year divided by revenue for the year and multiplied by 100%.
- (2) Net profit margin is calculated using net profit for the year divided by revenue for the year and multiplied by 100%.
- (3) Adjusted net profit margin (Non-IFRS measure) is calculated using adjusted net profit (Non-IFRS measure) for the year divided by revenue for the year and multiplied by 100%.
- (4) Gearing ratio equals loans and borrowings divided by total equity for the respective year and multiplied by 100%.

Analysis of Key Financial Ratios

Gross Profit Margin and Net Profit Margin

See “—Discussion of Results of Operations” for a discussion of the factors affecting our gross profit margin and net profit margin during the Track Record Period.

Adjusted net profit margin (Non-IFRS measure)

See “—Non-IFRS Measures” for a discussion of the factors affecting our adjusted net profit margin (Non-IFRS measure) during the Track Record Period.

Gearing Ratio

Our gearing ratio increased from 38.6% as of December 31, 2023, to 51.0% as of December 31, 2024, and further to 66.7% as of December 31, 2025. The increases were primarily driven by the rise in loans and borrowings that outpaced the growth in total equity during the Track Record Period.

For a more comprehensive discussion of the factors affecting our key financial ratios during the Track Record Period, see “— Discussion of Results of Operations.”

CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025, we did not have any contingent liabilities. Our Directors confirm that there has been no material change in our contingent liabilities as of the Latest Practicable Date.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details of our related party transactions, see Note 37 to the Accountants’ Report included in Appendix I to this Prospectus.

FINANCIAL INFORMATION

Our Directors are of the view that each of the related party transactions set out in Note 37 to the Accountants' Report included in Appendix I to this Prospectus 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 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.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as Shareholder's equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

FINANCIAL RISK DISCLOSURE

Our major financial assets and liabilities include trade and other receivables, financial assets at FVTPL, cash and cash equivalents, restricted bank deposits, term deposits, trade and other payables, financial liabilities at FVTPL and bank borrowings.

The risks associated with these financial assets and liabilities include market risk (foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Our Directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Foreign Currency Risk

Cash and cash equivalents, restricted bank deposits, term deposits, trade and other receivables, and trade and other payables are denominated in foreign currency of respective group entities which are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, our Directors monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. For further details of our foreign currency risk, see Note 40 to the Accountants' Report included in Appendix I to this Prospectus.

Interest Rate Risk

We are exposed to fair value interest rate risk in relation to restricted bank deposits, term deposits, fixed-rate bank borrowings and lease liabilities. Our cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances. Our Directors consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

Other price risk

We are exposed to other price risk arising from other financial investments at FVTPL. Our management monitors the price risk and will consider hedging the risk exposure should the need arise.

Credit Risk

The carrying amounts of trade and other receivables, cash and cash equivalents, restricted bank deposits and term deposits included in the consolidated statements of financial position represent our maximum exposure to credit risk in relation to its financial assets.

For trade receivables, we have applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The ECL on trade receivables are assessed collectively, based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forward-looking information that is available without undue cost or effort at the end of each reporting period.

According to assessment of the management, since the majority of the trade receivables is still within the credit term and there's no indicator that the credit risk would significantly increase in the foreseeable future, in the opinion of the management, the impairment loss for the trade receivables is insignificant.

In order to minimize the credit risk with customers, our management has delegated its finance team responsible for determination of credit limits and credit approvals. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

For further details of our credit risk, see Note 40 to the Accountants' Report included in Appendix I to this Prospectus.

FINANCIAL INFORMATION

Liquidity Risk

In the management of the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows.

For further details of our liquidity risk, see Note 40 to the Accountants' Report included in Appendix I to this Prospectus.

Investment Policies

We have established the investment policies and mechanism, specifying approval authorities based on transaction scale. Prior to making an investment, we ensure that there remains sufficient working capital for our business needs, operating activities, research and development and capital expenditures even after purchasing such financial assets. Our Board is responsible for the approval of the investment policy. Decisions are subject to review and approval by the Shareholders' meeting and the Board of Directors within their respective limits. For instance, the Board of Directors reviews and approves investments falling within defined financial thresholds, ensuring appropriate oversight. Our general manager and finance department are mainly responsible for making, implementing and supervising our investment decisions with smaller transactions. This tiered approval system ensures that investment decisions align with their potential impact and comply with corporate governance standards. Our investments in financial assets after the Listing will be subject to compliance with Chapter 14 of the Listing Rules.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that, taking into account the financial resources available to our Group, including the estimated net proceeds from the Global Offering, available bank facilities and the expected cash flows generated from operating activities, we have sufficient working capital for our present requirements and for the next 12 months from the date of this Prospectus. On the basis of the independent due diligence undertaken, the Joint Sponsors concur with the aforementioned views of our Directors. Our Directors further confirm that we had no material defaults on trade and non-trade payables and borrowings, nor did we breach any covenants during the Track Record Period and up to the date of this document.

DISTRIBUTABLE RESERVES

As of December 31, 2025, the retained profits attributable to the owners of the Company were RMB553.7 million. Such retained profits represent distributable reserves to our shareholders as of the same date.

LISTING EXPENSES

Our listing expenses mainly include (i) underwriting-related expenses, such as underwriting fees and commissions, and (ii) non-underwriting-related expenses, comprising professional fees paid to our legal advisors and reporting accountants for their services rendered in relation to the Listing and the Global Offering, and other fees and expenses. Assuming full payment of the discretionary incentive fee, the estimated total listing expenses for the Global Offering are approximately HK\$150.98 million, accounting for approximately 14.25% of our gross proceeds. Among such estimated total listing expenses, we expect to pay underwriting-related expenses of HK\$34.55 million, professional fees for our legal advisors and reporting accountants of HK\$76.29 million and other fees and expenses of HK\$40.14 million. An estimated amount of HK\$103.83 million for our listing expenses, accounting for approximately 9.80% of our gross proceeds, is expected to be expensed through the statement of profit or loss and an estimated amount of HK\$47.15 million is expected to be recognized directly as a deduction from equity upon the Listing. For the years ended December 31, 2023, 2024 and 2025, the listing expenses incurred amounted to nil, nil and RMB26.2 million, respectively.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of the Prospectus, there had been no material adverse change in our financial, operational or trading position, indebtedness, contingent liabilities or prospects since December 31, 2025, being the end date of the periods reported on in the Accountants' Report set out in Appendix I to this Prospectus, and there had been no event since December 31, 2025 that would materially affect the information shown in the Accountants' Report set out in Appendix I to this Prospectus.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except for the amounts due from related parties as disclosed in this section, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FINANCIAL INFORMATION

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The unaudited pro forma adjusted consolidated net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules and for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on the consolidated net tangible assets of our Group attributable to owners of the parent as of December 31, 2025, as if the Global Offering had taken place on that date.

Please refer to “Appendix II — Unaudited Pro Forma Financial Information” for further details.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

For further details of our future plans, see “Business — Growth Strategies.”

USE OF PROCEEDS

We estimate that the aggregate net proceeds to our Company from the Global Offering (after deducting underwriting commissions and other estimated expenses in connection with the Global Offering paid and payable by us taking into account any additional discretionary incentive fee and an Offer Price of HK\$24.86 per Share) will be approximately HK\$908.7 million (US\$116.0 million). We currently intend to apply such net proceeds we will receive from this offering for the following purposes:

- approximately HK\$363.5 million (or approximately 40.0% of the net proceeds) to fund the research and development of BIOT hardware and software solutions:
- approximately HK\$181.7 million (or approximately 20.0% of the net proceeds) to fund in-house R&D of core hardware components and support both the upgrade of existing smart devices and the development of next-generation smart devices. To this end, we plan to use the proceeds from the Global Offering to (i) recruit approximately 223 additional R&D staff, particularly staff with extensive experience in IoT technologies, software and hardware engineering, gateways to develop products that align with market demands and reinforce our industry leadership through continuous innovation. Among them, 30% will be senior engineers, 50% senior technical or management staff, and 88% will hold a bachelor’s degree or higher. Such R&D staff will primarily support (a) research and development of models used in new industry, innovative payment devices, and integrated management models (approximately 20% of the planned headcount); (b) 5G hardware platform research and development (approximately 20% of the planned headcount); (c) forward-looking core technology research (approximately 10% of the planned headcount); (d) aggregated payment gateway development (approximately 20% of the planned headcount); and (e) digital-currency innovation applications (approximately 30% of the planned headcount); and (ii) procure related hardware and software, including, prototype testing and certification equipment, office hardware, system software, cloud resources, and equipment for our laboratories in Shanghai, Shenzhen, and Jiashan. Specifically, the proceeds will be primarily used in (a) investment in OS and DMP software solutions, including the development of innovative tablet, desktop, industry-specific, and dual-system models; (b) enhancement of in-house 5G hardware platform development capabilities, such as the R&D of 5G models; (c) forward-looking research on industry core technologies, including network technology standards and core module development; (d) development of an integrated payment gateway; (e) establishment of laboratories for 5G projects; and (f) innovation in digital currency applications. Such R&D projects will establish a shared hardware-software component library, standardizing and modularizing core technologies to support smart mobile, payment, and desktop device development. This is expected to shorten R&D cycles, improve hardware cost-performance, reduce costs, and enhance profitability;
- approximately HK\$90.9 million (or approximately 10.0% of the net proceeds) to fund the development and upgrade of our PaaS platform. We intend to continuously develop, upgrade and optimize the modules and templates used in our PaaS platform based on customers’ evolving needs, and develop additional SaaS-based solution offerings to enrich our portfolio. To this end, we plan to use the proceeds from the Global Offering to (i) recruit approximately 55 additional R&D staff with technical backgrounds in software engineering, programming, and productization to enhance our low-code PaaS capabilities and better serve developer needs. Among them, 20% will be senior engineers, 55% senior technical or management staff, and 90% will hold a bachelor’s degree or higher. Such R&D staff will primarily support key PaaS development initiatives, including (a) developing application modules tailored for different scenarios, countries, and user requirements (approximately 40% of the planned headcount); (b) expanding our software ecosystem to enrich our product matrix (approximately 20% of the planned headcount); (c) strengthening ecosystem-wide collaboration efficiency to build a self-reinforcing, technology-driven commercial ecosystem (approximately 30% of the planned headcount); and (d) advancing commercial robot industry applications and scenario-based solutions (approximately 10% of the planned headcount); and (ii) invest in necessary software licenses, AI tools, cloud resources, OS compilers, firewalls, and monitoring and management software as well as components, DMP, servers and other equipment, to support relevant R&D activities and cover annual maintenance and update costs. Specifically, the proceeds will be primarily used in (a) developing modules tailored to different countries, scenarios,

FUTURE PLANS AND USE OF PROCEEDS

- and customer needs; (b) enhancing platform software and expanding SaaS service offerings; and (c) exploring the development of collaborative applications between smart terminals and robots in commercial settings;
- approximately HK\$90.9 million (or approximately 10.0% of the net proceeds) to fund AI-centric R&D investments. To this end, we plan to use the proceeds from the Global Offering to (i) hire approximately 42 R&D staff with expertise in AI, machine learning, and big data analytics to further integrate AI capabilities into our smart terminals, such as enhancing the intelligence of automated goods recognition through AI model empowerment and strengthening AI-driven PaaS and data insight capabilities. Among them, 30% will be senior engineers, 55% senior technical or management staff, and 95% will hold a bachelor's degree or higher. Such R&D staff will primarily focus on AI-centric development projects, including (a) low-code and AI-assisted programming (approximately 40% of the planned headcount); (b) intelligent data insights and recommendation systems (approximately 30% of the planned headcount); and (c) the development of intelligent products and data assetization framework (approximately 30% of the planned headcount); and (ii) procure AI-related hardware and software, including servers used for cloud source, compilation, storage, AI modeling, and related development tools, such as Deepseek servers, Deepseek software, and AI modeling servers to support R&D activities. Specifically, the proceeds will be primarily used in (a) low-code plus AI-assisted programming; and (b) intelligent data insights and recommendations, further strengthening our application capabilities in areas such as data cleaning, business semantic construction, data extraction, data visualization, and insight services. Such R&D projects focus on multi-modal data perception and interaction algorithms to enhance and expand interaction capabilities, improving image and speech recognition technologies, and applying AI functionality to real operational scenarios to optimize commercial processes and improve operational efficiency.
 - approximately HK\$272.6 million (or approximately 30.0% of the net proceeds) to fund strengthen our supply chain and manufacturing operations:
 - approximately HK\$227.2 million (or approximately 25.0% of the net proceeds) to fund the construction and upgrade of our production facilities. We intend to upgrade our Jiashan production base into an integrated R&D and manufacturing facility to support the production of our smart terminal products, as well as key modules. Specifically, we plan to use 7.6% of this proportion of net proceeds for land use rights, 87.5% for the construction of buildings, and 4.9% for the procurement of production equipment. Integrated with existing production base, the Jiashan production base will include an R&D center, production facilities, and supporting office space, thereby enhancing R&D efficiency, optimizing cost structure, and improving overall profitability. Our Jiashan production base is planned to be located in the Zhongxin Jiashan Modern Industrial Park promoted by the Zhejiang provincial government. The site was selected for its strategic positioning as a demonstration zone for high quality development in the Yangtze River Delta, which is highly aligned with our long-term strategy. We have preliminarily identified a plot of land for Jiashan production base, which will be constructed through land acquisition, with facilities either self-built or built by contractors. The Jiashan production base is projected to have a total floor area of 152,688 sq.m., with an expected annual production capacity of 5 million units upon completion in 2027, and is expected to carry out approximately 50% of our hardware production. According to CIC, the global smart terminal market is expected to grow rapidly to a trillion-dollar scale driven by AI, big data, and IoT applications; and
 - approximately HK\$45.4 million (or approximately 5.0% of the net proceeds) to fund expansion of overseas production lines. To this end, we plan to use the proceeds from the Global Offering to establish new overseas production lines with strategic OEM/ODM partners in key overseas markets such as Southeast Asia, including Vietnam, which are planned to serve markets such as the United States and other regions affected by geopolitical restrictions. Given our broad global business coverage, establishing production lines in Southeast Asia will strengthen our ability to ensure stable global supply chain capacity in the face of uncertainties in global tariff and trade policies, while also enhancing our flexibility in serving overseas customers.
 - approximately HK\$181.7 million (or approximately 20.0% of the net proceeds) to fund global market expansion initiatives. For example, we will expand and enhance our sales teams in high-value markets such as Europe, Japan, South Korea, Australia, and New Zealand to strengthen marketing and customer engagement:
 - approximately HK\$14.5 million (or approximately 1.6% of the net proceeds) to maintain and expand our sales force to approximately 450 professionals in these selected markets, of which

FUTURE PLANS AND USE OF PROCEEDS

approximately 55–65 will be based in Americas, 45–50 in Europe and the remaining in APMEA, covering sales, branding and operations. We consider the expansion of our sales force essential to provide sufficient sales support and manage customer relationships in our existing markets, while also enabling us to capture opportunities in emerging markets. The recruitment of local talent will also enhance our ability to connect deeply with customers and deliver efficient, high-quality services.

- approximately HK\$107.9 million (or approximately 11.9% of the net proceeds) to strengthen brand-building initiatives globally through (a) increasing participation in major industry exhibitions to enhance brand exposure, (b) investing in online marketing and promotional campaigns, and (c) supporting co-branding and joint promotional activities with key partners in selected overseas markets. These initiatives will enhance our visibility among potential customers and generate quality sales leads, and
- approximately HK\$59.3 million (or approximately 6.5% of the net proceeds) to expand the coverage of SUNMI Home, our offline experience center, by establishing about 600 SUNMI Home globally, including approximately 130 in China, 130 in Europe, 120 in the Americas, 110 in Asia-Pacific (excluding China) and 110 in the Middle East and Africa. Based on the local dynamics, SUNMI Home will be self-operated or jointly established with local partners. Our local partners are primarily our key customers or distributors in respective regions, and they will provide product consultants and technical support personnel to assist with product demonstrations and customer engagement. SUNMI Home plays a key role in fostering ecosystem collaboration, and providing potential customers with an immersive, direct product experience, strengthening our brand visibility and customer engagement across key countries and region.
- approximately HK\$90.9 million (or approximately 10.0% of the net proceeds) will be used for working capital and other general corporate purposes.

The table below summarizes the planned yearly percentage allocation of the net proceeds from the Global Offering by nature, from 2026 through 2029. Investors should note that these plans are based on assumptions and are subject to uncertainties, including the risks described in the “Risk Factors” section of this Prospectus. As such, we cannot guarantee that our plans will proceed as scheduled or that our goals will be fully achieved.

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>Total</u>
Research and development of BIoT hardware and software solutions					
– In-house R&D of core hardware components	13.0	21.0	28.2	37.7	100.0
– The development and upgrade of PaaS platform	11.3	21.1	29.6	38.0	100.0
– AI-centric R&D investments	8.7	21.1	31.3	38.9	100.0
Strengthen supply chain and manufacturing operations					
– The construction and upgrade of production facilities	–	100.0	–	–	100.0
– Expansion of overseas production lines	–	33.3	33.3	33.3	100.0
Global market expansion initiatives	10.6	21.8	28.1	39.6	100.0
Working capital and other general corporate purposes	25.0	25.0	25.0	25.0	100.0

To the extent that our net proceeds are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings.

We will only place the net proceeds from the Global Offering which are not immediately required for the disclosed purposes in 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).

We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.

UNDERWRITING

HONG KONG UNDERWRITERS

Deutsche Bank AG, Hong Kong Branch
CLSA Limited
ABCI Securities Company Limited
CMB International Capital Limited
Shenwan Hongyuan Securities (H.K.) Limited
Yue Xiu Securities Company Limited
Yellow River Securities Limited
Tiger Brokers (HK) Global Limited
Futu Securities International (Hong Kong) Limited
Tianda Securities Limited
Webull Securities Limited
Yuen Meta (International) Securities Limited
West Bull Securities Limited
Livermore Holdings Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters.

The Global Offering comprises the Hong Kong Public Offering of initially 4,262,700 Hong Kong Offer Shares and the International Offering of initially 38,364,100 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed “Structure of the Global Offering” in this prospectus.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on April 17, 2026. Pursuant to the Hong Kong Underwriting Agreement, the Company is offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares to be converted from the Unlisted Shares, the H Shares to be issued pursuant to the Global Offering, and the Class B Ordinary Shares that may be issued upon conversion of the Class A Shares on a one-to-one basis subject to compliance with regulations on H share “full circulation” and such approval not having been withdrawn and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under Hong Kong Underwriting Agreement are subject to termination. If at any time prior to 8:00 a.m. on the day that trading in the H Shares commences on the Stock Exchange:

- (i) there develops, occurs, exists or come into force:
 - (a) any event, or series of events, or circumstances, in the nature of force majeure (including, without limitation, any acts of government, declaration of a local, national, regional or international emergency or war, calamity, crisis, epidemic, pandemic, outbreaks, mutation or aggravation of diseases (including, without limitation, COVID-19, Severe Acute Respiratory Syndrome (SARS), swine or avian flu, H5N1, H1N1, H7N9, Ebola virus, Middle East respiratory syndrome and such related/mutated forms), comprehensive sanctions, strikes, labour disputes, lock-outs, other industrial actions, fire, explosion, flooding, earthquake, tsunami, volcanic eruption, riots, rebellion, civil commotion, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed), paralysis

UNDERWRITING

in government operations, interruptions or delay in transportation), aircraft collision in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Singapore, or any other jurisdiction relevant to the Group or any member of the Group or the Global Offering (each a “**Relevant Jurisdiction**” and collectively, the “**Relevant Jurisdictions**”); or

- (b) any change or development involving a prospective change, or any event or circumstances or series of events likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market matters or conditions, equity securities or exchange control or any monetary or trading settlement system, or other financial markets (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets), in or affecting any of the Relevant Jurisdictions; or
- (c) any imposition or declaration of moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange the Tokyo Stock Exchange or the Singapore Stock Exchange; or
- (d) any imposition or declaration of general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other authority), New York (imposed at the U.S. Federal or New York State level or by any other authority), London, the PRC, the European Union (or any member thereof) or any of the other Relevant Jurisdictions (declared by the relevant authorities) or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of the Relevant Jurisdictions; or
- (e) any new law or regulation or any event or circumstances likely to result in change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any authority in or affecting any of the Relevant Jurisdictions; or
- (f) the imposition of economic sanctions, export controls, or the withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or
- (g) any change or development involving a prospective change or amendment in or affecting taxation or foreign exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a devaluation of the United States dollar, the Hong Kong dollar or RMB against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or RMB is linked to any foreign currency or currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions or affecting an investment in the Offer Shares; or
- (h) other than with the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters), the issue or requirement to issue by the Company of a supplement or amendment to this Prospectus, the preliminary offering circular, the offering circular, the CSRC filings or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or the CSRC Filing Rules and the CSRC Archive Rules (the “**CSRC Rules**”) or upon any requirement or request of the Hong Kong Stock Exchange, the SFC and/or the CSRC; or
- (i) any valid demand by creditors for repayment of indebtedness in respect of which the Company or any of the members of the Group is liable prior to its stated maturity, or an order or petition for the winding up or liquidation of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group; or
- (j) any litigation, dispute, legal action, or claim or regulatory or administrative investigation or action being threatened, instigated or announced against any member of the Group or any Director or senior management of the Company; or

UNDERWRITING

- (k) any contravention by any member of the Group or any Director or any senior management of the Company of any applicable Laws, the Listing Rules or the CSRC Rules; or
- (l) any non-compliance of this Prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares), the CSRC Filings or any aspect of the Global Offering with the Listing Rules, the CSRC Rules or any other applicable Laws; or
- (m) any change or prospective change or development, or a materialization of, any of the risks set out in the section headed “Risk Factors” in this Prospectus;

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

- (1) has or will have or may have, whether directly or indirectly, a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders’ equity, profits, losses, earnings, results of operations, performance, position or condition, financial or otherwise, of the Group taken as a whole or to any present or prospective shareholder of the Company in its capacity as such; or
- (2) has or will have or may have a material adverse effect on the success or marketability of the Global Offering or the level of applications for or the distribution of the Offer Shares under the Hong Kong Public Offering or the level of interest under the International Offering; or
- (3) makes or will make or may make it inadvisable, inexpedient, impracticable or incapable for the Hong Kong Public Offering and/or the International Offering to proceed, or to market the Global Offering, or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offering Related Documents (as defined below); or
- (4) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing or delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or
- (ii) there has come to the notice of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) that:
 - (a) any statement contained in this Prospectus, the formal notice of the Company, the CSRC filings and/or any notices, announcements, advertisements, communications or other documents (including any announcement, circular, document or other communication pursuant to the Hong Kong Underwriting Agreement) issued or used by, for or on behalf of the Company in connection with the Hong Kong Public Offering, including any supplement or amendment thereto (the “**Offering Related Documents**”) was, when it was issued, or has become, untrue, incorrect, inaccurate, incomplete in any material respects or misleading or deceptive, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of such documents is not fair and honest or has become unfair or misleading in any respect, not based on reasonable grounds or reasonable assumptions or given in bad faith; or
 - (b) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this Prospectus, constitute a material omission from, or misstatement in, any of the Offering Related Documents; or
 - (c) there is a breach of, or any event or circumstance rendering untrue, incorrect, incomplete or misleading in any respect any of the representations, warranties and undertakings given by (i) the Company or any of the Controlling Shareholders in the Hong Kong Underwriting Agreement or the International Underwriting Agreement or (ii) any cornerstone investor in the relevant Cornerstone Investment Agreement, as applicable; or
 - (d) there is a breach of any of the obligations or undertakings imposed upon (i) the Company or any of the Controlling Shareholders under the Hong Kong Underwriting Agreement or the International Underwriting Agreement, or (ii) any cornerstone investor under the relevant Cornerstone Investment Agreement, as applicable; or
 - (e) there is an event, act or omission which gives or is likely to give rise to any liability of the Company or any of the Controlling Shareholders pursuant to the indemnities given by any of them under the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable; or
 - (f) there is any material adverse change or likely to be any prospective material adverse change; or

UNDERWRITING

- (g) the approval of the Listing Committee of the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or
- (h) any person has withdrawn its consent to the issue of this Prospectus or the CSRC filings with the inclusion of its reports, letters and/or opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or
- (i) the Company withdraws the Offering Related Documents, the CSRC filings or the Global Offering; or
- (j) there is a prohibition on the Company and/or any of the Underwriters for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering; or
- (k) an order or petition is presented for the winding-up or liquidation of any member of the Group, or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or
- (l) (A) the notice of acceptance of the CSRC filings issued by the CSRC and/or the results of the CSRC filings published on the website of the CSRC is rejected, withdrawn, revoked or invalidated; or (B) other than with the prior written consent of the Overall Coordinators, the issue or requirement to issue by the Company of a supplement or amendment to the CSRC filings pursuant to the CSRC Rules or upon any requirement or request of the CSRC; or (C) any non-compliance of the CSRC filings with the CSRC Rules or any other applicable Laws; or
- (m) any Director or member of senior management of the Company is vacating his or her office, is removed from office, is being charged with an indictable offence or is prohibited by operation of law or otherwise disqualified from taking part in the management or taking directorship of a company or there is the commencement by any authority of any investigation or other action against any Director or member of senior management of the Company in his or her capacity as such or any member of the Group or an announcement by any authority that it intends to commence any such investigation or take any such action; or
- (n) a material portion of the orders placed or confirmed in the bookbuilding process, or of the investment commitments made by any cornerstone investors under agreements signed with such cornerstone investors, have been withdrawn, terminated or cancelled, or with respect to which the payment of the relevant orders and/or investment commitment has not been received or settled in the stipulated time and manner or otherwise;

then, in each case, Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled, in their sole and absolute discretion, by giving notice to the Company and the Controlling Shareholders, terminate the Hong Kong Underwriting Agreement with immediate effect.

Indemnity

The Company has agreed to indemnify each of the Joint Sponsors, the Joint Global Coordinators, the Overall Coordinators, the Joint Bookrunners, the Joint Lead Managers, Hong Kong Underwriters and the Capital Market Intermediaries for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by any of the Company and the Controlling Shareholders of the Hong Kong Underwriting Agreement.

LOCK-UP ARRANGEMENTS

(A) Undertakings by the Company to the Stock Exchange pursuant to the Listing Rules

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities of the Company (whether or not of a class already listed) may be issued by the Company or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except (a) pursuant to the Global Offering, and (b) under any of the other circumstances provided under Rule 10.08 of the Listing Rules.

UNDERWRITING

(B) Undertakings by the Controlling Shareholders to the Stock Exchange pursuant to the Listing Rules

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and the Company that, he/it will not and will procure that the relevant registered holder(s) will not without the prior written consent of the Stock Exchange or unless otherwise in compliance with the applicable requirement of the Listing Rules:

- (1) in the period commencing on the date by reference to which disclosure of his/its holding of Shares is made in this prospectus and ending on the date which is six months from the Listing Date (the “**First Six-Month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the shares or securities of the Company (the “**Relevant Securities**”) in respect of which he/it is shown by this prospectus to be the beneficial owner; or
- (2) in the period of six months commencing from the expiry of the First Six-Month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any such Relevant Securities referred to in (1) above if, immediately following such disposal, or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be a Controlling Shareholder.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and the Company that during the First Six-Month Period and six months following the First Six-Month Period:

- (1) if any of them pledges or charges any Relevant Securities beneficially owned by them in favor of an authorized institution (as defined in the Banking Ordinance) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, he/it will immediately inform the Company of such pledge or charge together with the number of Relevant Securities so pledged or charged; and
- (2) if he/it receives indications, either verbal or written, from the pledgee or chargee of the Relevant Securities that such Relevant Securities will be disposed of, he/it will immediately inform the Company of such indications.

The Company will inform the Stock Exchange as soon as it has been informed of the matters referred to in paragraphs (1) and (2) above by any of the Controlling Shareholders and subject to the then applicable requirements of the Listing Rules disclose such matters by way of an announcement.

(C) Undertakings by the Company pursuant to the Hong Kong Underwriting Agreement

The Company has undertaken to each of the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries not to (save for (a) the issue, offer or sale of the Offer Shares by the Company pursuant to the Global Offering and (b) the issue of Shares by the Company pursuant to any post-IPO share incentive plans duly adopted and in compliance with the Listing Rules (if applicable), without the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules, at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the “**First Six-Month Period**”):

- (i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase any legal or beneficial interest in any Shares or other securities of the Company or any interest in any of the foregoing (including, but not limited to, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or deposit any Shares or other securities of the Company, as applicable, with a depositary in connection with the issue of depositary receipts; or
- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of any Shares or other securities of the Company, as applicable, or any interest in any of the foregoing (including without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or
- (iii) enter into any transaction with the same economic effect as any transaction specified in paragraphs (i) or (ii) above; or

UNDERWRITING

- (iv) offer or agree or contract to, or announce or publicly disclose any intention to, effect any such transaction described in paragraphs (i), (ii) or (iii) above,

in each case, whether any of the transactions specified in paragraphs (i), (ii) or (iii) above is to be settled by delivery of the Shares or other securities of the Company, in cash or otherwise (whether or not the issue of such Shares or other securities of the Company will be completed within the First Six-month Period).

In the event that, during the period of six months commencing on the date on which the First Six-month Period expires (the “**Second Six-Month Period**”), the Company enters into any of the transactions specified in paragraphs (i), (ii) or (iii) above or offers or agrees or contracts to, or announces or publicly discloses any intention to, effect any such transaction, the Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the Shares or other securities of the Company.

Without prejudice to the foregoing, the Company has undertaken to each of the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries not to, at any time within the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is 12 months after the Listing Date, conduct any transactions specified in paragraphs (i) to (iv) above, in respect of the H Shares converted from Unlisted Shares.

(D) Undertakings by the Controlling Shareholders pursuant to the Hong Kong Underwriting Agreement

The Controlling Shareholders has jointly and severally agreed and undertaken to each of the Company, the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries that, without the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (i) it will not, and will procure that the relevant registered holder(s) will not, at any time during the First Six-Month Period:
 - (a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any interest therein (including, but not limited to, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares) beneficially owned by him or it as of the Listing Date (the “**Locked-up Securities**”), or deposit any Shares or other securities of the Company with a depository in connection with the issue of depository receipt;
 - (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Locked-up Securities;
 - (c) enter into any transaction with the same economic effect as any transaction specified in sub-paragraphs (a) or (b) above; or
 - (d) offer or agree or contract to, or announce or publicly discloses any intention to, effect any transaction specified in sub-paragraphs (a), (b) or (c) above,

in each case, whether any of the transactions specified in sub-paragraphs (a), (b) or (c) above is to be settled by delivery of the Shares or other securities of the Company or in cash or otherwise and whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period; and

- (ii) it will not, and will procure that the relevant registered holder(s) will not, during the Second Six-Month Period, enter into any of the transactions specified in sub-paragraphs (a), (b) or (c) to paragraph (i) above, or offer or agree or contract to, or announce or publicly disclose any intention to, effect any such transaction if, immediately following any such transaction, it will cease to be a “controlling shareholder” (as the term is defined in the Listing Rules) of the Company; and
- (iii) until the expiry of the Second Six-Month Period, if it enters into any of the transactions specified in sub-paragraphs (a), (b) or (c) to paragraph (i) above or offers or agrees or contracts to, or announces or publicly discloses any intention to, effect any such transaction, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company.

The Controlling Shareholders have further undertaken to the Company, the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers,

UNDERWRITING

the Hong Kong Underwriters and the Capital Market Intermediaries that it will, at any time within the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is 12 months after the Listing Date:

- (i) upon any pledge or charge by it or the relevant registered holder(s) in favour of an authorized institution (as defined in the Banking Ordinance) of any Shares or other securities of the Company (or interests therein) beneficially owned by it for a bona fide commercial loan, immediately inform the Company, the Joint Sponsors and the Overall Coordinators in writing of such pledge or charge together with the number of Shares or other securities of the Company so pledged or charged; and
- (ii) upon any indication received by it or the relevant registered holder(s), either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or other securities of the Company (or interests therein) will be disposed of, immediately inform the Company, the Joint Sponsors and the Overall Coordinators in writing of such indications.

For the avoidance of doubt, the lock-up arrangements with the Controlling Shareholders referred to above shall not prevent any of the Controlling Shareholders from (a) using the Shares or other securities of the Company (or any interest therein) beneficially owned by them respectively as security (including a charge or a pledge) in favour of an authorized institution (as defined in the Banking Ordinance) for a bona fide commercial loan; and (b) purchasing additional Shares or other securities of the Company or any interest therein or dispose of Shares or other securities of the Company (or any interest therein) which are purchased in the First Six-Month Period and the Second Six-Month Period, provided that any such purchases do not contravene the lock-up arrangements referred to above or compliance by the Company with the minimum public float requirement and the minimum free float requirement.

JOINT SPONSORS' AND HONG KONG UNDERWRITERS' INTERESTS IN THE COMPANY

Save for their respective obligations under the Hong Kong Underwriting Agreement, as of the Latest Practicable Date, none of the Joint Sponsors or the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any H Shares or any securities of any member of the Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any H Shares or any securities of any member of the Group. Further, see the section headed "Statutory and General Information — Other Information — 3. Joint Sponsors" in Appendix IV to this prospectus for the Joint Sponsors' independence declaration pursuant to Rule 3A.07 of the Listing Rules.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement.

INTERNATIONAL OFFERING

International Underwriting Agreement

In connection with the International Offering, the Company and the Controlling Shareholders expects to enter into the International Underwriting Agreement with, amongst others, the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers or purchasers for, or themselves to subscribe for or purchase, their respective applicable proportions of the International Offer Shares initially being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. See the section headed "Structure of the Global Offering—The International Offering" in this prospectus.

Commissions and Expenses

All Capital Market Intermediaries participating in the Global Offering will receive an aggregate underwriting commission of 2.75% of the aggregate Offer Price payable in respect of all of the Offer Shares (the "**Fixed Fee**"). In addition, the Company may, in its sole discretion, pay to all Capital Market Intermediaries an incentive fee in an aggregate of up to 1.25% of the aggregate Offer Price payable in respect of all of the Offer Shares (the "**Discretionary Fee**"). Assuming the Discretionary Fees are paid in full, the ratio of the Fixed Fees and Discretionary Fees payable to all Capital Market Intermediaries is therefore approximately 67.4:32.6. For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay the underwriting commission for such Shares to the International Underwriters (but not the Hong Kong Underwriters).

The aggregate amount of sponsor fee payable by our Company to the Joint Sponsors is US\$1,000,000.

UNDERWRITING

The aggregate underwriting commissions and fees together with the Stock Exchange listing fees, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be approximately HK\$150.98 million (assuming the full payment of the discretionary incentive fee) and will be paid by the Company.

ACTIVITIES BY SYNDICATE MEMBERS

The Underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of the Company and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group’s loans and other debt.

In relation to the H Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the H Shares (which financing may be secured by the H Shares) in the Global Offering, proprietary trading in the H Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares, which may have a negative impact on the trading price of the H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the H Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

No stabilizing manager will be appointed, and it is anticipated that no stabilization activities will be carried out in relation to the Global Offering.

Such activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of the price of the H Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking, lending and other services to the Company and each of its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

The listing of the H Shares on the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on behalf of the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the H Shares in issue and to be issued as mentioned in this prospectus.

42,626,800 Offer Shares will initially be made available under the Global Offering comprising:

- (a) the Hong Kong Public Offering of initially 4,262,700 H Shares (subject to reallocation) in Hong Kong as described in the paragraph headed “—The Hong Kong Public Offering” below; and
- (b) the International Offering of initially 38,364,100 H Shares (subject to reallocation) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in paragraph headed “—The International Offering” below.

Investors may either (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or (ii) apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 10.59% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering.

References in this prospectus to applications, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

The Company is initially offering 4,262,700 H Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 1.06% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in the paragraph headed “—Conditions of the Global Offering” below.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally (to the nearest board lot and with any odd lots being allocated to Pool A) into two pools: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the “price” for Hong Kong Offer Shares means the price payable on application therefor. Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 2,131,300 Hong Kong Offer Shares is liable to be rejected.

STRUCTURE OF THE GLOBAL OFFERING

Reallocation

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Overall Coordinators. Subject to the allocation cap described in the subsequent paragraph, the Overall Coordinators (for themselves and on behalf of the Underwriters) may in their discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. The additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators deem appropriate. In addition, if the Hong Kong Public Offering is not fully subscribed, the Overall Coordinators may reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Overall Coordinators deem appropriate.

In accordance with Chapter 4.14 of the Guide for New Listing Applicants, in the event that (i) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times; or (ii) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, the maximum total number of Offer Shares that may be allocated to the Hong Kong Public Offering following any reallocation from the International Offering to the Hong Kong Public Offering shall be not more than 6,394,000 H Shares, representing approximately 15% of the number of Offer Shares initially available under the Global Offering.

Given the initial allocation of the Offer Shares to the Hong Kong Public Offering and the International Offering follows the provision of Paragraph 4.2(b) of Practice Note 18 of the Listing Rules, no mandatory clawback or reallocation mechanism is required to increase the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering.

In the event that both the Hong Kong Public Offering and International Offering are undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this Prospectus and the Underwriting Agreements.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Global Offering, which is expected to be published on Tuesday, April 28, 2026.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application under the International Offering is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be).

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the Offer Price of HK\$24.86 per Offer Share in addition to the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK\$2,511.07 for one board lot of 100 H Shares. Further details are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

The International Offering will consist of an offering of initially 38,364,100 H Shares, representing approximately 90.0% of the total number of Offer Shares initially available under the Global Offering (subject to reallocation). The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 9.53% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers,

STRUCTURE OF THE GLOBAL OFFERING

dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in the paragraph headed “ — Pricing and Allocation” below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares and/or hold or sell its Offer Shares after the Listing. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Group and the Shareholders as a whole.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Overall Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the International Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering as described in the paragraph headed “ — The Hong Kong Public Offering — Reallocation” above.

PRICING AND ALLOCATION

The Offer Price will be HK\$24.86 per H Share, unless otherwise announced by our Company no later than the morning of the last day for lodging applications under the Hong Kong Public Offering, as further explained below.

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building,” is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of the Company, reduce the number of Offer Shares offered and/or the Offer Price below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, the Company will, 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 Hong Kong Public Offering, cause to be published on the websites of the Company and the Stock Exchange at <https://www.sunmi.com> and www.hkexnews.hk, respectively, an announcement to cancel the Global Offering. The Company will then relaunch the offer at the revised number of Offer Shares and/or the revised Offer Price with a supplemental or new prospectus as required under Rule 11.13 of the Listing Rules, and complete the requisite settlement processes on the FINI platform afresh. The Global Offering must first be canceled and subsequently relaunched on the FINI platform pursuant to the supplemental or new prospectus. In the absence of any such announcement or supplemental or new prospectus, the number of Offer Shares will not be reduced and/or the Offer Price will be HK\$24.86 per H Share.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering.

The level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in the section headed “How to Apply for Hong Kong Offer Shares — B. Publication of Results” in this prospectus.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional.

The Company and the Controlling Shareholders expect to enter into the International Underwriting Agreement relating to the International Offering on or around Monday, April 27, 2026.

STRUCTURE OF THE GLOBAL OFFERING

These underwriting arrangements, including the Underwriting Agreements, are summarized in the section headed “Underwriting” in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

- (a) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering on the Main Board of the Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the Listing Date;
- (b) the execution and delivery of the International Underwriting Agreement on or about Monday, April 27, 2026; and
- (c) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by the Company on the websites of the Company and the Stock Exchange at <https://www.sunmi.com> and www.hkexnews.hk, respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies” in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance.

H Share certificates for the Offer Shares will only become valid evidence of title at 8:00 a.m. on Wednesday, April 29, 2026, provided that the Global Offering has become unconditional in all respects at or before that time.

DEALINGS IN THE H SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, April 29, 2026, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, April 29, 2026.

The H Shares will be traded in board lots of 100 H Shares each and the stock code of the H Shares will be 6810.

HOW TO APPLY FOR HONG KONG OFFER SHARES

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES: FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the “HKEXnews > New Listings > New Listing Information” section, and our website at <https://www.sunmi.com>.

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older;
- have a Hong Kong address (*for the White Form eIPO service only*);
- are outside the United States (within the meaning of Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S; and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

Unless permitted by the Listing Rules or any relevant waivers and/or consent that have been granted by the Stock Exchange to the Company, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing beneficial owner of the Shares and/or any of our subsidiaries;
- are a director or chief executive of the Company and/or any of our subsidiaries;
- are a close associate of any of the above persons;
- are a connected person of the Company or will become a connected person of the Company immediately upon the completion of the Global Offering; or
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Tuesday, April 21, 2026 and end at 12:00 noon on Friday, April 24, 2026 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
White Form eIPO Service	www.eipo.com.hk	Applicants who would like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Tuesday, April 21, 2026 to 11:30 a.m. on Friday, April 24, 2026 (Hong Kong time). The latest time for completing full payment of application monies will be 12:00 noon on Friday, April 24, 2026 (Hong Kong time).
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit electronic application instructions on your behalf through HKSCC’s FINI system in	Applicants who would <u>not</u> like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian .

HOW TO APPLY FOR HONG KONG OFFER SHARES

Application Channel	Platform	Target Investors	Application Time
	accordance with your instructions.	directly into CCASS and credited to your designated HKSCC Participant's stock account.	

The **White Form eIPO** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **White Form eIPO** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the **electronic application instructions** are given, you shall be deemed to have declared that only one set of **electronic application instructions** has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of **electronic application instructions** for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **White Form eIPO** service, you are deemed to have authorized the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

By instructing your **broker** or **custodian** to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through the **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

3. Information Required to Apply

You must provide the following information with your application:

For Individual Applicants/Joint Applicants

- Full name(s)² as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
 - i. HKID card; or
 - ii. National identification document; or
 - iii. Passport; and
- Identity document number

For Corporate Applicants

- Full name(s)² as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
 - i. LEI registration document; or
 - ii. Certificate of incorporation; or
 - iii. Business registration certificate; or
 - iv. Other equivalent document; and
- Identity document number

Notes:

1. If you are applying through the **White Form eIPO** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.
2. The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must

HOW TO APPLY FOR HONG KONG OFFER SHARES

be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application to subscribe for Hong Kong Offer Shares. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.

3. If the applicant is a trustee, the client identification data ("CID") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.
4. The maximum number of joint account holders on FINI is capped at 4 in accordance with market practice.
5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii) the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.
6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through the **HKSCC EIPO** channel, and making an application under a power of attorney, we and the Overall Coordinators, as our agent, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size : 100 H Shares

Permitted number of Hong Kong Offer Shares : Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below.

for application and amount payable on application/successful allotment

The Offer Price is HK\$24.86 per H Share.

If you are applying through the **HKSCC EIPO** channel, your **broker** or **custodian** may require you to pre-fund your application in such amount as determined by the broker or custodian, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the designated bank for your **broker** or **custodian**.

If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of H Shares you have selected. You must pay the respective amount payable on application in full upon application for Hong Kong Offer Shares.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Shanghai Sunmi Technology Co., Ltd. (Stock Code 6810) (HK\$24.86 per Hong Kong Offer Share)

NUMBER OF HONG KONG OFFER SHARES THAT MAY BE APPLIED FOR AND PAYMENTS

No. of Hong Kong Offer Shares applied for	Amount payable on application ⁽²⁾ HK\$	No. of Hong Kong Offer Shares applied for	Amount payable on application ⁽²⁾ HK\$	No. of Hong Kong Offer Shares applied for	Amount payable on application ⁽²⁾ HK\$	No. of Hong Kong Offer Shares applied for	Amount payable on application ⁽²⁾ HK\$
100	2,511.07	2,000	50,221.42	10,000	251,107.13	400,000	10,044,285.25
200	5,022.14	2,500	62,776.78	20,000	502,214.26	450,000	11,299,820.90
300	7,533.21	3,000	75,332.13	30,000	753,321.40	500,000	12,555,356.56
400	10,044.28	3,500	87,887.50	40,000	1,004,428.52	600,000	15,066,427.85
500	12,555.36	4,000	100,442.85	50,000	1,255,535.65	700,000	17,577,499.16
600	15,066.42	4,500	112,998.21	100,000	2,511,071.31	800,000	20,088,570.48
700	17,577.50	5,000	125,553.57	150,000	3,766,606.96	900,000	22,599,641.79
800	20,088.57	6,000	150,664.28	200,000	5,022,142.62	1,000,000	25,110,713.10
900	22,599.63	7,000	175,774.99	250,000	6,277,678.28	1,500,000	37,666,069.66
1,000	25,110.71	8,000	200,885.71	300,000	7,533,213.94	2,131,300 ⁽¹⁾	53,518,462.83
1,500	37,666.08	9,000	225,996.42	350,000	8,788,749.59		

- (1) Maximum number of Hong Kong Offer Share you may apply for.
- (2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed “—A. Application for Hong Kong Offer Shares— 3. Information Required to Apply” in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **White Form eIPO** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **White Form eIPO** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply further for any Offer Shares in the Global Offering.

6. Terms and Conditions of an Application

By applying for Hong Kong Offer Shares through the **White Form eIPO** service or **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

- (i) undertake to execute all relevant documents and instruct and authorize us and/or the Overall Coordinators, as our agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;
- (ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **White Form eIPO** service (or as the case may be, the agreement you entered into with your **broker or custodian**), and agree to be bound by them;
- (iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your **broker or custodian** and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;
- (iv) confirm that you are aware of the restrictions on the offers and sales of H Shares set out in this prospectus and they do not apply to you, or the persons(s) for whose benefit you have made the application;
- (v) confirm that you have received and read this prospectus and any supplement to it and have relied only on the information and representations in this prospectus in making your application and will not rely on any other information or representations (or as the case may be, causing your application to be made) in this prospectus;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (vi) agree that the Relevant Persons¹, the H Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus (and any supplement to this prospectus);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares nor participated in the International Offering;
- (viii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the H Share Registrar, the receiving bank, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraphs headed “—G. Personal Data—3. Purposes” and “—G. Personal Data—4. Transfer of personal data” in this section;
- (ix) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees’ application) has been accepted) that you will not rescind it because of an innocent misrepresentation;
- (x) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the H Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed “—B. Publication of Results” in this section;
- (xi) confirm that you are aware of the situations specified in the paragraph headed “—C. Circumstances In Which You Will Not Be Allocated Hong Kong Offer Shares” in this section;
- (xii) agree that your application or HKSCC Nominees’ application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- (xiii) represent, warrant and undertake that (a) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act and (b) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (within the meaning of Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiv) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Articles of Association, the laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;
- (xv) confirm that (a) your application or HKSCC Nominees’ application on your behalf is not financed directly or indirectly by the Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from the Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the H Shares registered in your name or otherwise held by you;
- (xvi) warrant that the information you have provided is true and accurate;
- (xvii) confirm that you understand that we and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;
- (xix) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xx) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC directly or indirectly or through the **White Form eIPO** service or by any one as your agent or by any other person; and

¹ Relevant Persons would include the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xxi) (if you are making the application as an agent for the benefit of another person) warrant that (a) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider and (b) you have due authority to give **electronic application instructions** on behalf of that other person as its agent.

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

	Platform	Date/ Time
Applying through White Form eIPO service or HKSCC EIPO channel :		
Website	The designated results of allocation at www.iporesults.com.hk (alternatively: www.eipo.com.hk/eIPOAllotment) with a “search by ID” function.	24 hours, from 11:00 p.m. on Tuesday, April 28, 2026 to 12:00 midnight on Monday, May 4, 2026 (Hong Kong time)
	The full list of (i) wholly or partially successful applicants using the White Form eIPO service and HKSCC EIPO channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed on the “Allotment Results” page of the White Form eIPO service at www.iporesults.com.hk (alternatively: www.eipo.com.hk/eIPOAllotment).	
	The Stock Exchange’s website at www.hkexnews.hk and our website at https://www.sunmi.com which will provide links to the above mentioned websites of the H Share Registrar.	No later than 11:00 p.m. on Tuesday, April 28, 2026 (Hong Kong time).
Telephone	+852 2862 8555—the allocation results telephone enquiry line provided by the H Share Registrar	between 9:00 a.m. and 6:00 p.m., on Wednesday, April 29, 2026, Thursday, April 30, 2026, Monday, May 4, 2026, Tuesday, May 5, 2026 (Hong Kong time)

For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Monday, April 27, 2026 (Hong Kong time)

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Monday, April 27, 2026 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce the results of the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange’s website at **www.hkexnews.hk** and our website at **<https://www.sunmi.com>** by no later than 11:00 p.m. on Tuesday, April 28, 2026 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If we or our agents exercise our discretion to reject your application:

We, the Overall Coordinators, the H Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

HOW TO APPLY FOR HONG KONG OFFER SHARES

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed “— A. Applications for Hong Kong Offer Shares – 5. Multiple Applications Prohibited” in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- we or the Overall Coordinators believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted Offer Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their designated bank before balloting. After balloting of the Hong Kong Offer Shares, the receiving bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Offer Share allotment from their designated bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its designated bank), who is acting on your behalf in settling payment for your allotted Offer Shares, HKSCC will contact the defaulting HKSCC Participant and its designated bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the International Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the H Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offer (except pursuant to applications made through the **HKSCC EIPO** channel where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Offer Shares. No receipt will be issued for sums paid on application.

H Share certificates will only become valid evidence of title at 8:00 a.m. on Wednesday, April 29, 2026, provided that the Global Offering has become unconditional and the right of termination described in the section headed “Underwriting” has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any H Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

Despatch/collection of H Share certificate ¹	White Form eIPO service	HKSCC EIPO channel

¹ Except in the event of a tropical cyclone warning signal number 8 or above, a black rainstorm warning and/or an “extreme conditions” announcement issued after a super typhoon in force in Hong Kong in the morning on the Tuesday, April 28, 2026 rendering it impossible for the relevant H Share certificates to be dispatched to HKSCC in a timely manner, the Company shall procure the H Share Registrar to arrange for delivery of the supporting documents and H Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to “— E. Severe Weather Arrangements” in this section.

HOW TO APPLY FOR HONG KONG OFFER SHARES

	White Form eIPO service	HKSCC EIPO channel
For physical H Share certificates of 1,000,000 or more Offer Shares issued under your own name	Collection in person from the H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. Time: from 9:00 a.m. to 1:00 p.m. on Wednesday, April 29, 2026 (Hong Kong time), or any other date notified by us. If you are an individual, you must not authorise any other person to collect for you. If you are a corporate applicant, your authorised representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar. Note: If you do not collect your H Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk	H Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account. No action by you is required.
For physical H Share certificates of less than 1,000,000 Offer Shares issued under your own name	Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk Time: Tuesday, April 28, 2026, normally expected one day before listing	
Refund mechanism for surplus application monies paid by you		
Date	Wednesday, April 29, 2026	Subject to the arrangement between you and your broker or custodian
Responsible party	H Share Registrar	Your broker or custodian
Application monies paid through single bank account	White Form e-Refund payment instructions to your designated bank account	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it
Application monies paid through multiple bank accounts	Refund cheque(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk	

E. SEVERE WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Friday, April 24, 2026 if, there is/are:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- Extreme Condition,

(collectively, "**Severe Weather Signals**"), in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, April 24, 2026.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have Severe Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made and published on the Stock Exchange’s website at www.hkexnews.hk and our website at <https://www.sunmi.com> of the revised timetable.

If a Severe Weather Signal is hoisted on Tuesday, April 28, 2026, the H Share Registrar will make appropriate arrangements for the delivery of the H Share certificates to the CCASS depository’s service counter so that they would be available for trading on Wednesday, April 29, 2026.

If a Severe Weather Signal is hoisted on Tuesday, April 28, 2026, the despatch of physical H Share certificates of less than 1,000,000 Offer Shares issued under your own name will be made by ordinary post when the post office re-opens after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Tuesday, April 28, 2026 or on Wednesday, April 29, 2026).

If a Severe Weather Signal is hoisted on Wednesday, April 29, 2026, physical H Share certificates of 1,000,000 Offer Shares or more issued under your own name are available for collection in person at the H Share Registrar’s office after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Wednesday, April 29, 2026 or on Thursday, April 30, 2026).

Prospective investors should be aware that if they choose to receive physical H share certificates issued in their own name, there may be a delay in receiving the H share certificates.

F. ADMISSION OF THE H SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by the Company, the H Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of H Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform the Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

HOW TO APPLY FOR HONG KONG OFFER SHARES

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and **White Form** e-Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the H Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of the Company;
- verifying identities of applicants for and holders of the H Shares and identifying any duplicate applications for the H Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the H Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the H Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the H Share Registrar to discharge their obligations to applicants and holders of the H Shares and/or regulators and/or any other purposes to which applicants and holders of the H Shares may from time to time agree.

4. Transfer of personal data

Personal data held by the Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving bank and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the H Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of personal data

The Company and the H Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether the Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company and the H Share Registrar, at their registered address disclosed in the section headed "Corporate Information" in this prospectus or as notified from time to time, for the attention of the company secretary, or the H Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report set out on pages I-1 to I-97, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

Deloitte.**德勤**

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHANGHAI SUNMI TECHNOLOGY CO., LTD., DEUTSCHE SECURITIES ASIA LIMITED, CITIC SECURITIES (HONG KONG) LIMITED AND ABCI CAPITAL LIMITED

Introduction

We report on the historical financial information of Shanghai Sunmi Technology Co., Ltd.* (“上海商米科技集团股份有限公司”) (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-97, which comprises the consolidated statements of financial position of the Group as at December 31, 2023, 2024 and 2025, the statements of financial position of the Company as at December 31, 2023, 2024 and 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended December 31, 2025 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-97 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated April 21, 2026 (the “document”) in connection with the initial listing of 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 to the Historical Financial Information, and for such internal control as the directors of the Company 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” issued by the Hong Kong Institute of Certified Public Accountants (the “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.

* *English name is for identification purpose.*

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' judgment, 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 Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, 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 Group's financial position as at December 31, 2023, 2024 and 2025, of the Company's financial position as at December 31, 2023, 2024 and 2025 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 15 to the Historical Financial Information which contains information about the dividends declared and paid by the Company in respect of the Track Record Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
April 21, 2026

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by International Accounting Standards Board (the "IASB") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("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 AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Revenue	6	3,070,569	3,456,377	3,811,858
Cost of sales		(2,249,409)	(2,459,046)	(2,618,912)
Gross profit		821,160	997,331	1,192,946
Other income	8	50,569	94,855	91,871
Other gains and losses	9	8,038	39,550	(28,951)
Distribution and selling expenses		(321,878)	(360,985)	(411,627)
Administrative expenses		(84,996)	(135,076)	(120,702)
Research and development expenses		(353,647)	(394,453)	(422,767)
Impairment losses under expected credit loss ("ECL") model, net of reversal		(2,290)	(3,910)	(5,322)
Listing expenses		-	-	(26,156)
Finance costs	10	(16,641)	(30,103)	(31,721)
Profit before tax	11	100,315	207,209	237,571
Income tax credit (expense)	12	913	(26,166)	(14,970)
Profit for the year		101,228	181,043	222,601

APPENDIX I

ACCOUNTANTS' REPORT

	NOTES	Year ended December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Other comprehensive income (expense)				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising on translation of foreign operations		7,952	(4,940)	10,156
Other comprehensive income (expense) for the year, net of income tax		7,952	(4,940)	10,156
Total comprehensive income for the year		109,180	176,103	232,757
Profit for the year attributable to:				
Owners of the Company		101,227	181,043	222,601
Non-controlling interests		1	*	*
		101,228	181,043	222,601
Total comprehensive income for the year attributable to:				
Owners of the Company		109,179	176,103	232,757
Non-controlling interests		1	*	*
		109,180	176,103	232,757
EARNINGS PER SHARE				
Basic (in RMB)	14	0.28	0.50	0.62

* Amount is less than RMB1,000.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	As at December 31,		
		2023	2024	2025
		<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Non-Current Assets				
Property and equipment	16	27,664	30,095	42,112
Right-of-use assets	17	72,364	53,363	73,315
Other intangible assets	19	17,498	67,977	51,197
Financial assets at fair value through profit or loss ("FVTPL")	23	48,747	52,196	200,393
Prepayment for purchase of non-current assets		4,674	6,946	9,068
Term deposits with an original maturity over one year	28	–	70,000	683,468
Deferred tax assets	20	95,278	74,756	67,799
Other receivables	22	9,383	10,183	12,079
		<u>275,608</u>	<u>365,516</u>	<u>1,139,431</u>
Current Assets				
Inventories	21	407,758	501,737	773,265
Trade and other receivables	22	1,083,271	1,573,246	1,804,880
Contract costs	27	1,613	429	1,506
Tax recoverable		4,816	4,363	4,392
Bills receivables measured at fair value through other comprehensive income ("FVTOCI")	24	11,714	3,289	7,998
Term deposits with an original maturity over three months but within one year	28	134,217	57,500	92,720
Restricted bank deposits	28	121,688	79,344	57,332
Cash and cash equivalents	28	1,420,835	1,817,848	1,470,895
		<u>3,185,912</u>	<u>4,037,756</u>	<u>4,212,988</u>
Current Liabilities				
Trade and other payables	29	820,132	1,426,338	1,653,346
Income tax payable		1,208	1,676	11,301
Bank borrowings	30	685,101	938,485	1,396,362
Deferred income	31	3,732	4,921	1,994

APPENDIX I**ACCOUNTANTS' REPORT**

	<i>NOTES</i>	As at December 31,		
		2023	2024	2025
		<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Lease liabilities	32	24,447	25,412	23,715
Provisions	33	14,933	12,941	15,271
Contract liabilities	26	85,995	80,529	79,705
		<u>1,635,548</u>	<u>2,490,302</u>	<u>3,181,694</u>
Net current assets		<u>1,550,364</u>	<u>1,547,454</u>	<u>1,031,294</u>
Total assets less current liabilities		<u>1,825,972</u>	<u>1,912,970</u>	<u>2,170,725</u>
Non-Current Liabilities				
Other payables	29	–	40,618	27,259
Deferred tax liabilities	20	607	741	1,087
Deferred income	31	3,106	3,285	2,500
Lease liabilities	32	46,739	28,579	47,382
		<u>50,452</u>	<u>73,223</u>	<u>78,228</u>
Net assets		<u>1,775,520</u>	<u>1,839,747</u>	<u>2,092,497</u>
Capital and Reserves				
Share capital	34	360,000	360,000	360,000
Reserves		<u>1,415,519</u>	<u>1,479,746</u>	<u>1,732,496</u>
Equity attributable to owners of the Company		1,775,519	1,839,746	2,092,496
Non-controlling interests		<u>1</u>	<u>1</u>	<u>1</u>
Total Equity		<u>1,775,520</u>	<u>1,839,747</u>	<u>2,092,497</u>

APPENDIX I

ACCOUNTANTS' REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	NOTES	As at December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Non-Current Assets				
Property and equipment	16	24,793	22,228	28,299
Right-of-use assets	17	67,978	44,700	35,544
Investments in subsidiaries	18	90,330	211,978	257,381
Other intangible assets	19	17,406	66,813	49,264
Financial assets at FVTPL	23	21,882	17,548	420
Prepayment for purchase of non-current assets		4,543	5,330	7,628
Term deposits with an original maturity over one year	28	—	—	100,856
Deferred tax assets	20	82,526	60,157	52,621
Other receivables	22	9,383	9,432	8,215
		<u>318,841</u>	<u>438,186</u>	<u>540,228</u>
Current Assets				
Inventories	21	369,178	450,945	636,262
Trade and other receivables	22	1,550,319	2,386,355	3,513,385
Contract costs	27	887	429	47
Bills receivables measured at FVTOCI	24	11,714	3,289	7,998
Term deposits with an original maturity over three months but within one year	28	63,036	50,000	60,000
Restricted bank deposits	28	121,470	71,844	47,309
Cash and cash equivalents	28	1,061,423	984,135	695,165
		<u>3,178,027</u>	<u>3,946,997</u>	<u>4,960,166</u>
Current Liabilities				
Trade and other payables	29	853,008	1,392,616	1,884,702
Bank borrowings	30	685,101	895,981	1,382,559
Deferred income	31	3,732	4,921	1,994
Lease liabilities	32	22,619	22,195	11,194
Provisions	33	14,594	12,654	15,069
Contract liabilities	26	57,675	32,569	27,803
		<u>1,636,729</u>	<u>2,360,936</u>	<u>3,323,321</u>
Net Current Assets		1,541,298	1,586,061	1,636,845
Total Assets Less Current Liabilities		1,860,139	2,024,247	2,177,073
Non-Current Liabilities				
Other payables	29	—	40,618	27,259
Deferred income	31	3,106	3,285	2,500
Lease liabilities	32	46,209	24,391	23,727
		<u>49,315</u>	<u>68,294</u>	<u>53,486</u>
Net assets		1,810,824	1,955,953	2,123,587
Capital and Reserves				
Share capital	34	360,000	360,000	360,000
Reserves	35	1,450,824	1,595,953	1,763,587
Total Equity		1,810,824	1,955,953	2,123,587

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to the Owners of the Company							Non-controlling interests	Total
	Share capital	Share premium	Foreign currency translation reserve	Share-based payments reserve	Statutory surplus reserve	Retained profits	Subtotal		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	360,000	876,480	337	141,450	27,998	255,874	1,662,139	*	1,662,139
Profit for the year	–	–	–	–	–	101,227	101,227	1	101,228
Other comprehensive income for the year	–	–	7,952	–	–	–	7,952	*	7,952
Total comprehensive income for the year	–	–	7,952	–	–	101,227	109,179	1	109,180
Appropriation to statutory reserve (Note)	–	–	–	–	15,366	(15,366)	–	–	–
Recognition of equity settled share-based payments (Note 36)	–	–	–	4,201	–	–	4,201	–	4,201
Transfer upon vesting of shares granted (Note 36)	–	59,018	–	(59,018)	–	–	–	–	–
As at December 31, 2023	360,000	935,498	8,289	86,633	43,364	341,735	1,775,519	1	1,775,520

APPENDIX I

ACCOUNTANTS' REPORT

	Attributable to the Owners of the Company								
	Share capital	Share premium	Foreign currency translation reserve	Share-based payments reserve	Statutory surplus reserve	Retained profits	Subtotal	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit for the year	—	—	—	—	—	181,043	181,043	*	181,043
Other comprehensive expense for the year	—	—	(4,940)	—	—	—	(4,940)	*	(4,940)
Total comprehensive income for the year	—	—	(4,940)	—	—	181,043	176,103	*	176,103
Appropriation to statutory reserve (Note)	—	—	—	—	25,700	(25,700)	—	—	—
Dividends recognized as distribution	—	—	—	—	—	(151,200)	(151,200)	—	(151,200)
Recognition of equity settled share-based payments (Note 36)	—	—	—	39,324	—	—	39,324	—	39,324
Transfer upon vesting of shares granted (Note 36)	—	79,411	—	(79,411)	—	—	—	—	—
As at December 31, 2024	360,000	1,014,909	3,349	46,546	69,064	345,878	1,839,746	1	1,839,747
Profit for the year	—	—	—	—	—	222,601	222,601	*	222,601
Other comprehensive income for the year	—	—	10,156	—	—	—	10,156	*	10,156
Total comprehensive income for the year	—	—	10,156	—	—	222,601	232,757	*	232,757
Appropriation to statutory reserve (Note)	—	—	—	—	14,764	(14,764)	—	—	—
Recognition of equity settled share-based payments (Note 36)	—	—	—	19,993	—	—	19,993	—	19,993
Transfer upon vesting of shares granted (Note 36)	—	29,180	—	(29,180)	—	—	—	—	—
As at December 31, 2025	360,000	1,044,089	13,505	37,359	83,828	553,715	2,092,496	1	2,092,497

Note: In accordance with the Company Law of the People's Republic of China (the "PRC") and the Company's Articles of Association, the Company is required to appropriate 10% of profit after tax for the year to the statutory surplus reserve. The Company can cease appropriation when the statutory surplus reserve has reached to more than 50% of the registered capital. As at December 31, 2025, the Company's statutory surplus reserve has not reached 50% of the registered capital.

* *Amount is less than RMB1,000.*

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
OPERATING ACTIVITIES			
Profit before tax	100,315	207,209	237,571
Adjustments for:			
Interest income	(33,867)	(63,664)	(47,751)
Interest expense on bank borrowing	12,294	26,649	28,915
Interest expense on lease liabilities	4,347	3,454	2,806
Government grants related to assets	(6,533)	(3,732)	(3,712)
Depreciation of property and equipment	19,165	18,175	21,194
Depreciation of right-of-use assets	27,216	27,875	26,041
Amortization of other intangible assets	7,064	21,785	22,239
Fair value (gain) loss on other financial investments	(6,559)	1,692	(1,576)
Fair value gain on derivative financial instruments	(744)	–	–
Fair value gain on callable notes	–	–	(1,117)
Fair value gain on structured deposit	–	–	(624)
Impairment loss under ECL, net of reversal	2,290	3,910	5,322
Provision of inventories	515	4,339	5,554
Net foreign exchange losses (gains)	1,839	(3,835)	15,918
Losses on disposal of property and equipment	13	122	120
Losses (gains) on early termination of leases	26	(35)	(456)
Share-based payment expenses	4,201	39,324	19,993
Operating cash flow before movements in working capital	131,582	283,268	330,437
Decrease (increase) in inventories	133,563	(98,318)	(277,082)
Decrease (increase) in contract costs	22,227	1,184	(1,077)
Increase in trade and other receivables	(281,904)	(499,007)	(227,523)
(Increase) decrease in bills receivables measured at FVTOCI	(2,101)	(630)	1,163
(Increase) decrease in restricted bank deposits	(18,410)	42,344	22,012
(Decrease) increase in provisions	(14,514)	(1,992)	2,330
Increase in trade and other payables	164,550	439,050	362,841
Decrease in contract liabilities	(45,610)	(5,466)	(824)
Cash generated from operations	89,383	160,433	212,277
Income tax paid	(6,489)	(4,589)	(2,463)
NET CASH GENERATED FROM OPERATING ACTIVITIES	82,894	155,844	209,814

APPENDIX I**ACCOUNTANTS' REPORT**

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
INVESTING ACTIVITIES			
Interest income received	28,518	68,760	37,268
Payment for rental deposits	(1,097)	(800)	(4,683)
Refund of rental deposits	135	–	2,787
Purchase of property and equipment	(23,408)	(21,158)	(36,917)
Purchase of other intangible asset	(8,364)	(4,879)	(4,936)
Purchase of other financial investments	(5,000)	(5,141)	(5,179)
Purchase of callable notes	–	–	(140,576)
Proceeds on disposal of property and equipment	413	–	36
Proceeds on disposal of other intangible asset	–	319	29
Government grants related to assets received	5,490	5,100	–
Purchase of structured deposit	(11,310)	–	(520,000)
Proceeds from disposal of structured deposit	15,078	–	520,624
Gross cash outflows from forward exchange contracts	(240,683)	–	–
Gross cash inflows from forward exchange contracts	228,924	–	–
Withdrawal of term deposits	55,953	136,220	189,130
Placement of term deposits	(176,005)	(127,500)	(827,630)
NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES	(131,356)	50,921	(790,047)
FINANCING ACTIVITIES			
Dividend paid	–	–	(132,540)
Deferred issue cost paid	–	–	(3,855)
Repayment of lease liabilities	(29,704)	(29,508)	(31,943)
Payment for acquisition of other intangible assets with financing component	–	(1,730)	(25,158)
New bank borrowings raised	740,230	1,102,426	1,411,222
Repayment of bank borrowings	(351,824)	(849,133)	(953,530)
Bank interest paid	(12,333)	(26,558)	(28,730)
NET CASH GENERATED FROM FINANCING ACTIVITIES	346,369	195,497	235,466
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	297,907	402,263	(344,767)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	1,117,013	1,420,835	1,817,848
Effects of exchange rate changes	5,915	(5,250)	(2,186)
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR	1,420,835	1,817,848	1,470,895

NOTES TO THE HISTORICAL FINANCIAL INFORMATION**1. GENERAL INFORMATION**

The Company was established in the People's Republic of China (the "PRC") on December 11, 2013, as a limited liability company. On June 28, 2019, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The respective address of the registered office and the principal place of business of the Company are set out in the section headed ("Corporate Information") to the document.

The Group is primarily engaged in the design, research and development, production, and sales of smart devices, along with the provision of related services. Particulars and principal activities of the subsidiaries are disclosed in Note 42.

Throughout the Track Record Period, the Group is controlled by Mr. Lin Zhe, who is the founder of the Group.

The Historical Financial Information are presented in RMB, which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with IFRS Accounting Standards.

The statutory financial statements of the Company for the year ended December 31, 2023 were prepared in accordance with Chinese Accounting Standard for Business Enterprise ("CASBE") and were audited by Beijing Jiaxindasheng Certified Public Accountants Co., Ltd, certified public accountants registered in the PRC. The statutory financial statements of the Company for the year ended December 31, 2024 were prepared in accordance with CASBE and were audited by Shanghai Deyi Zhiyuan Certified Public Accountants (General Partnership), certified public accountants registered in the PRC. No statutory audit report has been issued for the Company's financial statements for the year ended December 31, 2025.

3. ADOPTION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRS Accounting Standards, which are effective for the accounting period beginning on January 1, 2025 throughout the Track Record Period.

New and amendments to IFRS Accounting Standards in issue but not yet effective

At the date of this report, the Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature — dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after January 1, 2026.

³ Effective for annual periods beginning on or after January 1, 2027.

Except for new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of these amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of IFRS 18) and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Basis of consolidation

The Historical Financial Information incorporate the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, incomes, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Investments in subsidiaries

Investments in subsidiaries are included in the statements of financial position of the Company at cost less any identified impairment loss, if any.

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in Notes 6, 26 and 27.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 Leases at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee***Allocation of consideration to components of a contract***

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of office premise that have a lease term of 12 months or less from the commencement date and do not contain a purchase option.

Right-of-use assets

The cost of right-of-use assets include:

- the amounts of the initial measurement of the lease liabilities; and
- any lease payments made at or before the commencement date.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 Financial Instruments ("IFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates and an entity-specific adjustment whether the risk profile of the entity that enters into the lease is different to that of the Group and whether the lease benefit from a guarantee from the Group.

The lease payments include fixed payments (including in-substance fixed payments).

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "lease modifications").

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group re-measures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is also recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase or otherwise acquire non-current assets are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits***Retirement benefit costs***

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognizes any related restructuring costs.

Share-based payments***Equity-settled share-based payment transactions******Restricted shares units granted to employees***

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When shares granted are vested, the amount previously recognized in the share-based payments reserve will be transferred to share premium.

Modification to the terms and conditions of the share-based payment arrangements

When the terms and conditions of an equity-settled share-based payment arrangement are modified, the Group recognizes, as a minimum, the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. In addition, if the Group modifies the vesting conditions (other than a market condition) in a manner that is beneficial to the employees, for example, by reducing the vesting period, the Group takes the modified vesting conditions into consideration over the remaining vesting period.

If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognized for services received over the period from modification date until the date when the modified equity instruments are vested, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognized over the remainder of the original vesting period.

If the modification reduces the total fair value of the share-based arrangement, or is not otherwise beneficial to the employee, the Group continues to account for the original equity instruments granted as if that modification had not occurred.

Taxation

Income tax expense represents the sum of the current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary

differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries or associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognized the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognized a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognized in profit or loss.

Property and equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress as described below. Property and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets***Intangible assets acquired separately***

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;

- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Impairment on property and equipment, right-of-use assets, contract costs and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets, intangible assets with finite useful lives and contract costs to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Before the Group recognizes an impairment loss for assets capitalised as contract costs under IFRS 15, the Group assesses and recognizes any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognized to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing

those goods or services that have not been recognized as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated to reduce the carrying amount of other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale, including costs to be incurred in marketing, selling and distribution.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales of smart devices are recognized at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

(i) **Amortised cost and interest income**

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Bills receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for bills receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognized in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these bills receivables had been measured at amortised cost. All other changes in the carrying amount of these bills receivables are recognized in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognized in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these receivables. When these bills receivables are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognised in profit or loss includes interest earned on the financial asset and is included in the “other gains and losses” line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under ECL model on financial assets, including trade and other receivables, term deposits, restricted bank deposits and bank balances which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognized lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognized lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic financial analysts, governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceeding. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries made are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward-looking information, including time value of money where appropriate, that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables where the corresponding adjustment is recognized through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost, exchange differences are recognized in profit or loss in the “other gains and losses” line item (Note 9) as part of the net foreign exchange gains (losses);
- For financial assets measured at FVTPL, exchange differences are recognized in profit or loss in the “other gains and losses” line item (Note 9) as part of the fair value gains on financial assets.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities and equity***Classification as debt or equity***

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities the Group holds are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognized in the “other gains and losses” line item in profit or loss as part of net foreign exchange losses.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss.

Derecognition of financial liabilities

The Group derecognized financial liabilities when, and only when, the Group’s obligations are discharged, canceled or expired. The difference between the carrying amount of the financial liabilities derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognized in profit or loss.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Deferred tax asset

As at December 31, 2023, 2024 and 2025, a deferred tax asset of RMB80,405,000, RMB56,617,000 and RMB43,698,000 in relation to unused tax losses for the Company and certain operating subsidiary has been recognized in the consolidated statements of financial position as disclosed in Note 20. No deferred tax asset has been recognized in respect of tax losses of RMB169,257,000, RMB335,693,000 and RMB488,439,000, respectively, due to the unpredictability of future profit streams. The realizability of the deferred tax asset mainly depends on whether sufficient taxable profits will be available in the future or taxable temporary differences are expected to reverse in the same period as the expected reversal of the deductible temporary differences, which is a key source of estimation uncertainty. The uncertainty would depend on how the ongoing uncertain macroeconomic and geopolitical environment may progress or evolve. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal or further recognition takes place.

Recognition of equity-settled share-based payment expenses

The share-based payment expenses are calculated using the fair value of the share rewards at the grant date. During the years ended December 31, 2023, 2024 and 2025, share-based payment expenses of RMB4,201,000, RMB39,324,000 and RMB19,993,000, respectively, are recognized. Discounted cash flow model is used to determine the fair value of the share with key assumptions including discount rate, expected volatility and risk-free interest rate. Changes in these assumptions could significantly affect the fair value of share awards at the grant date and hence the amount of compensation expenses the Group recognize in the Historical Financial Information. Details of the share-based payment expenses are disclosed in Note 36.

Fair value measurement of other financial instruments

As at December 31, 2023, 2024 and 2025, financial assets of investments in unlisted equity interest amounting to RMB48,747,000, RMB52,196,000 and RMB58,712,000 are measured at fair value. Fair values are estimated using valuation techniques that require significant unobservable inputs. Changes in key unobservable inputs could result in material adjustments to the fair value of these instruments. See Note 40 for further disclosures.

Provision of ECL for trade receivables

The Group uses practical expedient in estimating ECL on trade receivables using a provision matrix. The provision rates are based on aging analysis as grouping of debtors that have similar loss patterns taking into consideration the historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. The provision of ECL is sensitive to changes in estimates. The information about the ECL of the Group's and of the Company's trade receivables are disclosed in Note 22 and Note 40.

Write-down of inventories

The Group reviews the conditions of inventories and makes provision for obsolete and slow-moving inventory items by using the lower of cost and net realizable value. Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated cost to be incurred to completion and make the sale. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. The directors reassess these estimates at the end of the reporting period.

As at December 31, 2023, 2024 and 2025, the carrying amount of inventories of the Group is RMB407,758,000, RMB501,737,000 and RMB773,265,000, respectively, net of accumulated inventory provision of RMB12,085,000, RMB16,424,000 and RMB21,978,000, respectively.

6. REVENUE

Disaggregation of revenue from contracts with customers

	Year ended December 31,		
	2023	2024	2025
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Sales of smart devices			
Smart desktop devices	954,216	959,202	972,455
Smart mobile devices	659,879	808,764	1,001,734
Smart payment devices	1,222,771	1,463,896	1,536,646
Accessories and parts	170,953	206,131	262,235
	<u>3,007,819</u>	<u>3,437,993</u>	<u>3,773,070</u>
PaaS platform and customization services	62,750	18,384	38,788
	<u>3,070,569</u>	<u>3,456,377</u>	<u>3,811,858</u>
Geographical information			
Asia Pacific, Middle East & Africa	1,802,593	1,553,130	1,946,393
America	809,599	1,186,183	877,569
Europe	458,377	717,064	987,896
	<u>3,070,569</u>	<u>3,456,377</u>	<u>3,811,858</u>
Timing of revenue recognition			
At a point in time	3,068,055	3,454,303	3,807,916
Over time	2,514	2,074	3,942
	<u>3,070,569</u>	<u>3,456,377</u>	<u>3,811,858</u>

(i) Performance obligations for contracts with customers and revenue recognition policies

Sales of smart devices

The Group sells smart devices to customers. Revenue is recognized at a point in time when the control of the goods has transferred to the customers, mainly being when the goods are either picked up at site or delivered to the designated locations. Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities.

Product warranties associated with goods sold cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Certain customers are required to make a percentage of total consideration as prepayments before the Group deliver the products. Contract liabilities are recognized when consideration is received in which revenue has yet not been recognized.

PaaS platform and customization services

PaaS platform and customization services mainly include revenue generated from:

(a) provision of customization services for hardware and software developed based on PaaS platform, which is charged to customers on a project basis. Revenue is recognized based on the terms stipulated in individual contract. During the Track Record Period, the revenue for customization service is recognized at a point in time when the service result is delivered to the customers or accepted by the customers.

(b) subscription of self-developed supporting software products, which the software subscription fees are charged to customers on an annual basis. During the Track Record Period, the revenue are recognised over time among the term of the subscription agreement.

Contract liabilities are recognised when consideration is received in which revenue has yet not been recognised.

(ii) Transaction price allocated to the remaining performance obligation for contracts with customers

Based on management's estimate as at December 31, 2023, 2024 and 2025, all the performance obligation are expected to be recognized as revenue for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

7. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM"), which is also identified as the chief executive officer of the Group, in order to allocate resources to segments and to assess their performance. During the Track Record Period, the Group is primarily engaged in the sales of smart devices. The CODM assesses the operating performance and allocated the resources of the Group as a whole. Therefore, the CODM considers the Group only has one operating segment.

The CODM reviews the overall results and financial position of the Group as a whole prepared based on the same accounting policies as set out in Note 4 and no further analysis of the single segment is presented.

Information about major customers

During the years ended December 31, 2023, 2024 and 2025, revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Customer A	505,365	758,908	620,617

Geographical information

The Group's operations are mainly located on China mainland. Information about the Group's non-current assets is presented based on the geographical location of the assets. Non-current assets excluded financial instruments and deferred tax assets.

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
China mainland	121,077	150,415	156,827
Overseas	1,123	7,966	18,865
	<u>122,200</u>	<u>158,381</u>	<u>175,692</u>

8. OTHER INCOME

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest income	33,867	63,664	47,751
Government grants related to income (note)	8,436	17,672	40,408
Government grants related to assets	6,533	3,732	3,712
Sundry income	1,733	9,787	—
	<u>50,569</u>	<u>94,855</u>	<u>91,871</u>

Note: The amount mainly represents various subsidies granted by the PRC local government authorities to group entities as incentives for the Group's operating activities. The government grants were unconditional and had been approved by the PRC local government authorities, which are recognized when payments were received.

9. OTHER GAINS AND LOSSES

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net foreign exchange (losses) gains	(816)	41,981	(37,217)
Fair value gains on derivative financial instruments	744	–	–
Fair value gains (losses) on other financial investments	6,559	(1,692)	1,576
Fair value gains on structured deposit	–	–	624
Fair value gain on callable notes	–	–	1,117
Others	1,551	(739)	4,949
	<u>8,038</u>	<u>39,550</u>	<u>(28,951)</u>

10. FINANCE COSTS

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest expenses on bank borrowings	12,294	26,649	28,915
Interest expenses on lease liabilities	4,347	3,454	2,806
	<u>16,641</u>	<u>30,103</u>	<u>31,721</u>

11. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Directors and supervisors' remuneration	12,213	14,456	11,033
Other employee benefits expenses:			
- Salaries, bonus and other allowances	462,002	527,080	564,538
- Retirement benefit scheme contributions	48,004	48,892	56,241
- Equity-settled share-based payment expenses	(1,268)	36,743	19,993
	<u>520,951</u>	<u>627,171</u>	<u>651,805</u>
Amount capitalized in contract cost	(17,332)	(916)	(8,830)
	<u>503,619</u>	<u>626,255</u>	<u>642,975</u>
- Depreciation of property and equipment	19,165	18,175	21,194
- Depreciation of right-of-use assets	27,216	27,875	26,041
- Amortization of other intangible assets	7,064	21,785	22,239
	<u>53,445</u>	<u>67,835</u>	<u>69,474</u>

APPENDIX I**ACCOUNTANTS' REPORT**

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contract cost recognized as an expense	39,559	2,100	7,754
Cost of inventories recognised as an expense (including write-down of inventories amounting to RMB515,000, RMB4,339,000 and RMB5,554,000 for each of the years ended December 31, 2023, 2024 and 2025, respectively)	<u>2,184,478</u>	<u>2,402,727</u>	<u>2,559,200</u>
Listing expenses (including Auditor's remuneration amounting to nil, nil and RMB5,899,000 for each of the years ended December 31, 2023, 2024 and 2025, respectively)	<u>—</u>	<u>—</u>	<u>26,156</u>

12. INCOME TAX (CREDIT) EXPENSE

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Income tax expenses comprise:			
Current tax:			
the PRC	138	119	6,553
Hong Kong	2,796	3,835	(4,498)
Singapore	(1)	593	4,113
France	369	391	554
USA	187	241	844
Others	99	331	101
	<u>3,588</u>	<u>5,510</u>	<u>7,667</u>
Deferred tax (Note 20)	<u>(4,501)</u>	<u>20,656</u>	<u>7,303</u>
	<u>(913)</u>	<u>26,166</u>	<u>14,970</u>

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the Company have been accredited as a High-New Technology Enterprise (the "HNTE") by the Science and Technology Bureau of Shanghai and relevant authorities in November 2020. The HNTE qualification of the Company was renewed in November 2023 with the preferential tax rate period extended to November 2026. The Company was subject to a preferential income tax rate of 15.00% during the Track Record Period. Besides, Citaq Co., Ltd., a wholly-owned subsidiary of the Company, has been accredited as a HNTE in December 2022 and the HNTE qualification was renewed in December 2025 with the preferential tax rate period extended to December 2028, and subjected to the preferential income tax rate of 15.00% during the Track Record Period. Shanghai SunQuick Technology Co., Ltd. a wholly-owned subsidiary of the Company, has been accredited as a HNTE in December 2024 with a preferential tax rate period from 2024 to 2026.

Hangzhou Shangong Equity Investment Co., Ltd., Shanghai Sunquick Technology Co., Ltd., Shanghai Sunmi Home Business Management Co., Ltd., Sunmax (Hangzhou) Co., Ltd., Sunmax Technology (Zhejiang) Co., Ltd. have been recognised as small and micro enterprises. According to the relevant provisions of announcement by the State Administration of Taxation, a preferential enterprise income tax rate of 20.00% was

applied to small and micro enterprise and a 75% discount on taxable income were further applicable for the portion of annual taxable income not exceeding RMB3,000,000 during the Track Record Period. Other subsidiaries in the PRC are subject to tax rate of 25.00% during the Track Record Period.

Under the two-tiered profits tax rates regime in Hong Kong Profits Tax, the first HKD2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2 million will be taxed at 16.50% during the Track Record Period.

The tax rate of the subsidiaries in Singapore is 17.00% during the Track Record Period.

The tax rate of the subsidiaries in France is 25.00% during the Track Record Period.

The tax rate of the subsidiaries in USA is 21.00% during the Track Record Period.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit before tax	100,315	207,209	237,571
Tax at PRC EIT rate of 25%	25,079	51,802	59,393
Tax effect of expenses that are not deductible for tax purpose	1,903	14,298	13,683
Tax effect of income not taxable for tax purpose	(612)	(56)	(18,060)
Tax effect of tax losses not recognized	26,870	42,072	38,216
Utilization of tax losses previously not recognized	(354)	(389)	(29)
Tax effect of deductible temporary differences not recognized	41	934	1,187
Utilization of deductible temporary differences previously not recognized	–	(2)	(6)
Tax effect of extra deduction of research and development expenses (note)	(52,853)	(64,921)	(63,507)
Income tax at concessionary rate	1,832	(14,458)	(5,888)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(2,819)	(3,114)	(5,221)
Over provision in respect of prior years	–	–	(4,798)
Income tax (credit) expense recognised in profit or loss	<u>(913)</u>	<u>26,166</u>	<u>14,970</u>

Note: Pursuant to Caishui 2023 circular No. 7, the Company enjoyed super deduction of 200% on qualified research and development expenditures for the years ended December 31, 2023, 2024 and 2025; Shanghai SunQuick Technology Co., Ltd., Sunmax (Hangzhou) Co., Ltd. enjoyed super deduction of 200% on qualified research and development expenditures for the years ended December 31, 2024 and 2025.

Pursuant to Caishui 2022 circular No. 16 and Caishui 2023 circular No. 7, Citaq Co., Ltd. enjoyed super deduction of 200% on qualified research and development expenditures throughout the Track Record Period; SUNMI Technology (Zhejiang) Co., Ltd. enjoyed super deduction of 200% on qualified research and development expenditures throughout the years ended December 31, 2024 and 2025.

13. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

Details of the emoluments paid or payable to the individuals who were appointed as directors, supervisors and the chief executive officer of the Company (including emoluments for services as employees/directors of the group entities prior to becoming directors and supervisors of the Company) during the years ended December 31, 2023, 2024 and 2025 are as follows:

	Date of appointment	Fees	Salaries and other benefits	Retirement benefit scheme contributions	Share-based payments	Discretionary bonus	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended December 31, 2023							
Executive directors:							
Mr. Lin Zhe (chief executive officer)	June 16, 2019	–	1,921	68	–	–	1,989
Mr. Chen Xiaojing	June 16, 2019	–	750	68	457	284	1,559
Mr. Chen Guihong	June 16, 2019	–	849	68	721	–	1,638
Mr. Zhang Jinpu	October 9, 2020	–	1,321	68	4,291	–	5,680
Subtotal		–	4,841	272	5,469	284	10,866
Non-executive directors:							
Mr. Cao Kai	June 16, 2019	–	–	–	–	–	–
Mr. Jiang Wen	December 30, 2020	–	–	–	–	–	–
Subtotal		–	–	–	–	–	–
Independent non-executive directors:							
Mr. Gu Mengdi	March 8, 2021	120	–	–	–	–	120
Mr. Li Shihong	April 19, 2022	120	–	–	–	–	120
Ms. Peng Juan	April 19, 2022	120	–	–	–	–	120
Subtotal		360	–	–	–	–	360
Supervisors:							
Mr. Kong Min	June 16, 2019	–	919	68	–	–	987
Ms. Jia Wei	June 16, 2019	–	–	–	–	–	–
Ms. Zhang Lufang (Note i)	April 19, 2022	–	–	–	–	–	–
Ms. Gao Qi	June 29, 2023	–	–	–	–	–	–
Subtotal		–	919	68	–	–	987
Total		360	5,760	340	5,469	284	12,213

APPENDIX I

ACCOUNTANTS' REPORT

	Date of appointment	Fees	Salaries and other benefits	Retirement benefit scheme contributions	Share-based payments	Discretionary bonus	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended December 31, 2024							
Executive directors:							
Mr. Lin Zhe (chief executive officer)	June 16, 2019	–	1,919	71	–	2,116	4,106
Mr. Chen Xiaojing	June 16, 2019	–	749	71	349	409	1,578
Mr. Chen Guihong	June 16, 2019	–	849	71	722	203	1,845
Mr. Zhang Jinpu	October 9, 2020	–	1,326	71	1,162	992	3,551
Subtotal		–	4,843	284	2,233	3,720	11,080
Non-executive directors:							
Mr. Cao Kai	June 16, 2019	–	–	–	–	–	–
Mr. Jiang Wen	December 30, 2020	–	–	–	–	–	–
Subtotal		–	–	–	–	–	–
Independent non-executive directors:							
Mr. Gu Mengdi	March 8, 2021	120	–	–	–	–	120
Mr. Li Shihong	April 19, 2022	120	–	–	–	–	120
Ms. Peng Juan	April 19, 2022	120	–	–	–	–	120
Subtotal		360	–	–	–	–	360
Supervisors:							
Mr. Kong Min	June 16, 2019	–	917	71	–	700	1,688
Ms. Jia Wei (Note ii)	June 16, 2019	–	–	–	–	–	–
Ms. Gao Qi	June 29, 2023	–	–	–	–	–	–
Mr. Lin Bo (Note ii)	February 6, 2024	–	143	19	232	100	494
Mr. Zhang Shuxuan	June 9, 2024	–	323	28	116	367	834
Subtotal		–	1,383	118	348	1,167	3,016
Total		360	6,226	402	2,581	4,887	14,456

APPENDIX I

ACCOUNTANTS' REPORT

	Date of appointment	Fees	Salaries and other benefits	Retirement benefit scheme contributions	Share-based payments	Discretionary bonus	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended December 31, 2025							
Executive directors:							
Mr. Lin Zhe (chief executive officer)	June 16, 2019	–	3,248	69	–	2,083	5,400
Mr. Chen Xiaojing	June 16, 2019	–	749	71	–	368	1,188
Mr. Chen Guihong	June 16, 2019	–	840	71	–	277	1,188
Mr. Zhang Jinpu	October 9, 2020	–	1,317	71	–	631	2,019
Subtotal		–	6,154	282	–	3,359	9,795
Non-executive directors:							
Mr. Cao Kai (Note iii)	June 16, 2019	–	–	–	–	–	–
Mr. Jiang Wen (Note iii)	December 30, 2020	–	–	–	–	–	–
Mr. Wang Huan (Note iv)	May 15, 2025	–	–	–	–	–	–
Ms. Zhang Yi (Note iv)	May 15, 2025	–	–	–	–	–	–
Subtotal		–	–	–	–	–	–
Independent non-executive directors:							
Mr. Gu Mengdi (Note v)	March 8, 2021	40	–	–	–	–	40
Mr. Li Shihong	April 19, 2022	120	–	–	–	–	120
Ms. Peng Juan (Note v)	April 19, 2022	40	–	–	–	–	40
Ms. Wang Xia (Note iv)	May 15, 2025	80	–	–	–	–	80
Mr. POON Wing Shing, Anthony (Note iv)	May 15, 2025	79	–	–	–	–	79
Subtotal		359	–	–	–	–	359
Supervisors: (Note ii)							
Mr. Kong Min	June 16, 2019	–	465	35	–	74	574
Ms. Gao Qi	June 29, 2023	–	–	–	–	–	–
Mr. Zhang Shuxuan	June 9, 2024	–	278	27	–	–	305
Subtotal		–	743	62	–	74	879
Total		359	6,897	344	–	3,433	11,033

Notes:

- (i) Ms. Zhang Lufang resigned as supervisor in 2023.
- (ii) Ms. Jia Wei and Mr. Lin Bo resigned as supervisors in 2024. All the rest supervisors retired upon the expiry of their respective terms in May 2025. The Group subsequently abolished the Board of Supervisors.

- (iii) Mr. Cao Kai and Mr. Jiang Wen retired as non-executive directors upon the expiry of their respective terms in 2025.
- (iv) Mr. Wang Huan and Ms. Zhang Yi were appointed as non-executive directors in 2025; Ms. Wang Xia and Mr. Poon Wing Shing, Anthony were appointed as independent non-executive directors in 2025.
- (v) Mr. Gu Mengdi and Ms. Peng Juan retired as independent non-executive directors upon the expiry of their respective terms in 2025.
- (vi) None of the directors nor the chief executive officer of the Company waived or agreed to waive any emoluments during the years ended December 31, 2023, 2024 and 2025.
- (vii) During the years ended December 31, 2023, 2024 and 2025, no emoluments were paid by the Group to any of the directors nor the chief executive officer of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.
- (viii) Prior to the Track Record Period, certain directors and supervisors were granted restricted shares units, in respect of their services to the Group under the 2019 Share Incentive Plan of the Company. Details of the 2019 Share Incentive Plan are set out in Note 36.
- (ix) The emoluments of executive directors shown above were for their services in connection with the management of the affairs of the Company and the Group. The emoluments of independent non-executive directors shown above were for their services as directors of the Company and its subsidiaries, if applicable. The emoluments of supervisors shown above were for their services as supervisors of the Company and its subsidiaries, if applicable.

FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group include one, one, and one director of the Company whose emoluments are set out above for the years ended December 31, 2023, 2024 and 2025. The emoluments of the remaining four, four, and four highest paid employees for each of the year ended December 31, 2023, 2024 and 2025, respectively, are as follows:

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries and other benefits	4,400	4,452	6,410
Retirement benefit scheme contributions	191	239	459
Share-based payments	4,726	7,152	6,333
Discretionary bonus	1,112	5,558	4,213
	<u>10,429</u>	<u>17,401</u>	<u>17,415</u>

The emoluments of these employees are within the following bands:

	Year ended December 31,		
	2023	2024	2025
	<i>No.</i>	<i>No.</i>	<i>No.</i>
Hong Kong dollar ("HK\$") 2,500,001 to HK\$3,000,000	3	–	–
HK\$3,000,001 to HK\$3,500,000	1	–	–
HK\$3,500,001 to HK\$4,000,000	–	–	1
HK\$4,000,001 to HK\$4,500,000	–	4	1
HK\$5,000,001 to HK\$5,500,000	–	–	2
HK\$5,500,001 to HK\$6,000,000	–	–	1
HK\$6,000,001 to HK\$6,500,000	1	1	–
	<u>5</u>	<u>5</u>	<u>5</u>

During the Track Record Period, certain non-director and non-chief executive highest paid employees were granted restricted share units, in respect of their services to the Group under the 2019 Share Incentive Plan as details in note 36.

14. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year attributable to owners of the Company	<u>101,227</u>	<u>181,043</u>	<u>222,601</u>
<i>Number of shares</i>			
	Year ended December 31,		
	2023	2024	2025
	<i>'000</i>	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>360,000</u>	<u>360,000</u>	<u>360,000</u>

No diluted earnings per share were presented as there were no potential ordinary shares in issue during the years ended December 31, 2023, 2024 and 2025.

15. DIVIDENDS

During the years ended December 31, 2023, 2024 and 2025, the Company declared dividends amounting to nil, RMB151,200,000 and nil, respectively, to its shareholders. The corresponding dividend per share was nil, RMB0.42 and nil for the respective periods.

16. PROPERTY AND EQUIPMENT**The Group**

	Machinery and equipment	Office equipment and furniture	Moulds	Leasehold improvements	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
COST						
As at January 1, 2023	28,521	1,744	59,292	5,627	–	95,184
Additions	4,182	–	8,842	–	2,401	15,425
Disposals	(527)	(228)	(898)	–	–	(1,653)
Transfer	–	–	–	2,401	(2,401)	–
Exchange rate realignment	3	4	–	–	–	7
As at December 31, 2023	32,179	1,520	67,236	8,028	–	108,963
Additions	7,619	150	7,884	–	5,076	20,729
Disposals	(1,055)	(261)	(1,349)	–	–	(2,665)
Transfer	–	–	–	5,076	(5,076)	–
Exchange rate realignment	(8)	1	–	–	–	(7)
As at December 31, 2024	38,735	1,410	73,771	13,104	–	127,020
Additions	11,844	6	16,925	–	4,616	33,391
Disposals	(1,136)	(112)	(1,766)	–	–	(3,014)
Transfer	–	–	–	4,616	(4,616)	–
Exchange rate realignment	43	31	–	(66)	–	8
As at December 31, 2025	49,486	1,335	88,930	17,654	–	157,405
ACCUMULATED DEPRECIATION						
As at January 1, 2023	17,426	1,351	40,289	2,306	–	61,372
Provided for the year	5,540	122	11,075	2,428	–	19,165
Eliminated on disposals	(436)	(203)	(588)	–	–	(1,227)
Exchange rate realignment	1	1	–	–	–	2
As at December 31, 2023	22,531	1,271	50,776	4,734	–	79,312
Provided for the year	5,084	108	9,332	3,651	–	18,175
Eliminated on disposals	(973)	(247)	(1,120)	–	–	(2,340)
Exchange rate realignment	(6)	–	–	–	–	(6)
As at December 31, 2024	26,636	1,132	58,988	8,385	–	95,141
Provided for the year	6,874	88	9,979	4,253	–	21,194
Eliminated on disposals	(993)	(106)	(1,759)	–	–	(2,858)
Exchange rate realignment	30	26	–	(24)	–	32
As at December 31, 2025	32,547	1,140	67,208	12,614	–	113,509

APPENDIX I

ACCOUNTANTS' REPORT

	Machinery and equipment	Office equipment and furniture	Moulds	Leasehold improvements	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
ACCUMULATED IMPAIRMENT						
As at January 1, 2023 and December 31, 2023	652	–	1,335	–	–	1,987
Eliminated on disposals	–	–	(203)	–	–	(203)
As at December 31, 2024 and December 31, 2025	652	–	1,132	–	–	1,784
CARRYING VALUES						
As at December 31, 2023	8,996	249	15,125	3,294	–	27,664
As at December 31, 2024	11,447	278	13,651	4,719	–	30,095
As at December 31, 2025	16,287	195	20,590	5,040	–	42,112

The Company

	Machinery and equipment	Office equipment and furniture	Moulds	Leasehold improvements	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
COST						
As at January 1, 2023	27,195	1,324	55,277	4,658	–	88,454
Additions	4,026	–	8,463	–	992	13,481
Disposals	(426)	(228)	(852)	–	–	(1,506)
Transfer	–	–	–	992	(992)	–
As at December 31, 2023	30,795	1,096	62,888	5,650	–	100,429
Additions	4,532	–	7,729	–	848	13,109
Disposals	(915)	(249)	(1,349)	–	–	(2,513)
Transfer	–	–	–	848	(848)	–
As at December 31, 2024	34,412	847	69,268	6,498	–	111,025
Additions	5,550	–	15,384	–	267	21,201
Disposals	(1,113)	(112)	(1,625)	–	–	(2,850)
Transfer	–	–	–	267	(267)	–
As at December 31, 2025	38,849	735	83,027	6,765	–	129,376

APPENDIX I

ACCOUNTANTS' REPORT

	Machinery and equipment	Office equipment and furniture	Moulds	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ACCUMULATED DEPRECIATION						
As at January 1, 2023	16,521	1,152	37,436	1,802	–	56,911
Provided for the year	5,308	60	10,545	1,963	–	17,876
Eliminated on disposals	(347)	(203)	(588)	–	–	(1,138)
As at December 31, 2023	21,482	1,009	47,393	3,765	–	73,649
Provided for the year	4,660	22	8,768	2,104	–	15,554
Eliminated on disposals	(853)	(236)	(1,101)	–	–	(2,190)
As at December 31, 2024	25,289	795	55,060	5,869	–	87,013
Provided for the year	4,935	9	9,507	532	–	14,983
Eliminated on disposals	(972)	(106)	(1,625)	–	–	(2,703)
As at December 31, 2025	29,252	698	62,942	6,401	–	99,293
ACCUMULATED IMPAIRMENT						
As at January 1, 2023 and December 31, 2023	652	–	1,335	–	–	1,987
Eliminated on disposals	–	–	(203)	–	–	(203)
As at December 31, 2024 and December 31, 2025	652	–	1,132	–	–	1,784
CARRYING VALUES						
As at December 31, 2023	8,661	87	14,160	1,885	–	24,793
As at December 31, 2024	8,471	52	13,076	629	–	22,228
As at December 31, 2025	8,945	37	18,953	364	–	28,299

The above items of property and equipment except for construction in progress are depreciated on a straight-line basis after taking into account of the residual value as follows:

Machinery and equipment	19.00%-33.33% per annum
Office equipment and furniture	19.00% per annum
Moulds	33.33% per annum
Leasehold improvements	Over the shorter of the lease term or 5 years

17. RIGHT-OF-USE ASSETS

The Group

	<u>Offices</u>	<u>Plant and warehouse</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CARRYING AMOUNT			
As at January 1, 2023	100,077	756	100,833
Additions	1,869	–	1,869
Depreciation charge	(26,867)	(349)	(27,216)
Modification	(3,122)	–	(3,122)
As at December 31, 2023	71,957	407	72,364
Additions	7,904	997	8,901
Depreciation charge	(27,161)	(714)	(27,875)
Exchange rate realignment	(27)	–	(27)
As at December 31, 2024	52,673	690	53,363
Additions	19,696	7,804	27,500
Modification	19,060	(489)	18,571
Depreciation charge	(24,351)	(1,690)	(26,041)
Exchange rate realignment	(78)	–	(78)
As at December 31, 2025	<u>67,000</u>	<u>6,315</u>	<u>73,315</u>
	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Expense relating to short-term leases	3,232	2,806	3,503
Total cash outflow for leases	<u>32,936</u>	<u>32,314</u>	<u>40,129</u>

The Company

	<u>Offices</u> <u>RMB'000</u>
CARRYING AMOUNT	
As at January 1, 2023	95,454
Depreciation charge	(24,675)
Modification	(2,801)
As at December 31, 2023	67,978
Depreciation charge	(23,278)
As at December 31, 2024	44,700
Additions	1,988
Modification	14,707
Derecognition	(9,346)
Depreciation charge	(16,505)
As at December 31, 2025	<u>35,544</u>

	<u>Year ended December 31,</u>		
	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Expense relating to short-term leases	891	16	223
Total cash outflow for leases	<u>27,897</u>	<u>25,303</u>	<u>21,436</u>

The Group regularly entered into short-term leases for offices. As at December 31, 2023, 2024 and 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

During the years ended December 31, 2023, 2024 and 2025, the Group leases various properties for its operations. Lease contracts are entered into for fixed term of 1 to 18 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. There were no extension or termination options in the lease contracts. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Restrictions or covenants on leases

In addition, lease liabilities of RMB71,186,000, RMB53,991,000 and RMB71,097,000 are recognized with related right-of-use assets of RMB72,364,000, RMB53,363,000 and RMB73,315,000 as at December 31, 2023, 2024 and 2025, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. These leased assets may not be used as security for borrowing purposes.

Rent concessions

During the year ended December 31, 2023, lessors provided rent concessions to the Group through rent reductions for 50% over 23 months. These rent concessions were concluded the changes in lease payments constitute lease modifications. The reduction of the Group's lease liabilities of RMB2,763,000 and a corresponding adjustment of the same amount to the right-of-use assets were recognized.

18. INVESTMENTS IN SUBSIDIARIES**The Company**

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost of investments	<u>90,330</u>	<u>211,978</u>	<u>257,381</u>

19. OTHER INTANGIBLE ASSETS

The Group

	Software <i>RMB'000</i>	License <i>RMB'000</i>	Patents <i>RMB'000</i>	Total <i>RMB'000</i>
COST				
As at January 1, 2023	21,528	–	–	21,528
Additions	13,969	–	1,536	15,505
As at December 31, 2023	35,497	–	1,536	37,033
Additions	14,702	57,881	–	72,583
Disposals	(619)	–	–	(619)
As at December 31, 2024	49,580	57,881	1,536	108,997
Additions	5,488	–	–	5,488
Disposals	(36)	–	–	(36)
As at December 31, 2025	55,032	57,881	1,536	114,449
ACCUMULATED AMORTIZATION				
As at January 1, 2023	12,471	–	–	12,471
Provided for the year	6,985	–	79	7,064
As at December 31, 2023	19,456	–	79	19,535
Provided for the year	9,902	11,576	307	21,785
Eliminated on disposals	(300)	–	–	(300)
As at December 31, 2024	29,058	11,576	386	41,020
Provided for the year	10,356	11,576	307	22,239
Eliminated on disposals	(7)	–	–	(7)
As at December 31, 2025	39,407	23,152	693	63,252
CARRYING VALUES				
As at December 31, 2023	16,041	–	1,457	17,498
As at December 31, 2024	20,522	46,305	1,150	67,977
As at December 31, 2025	15,625	34,729	843	51,197

The Company

	<u>Software</u>	<u>License</u>	<u>Patents</u>	<u>Total</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
COST				
As at January 1, 2023	20,505	–	–	20,505
Additions	13,980	–	1,505	15,485
As at December 31, 2023	34,485	–	1,505	35,990
Additions	13,508	57,881	–	71,389
Disposals	(619)	–	–	(619)
As at December 31, 2024	47,374	57,881	1,505	106,760
Additions	3,888	–	–	3,888
As at December 31, 2025	51,262	57,881	1,505	110,648
ACCUMULATED AMORTIZATION				
As at January 1, 2023	11,553	–	–	11,553
Provided for the year	6,956	–	75	7,031
As at December 31, 2023	18,509	–	75	18,584
Provided for the year	9,786	11,576	301	21,663
Eliminated on disposals	(300)	–	–	(300)
As at December 31, 2024	27,995	11,576	376	39,947
Provided for the year	9,560	11,576	301	21,437
As at December 31, 2025	37,555	23,152	677	61,384
CARRYING VALUES				
As at December 31, 2023	15,976	–	1,430	17,406
As at December 31, 2024	19,379	46,305	1,129	66,813
As at December 31, 2025	13,707	34,729	828	49,264

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over 3-5 years.

20. DEFERRED TAX ASSETS/LIABILITIES**The Group**

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deferred tax assets	95,278	74,756	67,799
Deferred tax liabilities	(607)	(741)	(1,087)
	<u>94,671</u>	<u>74,015</u>	<u>66,712</u>

The following are the major deferred tax assets/(liabilities) recognized and movements thereon during the Track Record Period:

	Right-of-use asset	Lease liabilities	Unrealised profit on internal transactions	Tax losses	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	(14,956)	14,503	1,204	77,792	11,626	90,169
Credited/(charged) to profit or loss	4,265	(3,961)	4,973	2,613	(3,389)	4,501
Exchange adjustments	—	—	1	—	—	1
As at December 31, 2023	(10,691)	10,542	6,178	80,405	8,237	94,671
Credited/(charged) to profit or loss	3,612	(3,427)	1,587	(23,788)	1,360	(20,656)
As at December 31, 2024	(7,079)	7,115	7,765	56,617	9,597	74,015
(Charged)/credited to profit or loss	(2,163)	1,631	(1,186)	(12,919)	7,334	(7,303)
As at December 31, 2025	<u>(9,242)</u>	<u>8,746</u>	<u>6,579</u>	<u>43,698</u>	<u>16,931</u>	<u>66,712</u>

As at December 31, 2023, 2024 and 2025, the Group has unused tax losses of approximately RMB705,288,000, RMB713,139,000 and RMB782,078,000, respectively, available for offsetting against future profits. No deferred tax asset has been recognized in respect of tax losses of RMB169,257,000, RMB335,693,000 and RMB488,439,000 respectively, due to the unpredictability of future profit streams.

The unrecognized tax losses of the Group will be carried forward and expire in years as follows:

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
2024	296	–	–
2025	76	14	–
2026	10,305	9,496	9,496
2027	51,099	50,408	50,396
2028	107,481	43,316	43,319
2029	–	87,621	87,524
2030	–	3	110,638
2031	–	2	2
2032	–	2	2
2033	–	64,165	64,165
2034	–	80,666	80,666
2035	–	–	42,231
	<u>169,257</u>	<u>335,693</u>	<u>488,439</u>

As at December 31, 2023, 2024 and 2025, the Group has deductible temporary differences of RMB176,293,000, RMB178,421,000 and RMB223,296,000, respectively. No deferred tax asset has been recognized in relation to deductible temporary difference of RMB206,000, RMB3,933,000 and RMB8,654,000 as at December 31, 2023, 2024 and 2025, respectively, as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The Company

For the purpose of presentation in the statements of financial position, deferred tax assets and liabilities have been offset.

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deferred tax assets	93,755	67,244	57,953
Deferred tax liabilities	(11,229)	(7,087)	(5,332)
	<u>82,526</u>	<u>60,157</u>	<u>52,621</u>

The following are the major deferred tax assets/(liabilities) recognized and movements thereon during the Track Record Period:

	Right-of-use assets	Lease liabilities	Tax losses	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2023	(14,318)	14,164	74,414	10,906	85,166
Credited/(charged) to profit or loss	4,121	(3,840)	(286)	(2,635)	(2,640)
As at December 31, 2023	(10,197)	10,324	74,128	8,271	82,526
Credited/(charged) to profit or loss	3,492	(3,336)	(23,999)	1,474	(22,369)
As at December 31, 2024	(6,705)	6,988	50,129	9,745	60,157
Credited/(charged) to profit or loss	1,373	(1,750)	(14,694)	7,535	(7,536)
As at December 31, 2025	<u>(5,332)</u>	<u>5,238</u>	<u>35,435</u>	<u>17,280</u>	<u>52,621</u>

As at December 31, 2023, 2024 and 2025, deferred tax asset has been recognized in respect of all tax losses and all deductible temporary differences.

21. INVENTORIES

The Group

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials and consumables	185,974	186,165	442,089
Work in progress	10,173	7,884	5,544
Finished goods	211,611	307,688	325,632
	<u>407,758</u>	<u>501,737</u>	<u>773,265</u>

Inventories are net of a write-down of approximately RMB12,085,000, RMB16,424,000 and RMB21,978,000 as at December 31, 2023, 2024 and 2025, respectively.

The Company

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials and consumables	158,278	152,040	328,450
Finished goods	210,900	298,905	307,812
	<u>369,178</u>	<u>450,945</u>	<u>636,262</u>

Inventories are net of a write-down of approximately RMB11,037,000, RMB14,846,000 and RMB18,824,000 as at December 31, 2023, 2024 and 2025, respectively.

22. TRADE AND OTHER RECEIVABLES

The Group

Details of trade and other receivables are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables			
- Related parties	2,232	34,971	15,412
- Third parties	637,947	1,019,556	1,136,769
Less: allowance for expected credit losses (Note 40)	(2,599)	(5,688)	(11,237)
	<u>637,580</u>	<u>1,048,839</u>	<u>1,140,944</u>
Other receivables			
- Related parties	53	103	103
- Third parties	304,965	398,737	336,735
Less: allowance for expected credit losses (Note 40)	(4,397)	(5,242)	(4,919)
	<u>300,621</u>	<u>393,598</u>	<u>331,919</u>
Bill receivables	–	–	1,807
Interest receivables	6,632	1,536	1,830
Prepayments to suppliers			
- Related parties	–	–	1,867
- Third parties	66,398	32,029	171,405
	<u>66,398</u>	<u>32,029</u>	<u>173,272</u>
Deferred issue costs	–	–	4,003
Value-added-tax (“VAT”) recoverable	9,241	5,863	10,196
VAT export refund receivable	61,394	87,169	140,654
Rental deposits	9,383	10,183	12,079
Advance to employees	322	339	255
Others	1,083	3,873	–
	<u>1,092,654</u>	<u>1,583,429</u>	<u>1,816,959</u>
Analyzed as:			
Non-current	9,383	10,183	12,079
Current	<u>1,083,271</u>	<u>1,573,246</u>	<u>1,804,880</u>
	<u>1,092,654</u>	<u>1,583,429</u>	<u>1,816,959</u>

As at January 1, 2023, trade receivables from contracts with customers, net of allowance for ECL, amounting to RMB406,259,000.

The Group normally grants a credit period of 30-120 days or a particular period agreed with customers effective from the date when the goods and services have been completed and accepted by customers.

The following is an aging analysis of trade receivables net of allowance for credit losses presented based on the date of delivery of goods and services at the end of each reporting period:

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
0 - 60 days	470,954	739,964	871,612
61 - 120 days	141,217	233,077	164,084
121 - 180 days	15,658	44,218	52,838
181 - 365 days	5,349	17,648	31,605
Over 365 days	4,402	13,932	20,805
	<u>637,580</u>	<u>1,048,839</u>	<u>1,140,944</u>

As at December 31, 2023, 2024 and 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB114,573,000, RMB187,153,000 and RMB85,324,000, which are past due as at the reporting date. Out of the past due balances, RMB13,713,000, RMB29,531,000 and RMB34,155,000 has been past due 90 days or more and is not considered as in default as the directors of the Company have considered the recoverable amount and credit quality of the relevant customers and concluded that the ECL is not significant to the Group.

The Group does not hold any collateral over these balances.

Trade and other receivables denominated in currencies other than the functional currency of the respective group entities which include intra-group balances at the end of each reporting period are mainly as follows:

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
RMB	1,258	7,836	157,627
United States dollar ("USD")	574,531	1,163,408	1,471,853
Euro ("EUR")	10,306	34,442	110,829
HKD	4,856	-	-
Singaporean dollar ("SGD")	<u>-</u>	<u>765</u>	<u>1,915</u>

The Company

Details of trade and other receivables are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables			
- Subsidiaries	953,507	1,761,164	2,699,741
- Other related parties	2,232	34,971	15,412
- Third parties	195,194	65,084	143,554
Less: allowance for expected credit losses (Note 40)	(1,786)	(1,144)	(848)
	1,149,147	1,860,075	2,857,859
Other receivables			
- Subsidiaries (Note)	70,447	171,745	275,935
- Other related parties	50	50	50
- Third parties	272,400	329,798	320,702
Less: allowance for expected credit losses (Note 40)	(3,952)	(4,366)	(4,337)
	338,945	497,227	592,350
Bill receivables	–	–	1,807
Interest receivables	4,650	1,146	575
Prepayments to suppliers			
- Third parties	38,145	24,465	53,340
Deferred issue costs	–	–	4,003
VAT export refund receivable	18,610	3,340	3,337
Rental deposits	9,383	9,432	8,215
Advance to employees	157	99	114
Others	665	3	–
	1,559,702	2,395,787	3,521,600
Analyzed as:			
Non-current	9,383	9,432	8,215
Current	1,550,319	2,386,355	3,513,385
	1,559,702	2,395,787	3,521,600

Note: The amounts are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

As at January 1, 2023, trade receivables from contracts with customers, net of allowance for ECL, amounting to RMB708,161,000.

The Company normally grants a credit period of 30 -120 days or a particular period agreed with customers effective from the date when the goods and services have been completed and accepted by customers.

The following is an aging analysis of trade receivables net of allowance for credit losses presented based on revenue recognition dates:

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
0 - 60 days	572,898	987,140	1,053,187
61 - 120 days	192,386	395,184	434,725
121 - 180 days	56,359	437,964	392,633
181 - 365 days	151,149	24,312	755,995
Over 365 days	176,355	15,475	221,319
	<u>1,149,147</u>	<u>1,860,075</u>	<u>2,857,859</u>

The Company does not hold any collateral over these balances.

Details of the assessment on the provision of ECL of trade and other receivables of the Group and of the Company as at December 31, 2023, 2024 and 2025 are set out in Note 40.

Trade and other receivables denominated in currencies other than the functional currency of the Company at the end of each reporting period are mainly as follows:

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
USD	<u>354,778</u>	<u>8,210</u>	<u>5,397</u>

23. FINANCIAL INSTRUMENT AT FVTPL**The Group**

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets measured at FVTPL:			
Other financial investments at FVTPL (Note a)	48,747	52,196	58,712
Other financial assets – callable notes (Note b)	–	–	141,681
Financial assets at FVTPL as non-current assets	<u>48,747</u>	<u>52,196</u>	<u>200,393</u>

Note a: The amounts represent unlisted equity interest in entities. The Group accounts these investments at FVTPL. Gains from changes in fair value amounting to RMB6,559,000, losses from changes in fair value amounting to RMB1,692,000 and gains from changes in fair value amounting to RMB1,576,000 is recognized during the years ended December 31, 2023, 2024 and 2025, respectively. Details of fair value measurements are set out in Note 40.

Note b: The Group invested in callable notes issued by a bank, with redemption levels ranging from 110% to 131.5% depending on the contractually specified redemption dates, which may be exercised at the option of the issuing bank. The redemption period is from September 2027 to September 2030. These investments are classified as financial assets at FVTPL.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets mandatorily measured at FVTPL:			
Other financial investments at FVTPL as non-current assets	<u>21,882</u>	<u>17,548</u>	<u>420</u>

24. BILLS RECEIVABLES MEASURED AT FVTOCI

As at December 31, 2023, 2024 and 2025, certain bills which were held by the Group and the Company were endorsed to suppliers or discounted to banks before the bills due for payment. Since the bills are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, these bills receivables were classified as “bills receivables measured at FVTOCI”.

All the bills receivables were with a maturity period of less than one year. The credit risk on bills receivables at FVTOCI is limited because the counterparties are with good credit standing and are highly likely to be paid, and the ECL are considered as insignificant. Details of impairment assessment are set out in Note 40.

25. TRANSFERS OF FINANCIAL ASSETS

(i) Transferred financial assets that were derecognized in their entirety

The bills accepted by banks with high credit quality were derecognized when they were endorsed to certain suppliers for settlement of trade payables or discounted to the banks. In the opinion of the directors of the Company, the Group has transferred the significant risks and rewards relating to these bills receivables, and the Group's obligations to the corresponding counterparties were discharged in accordance with the commercial practice in the PRC and the risk of the default in payment of the endorsed bills receivable is low because all endorsed or discounted bills receivables are issued and guaranteed by the reputable PRC banks. As a result, the relevant assets and liabilities were derecognized on the consolidated statements of financial position. As at December 31, 2023, 2024 and 2025, the Group had derecognized bills endorsed to certain suppliers but not expired amounting to RMB2,170,000, RMB103,876,000 and RMB33,291,000, respectively.

(ii) Transferred financial assets that were not derecognized in their entirety

As at December 31, 2023, 2024 and 2025, bills receivable with a total carrying amount of RMB9,054,000, nil and nil were endorsed to certain suppliers for settlement of trade payables. If the bills are not paid on maturity, the suppliers have the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to the bills receivables to its suppliers upon endorsement, it continues to recognize the full carrying amount of bills receivables and has recognized the payables from the endorsement of the bills with full recourse.

26. CONTRACT LIABILITIES**The Group**

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sales of smart devices	84,205	78,312	73,098
PaaS platform and customization services	1,790	2,217	6,607
	<u>85,995</u>	<u>80,529</u>	<u>79,705</u>

The Group may require certain customers to pay deposits in advance and to fully settle the remaining balance upon delivery.

Contract liabilities represented the trade deposits received from customers, which will be recognized as the Group's revenue when the control of the goods or services transfer to customers. Revenue of RMB131,605,000, RMB85,995,000 and RMB80,529,000 of the Group was recognized during each of the years ended December 31, 2023, 2024 and 2025, respectively, that was included in the contract liabilities at the beginning of the relevant year.

Contract liabilities that were expected to be settled within the Group's normal operating cycle are classified as current liabilities.

As at January 1, 2023, contract liabilities of the Group were RMB131,605,000.

The Company

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Sales of smart devices	56,698	31,674	27,105
PaaS platform and customization services	977	895	698
	<u>57,675</u>	<u>32,569</u>	<u>27,803</u>

The Company may require certain customers to pay deposits in advance and to fully settle the remaining balance before or upon delivery.

Contract liabilities represented the trade deposits received from customers, which will be recognized as the Company's revenue when the control of the goods transfer to customers. Revenue of RMB114,022,000, RMB57,675,000 and RMB32,569,000 of the Company was recognized during each of the years ended December 31, 2023, 2024 and 2025, respectively, that was included in the contract liabilities at the beginning of the relevant year.

Contract liabilities that were expected to be settled within the Company's normal operating cycle are classified as current liabilities.

As at January 1, 2023, contract liabilities of the Company were RMB114,022,000.

27. CONTRACT COSTS

Details of contract costs are as follows:

The Group

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Costs to fulfill contracts	1,613	429	1,506

The Company

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Costs to fulfill contracts	887	429	47

Costs to fulfill contracts mainly comprise costs of labor costs, which are still ongoing at each of the end of the reporting period.

Contract costs are recognized as part of cost of sales in the consolidated statements of profit or loss and other comprehensive income in the period in which revenue is recognized.

The amount of capitalised costs recognized in profit or loss of the Group during each of the year ended December 31, 2023, 2024 and 2025 was RMB39,559,000, RMB2,100,000 and RMB7,754,000, respectively.

There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the Track Record Period.

28. CASH AND CASH EQUIVALENTS/RESTRICTED BANK DEPOSITS/TERM DEPOSITS

The Group and the Company

The Group's and the Company's cash and cash equivalents comprise demand deposits and short-term deposits for the purpose of meeting the Group's short term cash commitments. Bank balances carry interests at market rates range from 0.20% to 5.40%, 0.15% to 5.40% and 0.05% to 4.30% per annum as at December 31, 2023, 2024 and 2025, respectively.

The Group's and the Company's restricted bank deposits consist primarily of restricted bank balances for the issue of bills. The Group's and the Company's restricted bank deposits carried interest at market rates which range from 0.05% to 0.20%, 0.10% and 0.05% per annum as at December 31, 2023, 2024 and 2025, respectively.

The Group's and the Company's term deposits with an original maturity of more than three months but less than one year carried fixed interest rate from 3.68% to 5.71%, 1.75% to 5.47% and 1.40% to 3.15% as at December 31, 2023, 2024 and 2025, respectively.

The Group's and the Company's term deposits with an original maturity of more than one year carried fixed interest rate of 1.90% and from 1.55% to 2.35% as at December 31, 2024 and 2025, respectively.

Bank balances and cash, restricted bank deposits and time deposits that are denominated in currencies other than the functional currency of the respective group entities at the end of each reporting period are mainly as follows:

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
The Group			
USD	819,868	661,555	483,119
RMB	3,665	1,387	743
EUR	555	5,256	36,238
SGD	–	1,054	7
HKD	747	281	641

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
The Company			
USD	819,769	627,605	345,917

29. TRADE AND OTHER PAYABLES

The Group

	As at December 31,		
	2023	2024	2025
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Trade payables			
-Third parties	386,996	818,599	991,601
Other payables			
-Related parties	367	–	–
-Third parties	27,606	98,105	97,403
	27,973	98,105	97,403
Bills payables	298,849	191,114	352,325
Payroll payables	59,958	130,199	125,889
Other tax payables	20,466	32,070	55,117
Accrued expenses	23,963	43,858	45,700
Accrued listing expenses and issue costs	–	–	11,004
Dividend payable (Note 15)	–	151,200	–
Others	1,927	1,811	1,566
	106,314	359,138	239,276
	<u>820,132</u>	<u>1,466,956</u>	<u>1,680,605</u>
Analyzed as:			
Non-current	–	40,618	27,259
Current	<u>820,132</u>	<u>1,426,338</u>	<u>1,653,346</u>
	<u>820,132</u>	<u>1,466,956</u>	<u>1,680,605</u>

The average credit period on purchases of goods and services of the Group is 30 - 90 days.

The following is an aged analysis of trade payables, presented based on the date of goods and services received at the end of each reporting period:

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
0 - 60 days	382,637	797,471	942,558
60 - 120 days	3,669	20,400	47,627
120 - 180 days	289	293	382
181 - 365 days	212	294	357
Over 365 days	189	141	677
	<u>386,996</u>	<u>818,599</u>	<u>991,601</u>

The following is an analysis of bills payable based on the bill maturity dates at the end of each reporting period.

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
0 – 180 days	<u>298,849</u>	<u>191,114</u>	<u>352,325</u>

At the end of each reporting period, the Group's bills payables were issued by banks and were secured by the Group's restricted bank deposits.

Trade and other payables denominated in currencies other than the functional currency of the respective group entities which include intra-group balances at the end of each reporting period are mainly as follows:

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
RMB	258,981	301,416	520,627
USD	27,601	47,958	150,471
EUR	9,710	67,582	49,786
Polish Zloty ("PLN")	143	852	570
Arab Emirates Dirham ("AED")	<u>420</u>	<u>636</u>	<u>3,124</u>

The Company

	As at December 31,		
	2023	2024	2025
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Trade payables			
-Subsidiaries	19,682	311,746	831,646
-Third parties	<u>364,776</u>	<u>469,854</u>	<u>393,622</u>
	384,458	781,600	1,225,268
Other payables			
-Subsidiaries (Note)	60,194	72,777	171,413
-Other related parties	367	—	—
-Third parties	<u>23,925</u>	<u>88,611</u>	<u>86,988</u>
	84,486	161,388	258,401
Bills payables			
-Subsidiaries	—	—	33,336
-Third parties	<u>298,849</u>	<u>191,114</u>	<u>268,919</u>
	298,849	191,114	302,255
Payroll payables	45,432	89,057	73,414
Other tax payables	18,766	22,616	29,011
Accrued expenses	19,203	34,677	11,411
Accrued listing expenses and issue costs	—	—	11,004
Dividend payable (Note 15)	—	151,200	—
Others	<u>1,814</u>	<u>1,582</u>	<u>1,197</u>
	85,215	299,132	126,037
	<u>853,008</u>	<u>1,433,234</u>	<u>1,911,961</u>
Analyzed as:			
Non-current	—	40,618	27,259
Current	<u>853,008</u>	<u>1,392,616</u>	<u>1,884,702</u>
	<u>853,008</u>	<u>1,433,234</u>	<u>1,911,961</u>

Note: The amounts are non-trade in nature, unsecured, non-interest bearing, and repayable on demand.

The average credit period on purchases of goods and services of the Company is 30-90 days.

The following is an aged analysis of trade payables, presented based on the date of goods and services received at the end of each reporting period:

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
0 – 60 days	381,228	739,692	1,005,299
60 – 120 days	2,649	40,965	172,020
120 – 180 days	205	520	105
181 – 365 days	289	290	24,606
Over 365 days	87	133	23,238
	<u>384,458</u>	<u>781,600</u>	<u>1,225,268</u>

The following is an analysis of bills payable based on the bill maturity dates at the end of each reporting period.

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
0 – 180 days	<u>298,849</u>	<u>191,114</u>	<u>302,255</u>

At the end of each reporting period, the Company's bills payables were issued by banks and were secured by the Company's restricted bank deposits.

Trade and other payables denominated in currencies other than the functional currency of the Company at the end of each reporting period are mainly as follows:

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
USD	25,882	46,522	83,679
EUR	<u>4,682</u>	<u>62,769</u>	<u>36,566</u>

30. BANK BORROWINGS

The Group

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank borrowings:			
Unsecured and guaranteed (Note a)	541,458	614,889	–
Secured and unguaranteed (Note b)	–	37,500	8,800
Unsecured and unguaranteed	143,643	286,096	1,387,562
	<u>685,101</u>	<u>938,485</u>	<u>1,396,362</u>
Fixed-rate borrowings	<u>685,101</u>	<u>938,485</u>	<u>1,396,362</u>

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Effective interest rate:			
Fixed-rate borrowings	2.80%-3.60%	2.40%-3.20%	2.11%-3.00%

As at December 31, 2023, 2024 and 2025, all the carrying amount of the above bank borrowings are repayable within one year.

Note a: As at December 31, 2023 and 2024, these bank borrowings of the Group are guaranteed by the controlling shareholder Mr. Lin Zhe and his spouse. The guarantee has been released before December 31, 2025.

Note b: During the year ended December 31, 2024 and 2025, the Group discounted certain bills amounting to RMB37,500,000 and RMB8,800,000 issued by Group entities in respect of certain intra-group transactions in full to bank to obtain financing. The amount of RMB37,500,000 and RMB8,800,000 as at December 31, 2024 and 2025 were treated as secured and unguaranteed borrowings from banks.

The Company

	As at December 31,		
	2023	2024	2025
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Bank borrowings:			
Unsecured and guaranteed (note)	541,458	609,885	–
Unsecured and unguaranteed	143,643	286,096	1,382,559
	<u>685,101</u>	<u>895,981</u>	<u>1,382,559</u>
Fixed-rate borrowings	<u>685,101</u>	<u>895,981</u>	<u>1,382,559</u>

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Company's borrowings are as follows:

	As at December 31,		
	2023	2024	2025
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Effective interest rate:			
Fixed-rate borrowings	2.80%-3.60%	2.40%-3.20%	2.11%-3.00%

As at December 31, 2023, 2024 and 2025, all the carrying amount of the above bank borrowings are repayable within one year.

Note: As at December 31, 2023 and 2024, these bank borrowings of the Company are guaranteed by the controlling shareholder Mr. Lin Zhe and his spouse. The guarantee has been released before December 31, 2025.

31. DEFERRED INCOME**The Group and the Company**

	As at December 31,		
	2023	2024	2025
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Subsidies related to property and equipment	<u>6,838</u>	<u>8,206</u>	<u>4,494</u>
Analyzed as:			
-current	3,732	4,921	1,994
-non-current	<u>3,106</u>	<u>3,285</u>	<u>2,500</u>
	<u>6,838</u>	<u>8,206</u>	<u>4,494</u>

The Group received government subsidies for capital expenditure incurred for purchasing equipment. The amounts are deferred and amortised over the estimated useful lives of the respective assets.

32. LEASE LIABILITIES

The Group

	As at December 31,		
	2023	2024	2025
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Lease liabilities payable:			
Within one year	24,447	25,412	23,715
Over one year but not exceeding two years	22,725	25,740	21,696
Over two years but not exceeding five years	24,014	2,839	25,214
Over five years	—	—	472
	<u>71,186</u>	<u>53,991</u>	<u>71,097</u>
Less: Amount due for settlement with 12 months shown under current liabilities	<u>(24,447)</u>	<u>(25,412)</u>	<u>(23,715)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>46,739</u>	<u>28,579</u>	<u>47,382</u>

The weighted average incremental borrowing rates applied to lease liabilities is 5.23%, 5.23% and 3.58% per annum for the years ended December 31, 2023, 2024 and 2025, respectively.

The Company

	As at December 31,		
	2023	2024	2025
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Lease liabilities payable:			
Within one year	22,619	22,195	11,194
Over one year but not exceeding two years	22,195	22,635	11,736
Over two years but not exceeding five years	24,014	1,756	11,991
	<u>68,828</u>	<u>46,586</u>	<u>34,921</u>
Less: Amount due for settlement with 12 months shown under current liabilities	<u>(22,619)</u>	<u>(22,195)</u>	<u>(11,194)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>46,209</u>	<u>24,391</u>	<u>23,727</u>

The weighted average incremental borrowing rates applied to lease liabilities is 5.23%, 5.23% and 3.58% per annum for the years ended December 31, 2023, 2024 and 2025, respectively.

33. PROVISIONS

The Group

	Warranty provision
	<i>RMB'000</i>
As at January 1, 2023	29,447
Additional provision during in the year	12,200
Utilization of provision	(26,714)
As at December 31, 2023	14,933
Additional provision during in the year	13,371
Utilization of provision	(15,363)
As at December 31, 2024	12,941
Additional provision during the year	15,892
Utilisation of provision	(13,562)
As at December 31, 2025	15,271

The Company

	Warranty provision
	<i>RMB'000</i>
As at January 1, 2023	26,170
Additional provision during the year	5,260
Utilization of provision	(16,836)
As at December 31, 2023	14,594
Additional provision during the year	8,131
Utilization of provision	(10,071)
As at December 31, 2024	12,654
Additional provision during the year	12,491
Utilisation of provision	(10,076)
As at December 31, 2025	15,069

The warranty provision represents management's best estimate of the Group's and of the Company's liability under assurance-type warranty granted on products for a period from one to three years, based on prior experience for defective products.

34. SHARE CAPITAL OF THE COMPANY

	Number of shares	Shares capital
		RMB'000
Ordinary shares of RMB1 each authorised, issued and fully paid		
As at January 1, 2023, December 31, 2023, 2024 and 2025	360,000,000	360,000

Pursuant to a shareholders' resolution in June 2019, the Company adopted its weighted voting rights structure with its registered share capital comprising of class A shares and class B shares. Each of the class A shares entitles the holders thereof to exercise ten votes and each of the class B shares entitles the holders thereof to exercise one vote, on any resolution tabled at the Company's general meetings, other than customary reserved matters on which the weighted voting rights attached to the class A shares shall be disregarded pursuant to the Company's then existing articles of association. All class A shares are beneficially owned by Mr. Lin Zhe, the founder of the Group.

35. RESERVES OF THE COMPANY

	Share premium	Share-based payments reserve	Statutory surplus reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	871,534	141,450	27,998	251,984	1,292,966
Profit and total comprehensive income for the year	–	–	–	153,657	153,657
Appropriation to statutory reserve	–	–	15,366	(15,366)	–
Recognition of equity settled share-based payments	–	4,201	–	–	4,201
Transfer upon vesting of shares granted	59,018	(59,018)	–	–	–
As at December 31, 2023	930,552	86,633	43,364	390,275	1,450,824
Profit and total comprehensive income for the year	–	–	–	257,005	257,005
Appropriation to statutory reserve	–	–	25,700	(25,700)	–
Dividend recognized as distribution	–	–	–	(151,200)	(151,200)
Recognition of equity settled share-based payments	–	39,324	–	–	39,324
Transfer upon vesting of shares granted	79,411	(79,411)	–	–	–

	Share premium	Share-based payments reserve	Statutory surplus reserve	Retained earnings	Total
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
As at December 31, 2024	1,009,963	46,546	69,064	470,380	1,595,953
Profit and total comprehensive income for the year	–	–	–	147,641	147,641
Appropriation to statutory reserve	–	–	14,764	(14,764)	–
Recognition of equity settled share-based payments	–	19,993	–	–	19,993
Transfer upon vesting of shares granted	29,180	(29,180)	–	–	–
As at December 31, 2025	<u>1,039,143</u>	<u>37,359</u>	<u>83,828</u>	<u>603,257</u>	<u>1,763,587</u>

36. SHARE-BASED PAYMENT TRANSACTIONS

In order to provide incentives to employees, senior management and directors, the Company had granted several batches of restricted shares units since 2014 according to the share-based compensation plan adopted in 2014 (“Original Plan”). On June 30, 2019, the Company established a new share-based compensation plan (“2019 Share Incentive Plan”) to replace the Original Plan. The 2019 Share Incentive Plan added the performance evaluation requirements as an additional vesting condition on top of the Original Plan with all other terms remained unchanged. The modification of vesting conditions is not beneficial to the grantees. Thus, the amount to be recognized for services received from the grantees continues to be measured based on the grant date fair value and vesting conditions of the Original Plan. The Company authorized a total of 28,877,670 shares for issuance under the 2019 Share Incentive Plan. Under this plan, the eligible grantees were granted restricted share units by holding which they can subscribe for partnership interest of the employee shareholding platforms to indirectly hold the shares of the Company.

As stipulated in the grant notices to the eligible grantees, the restricted shares units follow the vesting conditions as follows:

Category A: all the restricted shares units will vest on the second anniversary after the grant date. The fair value of per share at grant date is RMB20.97.

Category B: all the restricted shares units will vest on the third anniversary after the grant date. The fair value of per share at grant date ranges from RMB6.65 to RMB17.6.

Category C: all the restricted shares units will vest on the fifth anniversary after the grant date. The fair value of per share at grant date ranges from RMB4.61 to RMB23.08.

Category D: all the restricted shares units will vest on the tenth anniversary after the grant date. The fair value of per share at grant date is RMB2.07.

Category E: the vesting period is 5 years with 40% of the restricted shares units vesting on the second anniversary after the grant date and the remaining 60% of the restricted shares units vesting in 3 equal yearly installments from third anniversary to the fifth anniversary. The fair value of per share at grant date ranges from RMB17.17 to RMB21.47.

Category F: The vesting period is 4 years with 50% of the restricted shares units vesting on the second anniversary after the grant date and the remaining 50% of the restricted shares units vesting in 2 equal yearly installments from third anniversary to the fourth anniversary. The fair value of per share at grant date is RMB17.17 to RMB17.68.

The Group recognizes share-based payment expenses over the vesting period on a straight-line basis from the date the restricted shares units are granted to the eligible grantees. During the years ended December 31, 2023, 2024 and 2025, equity-settled share-based payment compensation expenses of RMB4,201,000, RMB39,324,000 and RMB19,993,000, respectively in relation to the above-mentioned share-based payment arrangements were charged to profit or loss.

Set out below are details of the movements of the restricted shares units granted under 2019 Share Incentive Plan during the Track Record Period:

	Number of shares		Weighted average fair value per share at grant date
	<i>Directors of the Company</i>	<i>Employees</i>	<i>RMB</i>
2019 Share Incentive Plan			
As at January 1, 2023	6,349,057	11,956,656	11.65
Granted	–	2,676,114	18.40
Vested	(2,139,087)	(3,821,716)	10.75
Forfeited	–	(2,461,802)	17.07
As at December 31, 2023	4,209,970	8,349,252	12.46
Granted	–	922,702	18.64
Vested	(4,209,970)	(4,443,156)	9.76
Forfeited	–	(252,646)	17.24
As at December 31, 2024	–	4,576,152	18.55
Granted	–	931,314	21.58
Vested	–	(1,652,125)	17.66
Forfeited	–	(205,942)	17.04
As at December 31, 2025	–	3,649,399	19.81

The grant date fair value of the restricted share unit was determined based on the difference between the grant date fair value per share (arrives from underlying equity value of the Company divides by the number of shares) of the Company and the subscription price of the restricted share unit. The Group applied the discounted cash flow method under the income approach to determine the underlying equity value of the Company. Best estimates of key assumptions, such as the discount rate, expected volatility and risk-free interest rate, are required to be determined by management. Key assumptions used in determining the fair value of shares under the share-based payment arrangements are as follows:

	Shares granted in		
	2023	2024	2025
Key assumptions			
Discount rate	13.50%	13.00%	13.00%
Risk-free interest rate	2.80%	1.90%-2.40%	1.90%
Volatility	45.89%	43.79%-48.91%	48.03%

The fair value of the restricted shares units was valued by directors of the Company with reference to valuation reports carried out by King Kee Appraisal and Advisory Limited, an independent qualified valuer. The address of the valuer is Unit 1705, 17th Floor, Bonham Trade Centre, 50-54 Bonham Strand East, Sheung Wan, Hong Kong.

37. RELATED PARTY TRANSACTIONS

(a) Related party transactions

Other than as disclosed in Notes 22 and 29 in the Historical Financial Information, the Group has the following material transactions and balances with the related parties during the years ended December 31, 2023, 2024 and 2025.

The Group

Relationships	Nature of balances / transactions	As at Year ended December 31,		
		2023 RMB'000	2024 RMB'000	2025 RMB'000
A group controls one of the shareholders of the Company, who has significant influence over the Company.	Purchase of materials and services	15,207	13,396	48,396
	Sales of goods and provide services	14,007	78,645	116,190
	Trade receivables (Note)	2,147	34,971	15,412
	Other receivables (Note)	–	50	50
	Prepayments (Note)	–	–	1,867

Note: The amounts are trade in nature, unsecured, and non-interest bearing.

(b) Compensation of key management personnel

The remuneration of the directors, supervisors and other key management personnel of the Group during the years ended December 31, 2023, 2024 and 2025 were as follows:

	Year ended December 31,		
	2023	2024	2025
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Short-term benefits	6,812	7,445	8,871
Discretionary bonus (Note)	284	6,068	6,005
Retirement benefit scheme contributions	408	471	478
Share-based payments	<u>5,582</u>	<u>3,276</u>	<u>2,269</u>
	<u>13,086</u>	<u>17,260</u>	<u>17,623</u>

Note: Discretionary bonus is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

38. MAJOR NON-CASH TRANSACTIONS

During the Track Record Period, the Group entered into new lease agreements or extended lease agreements for the use of leased properties. On the lease commencement and modifications, the Group recognized right-of-use assets of RMB1,869,000, RMB8,901,000 and RMB46,071,000 and lease liabilities of RMB1,869,000, RMB8,901,000 and RMB46,071,000 during the years ended December 31, 2023, 2024 and 2025, respectively.

During the year ended December 31, 2024, the Group entered into several intangible assets acquisitions contracts. On the contract effective date, the Group recognized intangible assets of RMB64,335,000 and other payables of RMB 64,335,000. The other payables are trade in nature, unsecured, non-interest bearing and due in five years with yearly payment.

39. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net asset, which includes bank balances and cash, restricted bank deposits and term deposits, net of bank borrowings and lease liabilities, and equity attributable to owners of the Company, comprising issued share capital, retained profits and other reserves.

The management of the Group regularly reviews the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through the payment of dividends, the new shares issues, the issue of new debts and redemption of existing debts.

40. FINANCIAL INSTRUMENTS**(a) Categories of financial instruments****The Group**

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets			
Amortised cost	2,630,956	3,478,848	3,791,187
Financial assets at FVTPL	48,747	52,196	200,393
Bills receivables measured at FVTOCI	11,714	3,289	7,998
Financial liabilities			
Amortised cost	1,398,919	2,197,503	2,837,691

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets			
Amortised cost	2,748,054	3,473,859	4,362,329
Financial assets at FVTPL	21,882	17,548	420
Bills receivables measured at FVTOCI	11,714	3,289	7,998
Financial liabilities			
Amortised cost	1,452,894	2,181,283	3,168,483

(b) Financial risk management objectives and policies

The Group's major financial assets and liabilities include trade and other receivables, financial assets at FVTPL, bank balance, restricted bank deposits, term deposits, trade and other payables and bank borrowings. Details of these financial assets and liabilities are disclosed in respective notes.

The risks associated with these financial assets and liabilities include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose it primarily to currency risk, interest rate risk and other price risk. There has been no change in the Group's exposure to these risks or the manner in which it manages and measures the risks.

(i) Currency risk

Cash and cash equivalents, term deposits, restricted bank deposits, trade and other receivables, and trade and other payables are denominated in foreign currency of respective group entities which are exposed to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the directors monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities which include intra-group balances at the end of each reporting period are mainly as follows:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Assets			
USD	1,394,399	1,824,963	1,954,972
EUR	10,861	39,698	147,067
RMB	4,401	9,223	158,370
HKD	5,603	281	641
SGD	–	1,054	1,922
	<u> </u>	<u> </u>	<u> </u>
Liabilities			
RMB	258,981	301,416	520,627
USD	27,601	47,958	150,471
EUR	9,710	67,582	49,786
PLN	143	852	570
AED	420	636	3,124
	<u> </u>	<u> </u>	<u> </u>

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Assets			
USD	<u>1,174,547</u>	<u>635,815</u>	<u>351,314</u>
Liabilities			
USD	25,882	46,522	83,679
EUR	<u>4,682</u>	<u>62,769</u>	<u>36,566</u>

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in foreign currencies against respective entities' functional currencies, with which the Group and the Company may have a material exposure. 5% represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis uses outstanding foreign currency denominated monetary items as a base and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in profit for the year where foreign currencies strengthen 5% against functional currencies. For a 5% weakening of foreign currencies against functional currencies, there would be an equal and opposite impact on profit for the year.

The Group

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Impact on profit or loss	47,543	62,267	65,594

The Company

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Impact on profit or loss	48,607	22,365	9,841

(ii) Interest rate risk

The Group and the Company are exposed to fair value interest rate risk in relation to restricted bank deposits, term deposits, fixed-rate bank borrowings and lease liabilities. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances. The directors of the Company consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant, therefore no sensitivity analysis on such risk has been prepared.

(iii) Other price risk

The Group and the Company are exposed to other price risk arising from other financial investments at FVTPL. The management of the Group monitors the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the reporting date for other financial investments at FVTPL. If the equity value of the ordinary shares of investment had been changed based on the 5% higher/lower:

- The profit or loss of the Group for the years ended December 31, 2023, 2024 and 2025 would increase or decrease by approximately RMB2,072,000, RMB2,218,000 and RMB2,495,000, respectively.
- The profit or loss of the Company for the years ended December 31, 2023, 2024 and 2025 would increase or decrease by approximately RMB930,000, RMB746,000 and RMB18,000, respectively.

Credit risk

The carrying amounts of trade and other receivables, cash and cash equivalents, restricted bank deposits and term deposits included in the consolidated statements of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

Trade receivables

For trade receivables, the Group and the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The ECL on trade receivables are assessed collectively, based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forward-looking information that is available without undue cost or effort at the end of each reporting period.

Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed on annual basis. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. Trade receivables are mainly amounts due from public companies and reputable and sizeable leading food delivery platforms and etc. In this regard, the management considers that the Group's credit risk is significantly reduced. As at December 31, 2023, 2024 and 2025, the credit loss rate of trade receivable for the Group are 0.41%, 0.54% and 0.98%, respectively.

The Group has concentration of credit risk of the trade receivables amounting to RMB214,163,000, RMB274,442,000 and RMB394,313,000, respectively, representing 33.59%, 26.17% and 34.56% of total trade receivables as at December 31, 2023, 2024 and 2025 from the Group's largest debtors. RMB345,315,000, RMB692,990,000 and RMB677,688,000 of the trade receivables was due from the five largest debtors, representing 54.16%, 66.07% and 59.40% of total trade receivables as at December 31, 2023, 2024 and 2025, respectively.

Other receivables

For other receivables, the management believes that there are no significant increase in credit risk of these amounts since initial recognition hence the Group and the Company has applied 12 month ECL in accordance to IFRS 9 to measure the loss allowance. The ECL on other receivables are grouped and collectively assessed for impairment, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of each year. As at December 31, 2023, 2024 and 2025, the credit loss rate of other receivables for the Group are 1.40%, 1.28% and 1.41%.

Bills receivables measured at FVTOCI

Bills receivables measured at FVTOCI include commercial acceptance bills and bank acceptance bills. The Group and the Company has applied 12m ECL in accordance with IFRS 9 to measure the loss allowance. The credit risk on commercial acceptance bills and bank acceptance bills measured at FVTOCI is limited because the counterparties are large-scale entities with high credit records, or banks with high credit-ratings assigned by credit rating agencies. The management of the Group believes that the Group's credit risk in bills receivables measured at FVTOCI are insignificant.

The credit risk on bank balances, restricted bank deposits and term deposits are limited because the counterparties are reputable financial institutions. The Group and the Company assesses 12m ECL for bank balances, restricted bank deposits and term deposits with reference to information relating to average loss rates of the respective credit rating grades published by external credit rating agencies. Management considered the ECL on bank balances, restricted bank deposits and term deposits is insignificant.

The Group's and the Company's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Financial assets other than trade receivables
Low risk	The counterparty has a low risk of default	Lifetime ECL — not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL — not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group and the Company has no realistic prospect of recovery	Amount is written off	Amount is written off

The Group

	<u>Internal credit rating</u>	<u>12m or lifetime ECL</u>	<u>Gross carrying amount</u> <i>RMB'000</i>	<u>Impairment loss allowance</u> <i>RMB'000</i>
As at December 31, 2023				
Financial assets at amortized cost				
Term deposits	Low risk	12m ECL	134,217	–
Cash and cash equivalents	Low risk	12m ECL	1,420,835	–
Restricted bank deposits	Low risk	12m ECL	121,688	–
		Lifetime ECL		
Trade receivables	Note	(not credit-impaired)	640,179	2,599
		12m ECL		
Interest receivables	Low risk	(not credit-impaired)	6,632	–
		12m ECL		
Other receivables	Low risk	(not credit-impaired)	314,401	4,397
Financial assets at FVTOCI				
Bills receivables measured at FVTOCI	Low risk	12m ECL	11,714	–
			<u>2,649,666</u>	<u>6,996</u>
As at December 31, 2024				
Financial assets at amortized cost				
Term deposits	Low risk	12m ECL	127,500	–
Cash and cash equivalents	Low risk	12m ECL	1,817,848	–
Restricted bank deposits	Low risk	12m ECL	79,344	–
		Lifetime ECL		
Trade receivables	Note	(not credit-impaired)	1,054,527	5,688
		12m ECL		
Interest receivables	Low risk	(not credit-impaired)	1,536	–
		12m ECL		
Other receivables	Low risk	(not credit-impaired)	409,023	5,242
Financial assets at FVTOCI				
Bills receivables measured at FVTOCI	Low risk	12m ECL	3,289	–
			<u>3,493,067</u>	<u>10,930</u>

APPENDIX I

ACCOUNTANTS' REPORT

	<u>Internal credit rating</u>	<u>12m or lifetime ECL</u>	<u>Gross carrying amount</u> <i>RMB'000</i>	<u>Impairment loss allowance</u> <i>RMB'000</i>
As at December 31, 2025				
Financial assets at amortised cost				
Term deposits	Low risk	12m ECL	776,188	–
Cash and cash equivalents	Low risk	12m ECL	1,470,895	–
Restricted bank deposits	Low risk	12m ECL	57,332	–
		Lifetime ECL		
Trade receivables	Note	(not credit-impaired)	1,152,181	11,237
		12m ECL		
Interest receivables	Low risk	(not credit-impaired)	1,830	–
		12m ECL		
Other receivables	Low risk	(not credit-impaired)	348,917	4,919
Financial assets at FVTOCI				
Bills receivables measured at FVTOCI	Low risk	12m ECL	7,998	–
			<u>3,815,341</u>	<u>16,156</u>

The Company

	<u>Internal credit rating</u>	<u>12m or lifetime ECL</u>	<u>Gross carrying amount</u> <i>RMB'000</i>	<u>Impairment loss allowance</u> <i>RMB'000</i>
As at December 31, 2023				
Financial assets at amortized cost				
Term deposits	Low risk	12m ECL	63,036	–
Cash and cash equivalents	Low risk	12m ECL	1,061,423	–
Restricted bank deposits	Low risk	12m ECL	121,470	–
		Lifetime ECL		
Trade receivables	Note	(not credit-impaired)	1,150,933	1,786
		12m ECL		
Interest receivables	Low risk	(not credit-impaired)	4,650	–
		12m ECL		
Other receivables	Low risk	(not credit-impaired)	352,280	3,952
Financial assets at FVTOCI				
Bills receivables measured at FVTOCI	Low risk	12m ECL	11,714	–
			<u>2,765,506</u>	<u>5,738</u>

APPENDIX I

ACCOUNTANTS' REPORT

	<u>Internal credit rating</u>	<u>12m or lifetime ECL</u>	<u>Gross carrying amount</u> <i>RMB'000</i>	<u>Impairment loss allowance</u> <i>RMB'000</i>
As at December 31, 2024				
Financial assets at amortized cost				
Term deposits	Low risk	12m ECL	50,000	–
Cash and cash equivalents	Low risk	12m ECL	984,135	–
Restricted bank deposits	Low risk	12m ECL	71,844	–
		Lifetime ECL		
Trade receivables	Note	(not credit-impaired)	1,861,219	1,144
		12m ECL		
Interest receivables	Low risk	(not credit-impaired)	1,146	–
		12m ECL		
Other receivables	Low risk	(not credit-impaired)	511,025	4,366
Financial assets at FVTOCI				
Bills receivables measured at FVTOCI	Low risk	12m ECL	3,289	–
			<u>3,482,658</u>	<u>5,510</u>
As at December 31, 2025				
Financial assets at amortised cost				
Term deposits	Low risk	12m ECL	160,856	–
Cash and cash equivalents	Low risk	12m ECL	695,165	–
Restricted bank deposits	Low risk	12m ECL	47,309	–
		Lifetime ECL		
Trade receivables	Note	(not credit-impaired)	2,858,707	848
		12m ECL		
Interest receivables	Low risk	(not credit-impaired)	575	–
		12m ECL		
Other receivables	Low risk	(not credit-impaired)	604,902	4,337
Financial assets at FVTOCI				
Bills receivables measured at FVTOCI	Low risk	12m ECL	7,998	–
			<u>4,375,512</u>	<u>5,185</u>

Note: For trade receivables, the Group and the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group and the Company determines the ECL on trade receivables on a collective basis, grouped by the aging of the trade receivables.

The following table shows the movement in ECL that has been recognized for trade and other receivables.

The Group

	Trade receivables (Lifetime ECL)		Other receivables (12m ECL)	Total
	(not credit- impaired)	(credit- impaired)		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2023	1,593	24	3,095	4,712
Impairment losses recognized, net of reversal	997	–	1,293	2,290
Write-off	–	(24)	–	(24)
Exchange rate realignment	9	–	9	18
As at December 31, 2023	2,599	–	4,397	6,996
Impairment losses recognized, net of reversal	3,069	–	841	3,910
Exchange rate realignment	20	–	4	24
As at December 31, 2024	5,688	–	5,242	10,930
Impairment losses recognised, net of reversal	5,643	–	(321)	5,322
Exchange rate realignment	(94)	–	(2)	(96)
As at December 31, 2025	11,237	–	4,919	16,156

The Company

	Trade receivables (Lifetime ECL)	Other receivables (12m ECL)	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2023	1,069	2,478	3,547
Impairment losses recognized, net of reversal	717	1,474	2,191
As at December 31, 2023	1,786	3,952	5,738
Impairment losses recognized, net of reversal	(642)	414	(228)
As at December 31, 2024	1,144	4,366	5,510
Impairment losses recognised, net of reversal	(296)	(29)	(325)
As at December 31, 2025	848	4,337	5,185

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group/Company can be required to pay. The table includes both interest and principal cash flows.

The Group

	Weighted average effective interest rate	Within 1 year or on demand	1 to 5 years	Over 5 years	Total	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2023						
Trade and other payables	N/A	713,818	–	–	713,818	713,818
Bank borrowings	3.07	717,800	–	–	717,800	685,101
Lease liabilities	5.23	26,500	48,554	–	75,054	71,186
		<u>1,458,118</u>	<u>48,554</u>	<u>–</u>	<u>1,506,672</u>	<u>1,470,105</u>
As at December 31, 2024						
Trade and other payables	N/A	1,218,400	40,618	–	1,259,018	1,259,018
Bank borrowings	2.76	977,802	–	–	977,802	938,485
Lease liabilities	5.23	27,933	30,869	–	58,802	53,991
		<u>2,224,135</u>	<u>71,487</u>	<u>–</u>	<u>2,295,622</u>	<u>2,251,494</u>
As at December 31, 2025						
Trade and other payables	N/A	1,414,070	27,259	–	1,441,329	1,441,329
Bank borrowings	2.19	1,410,725	–	–	1,410,725	1,396,362
Lease liabilities	3.58	25,880	48,996	476	75,352	71,097
		<u>2,850,675</u>	<u>76,255</u>	<u>476</u>	<u>2,927,406</u>	<u>2,908,788</u>

The Company

	Weighted average effective interest rate	Within 1 year or on demand	1 to 5 years	Total	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2023					
Trade and other payables	N/A	767,793	–	767,793	767,793
Bank borrowings	3.07	717,800	–	717,800	685,101
Lease liabilities	5.23	24,361	48,278	72,639	68,828
		<u>1,509,954</u>	<u>48,278</u>	<u>1,558,232</u>	<u>1,521,722</u>
As at December 31, 2024					
Trade and other payables	N/A	1,244,685	40,617	1,285,302	1,285,302
Bank borrowings	2.76	934,056	–	934,056	895,981
Lease liabilities	5.23	24,048	26,705	50,753	46,586
		<u>2,202,789</u>	<u>67,322</u>	<u>2,270,111</u>	<u>2,227,869</u>
As at December 31, 2025					
Trade and other payables	N/A	1,758,665	27,259	1,785,924	1,785,924
Bank borrowings	2.18	1,396,869	–	1,396,869	1,382,559
Lease liabilities	3.58	12,242	24,610	36,852	34,921
		<u>3,167,776</u>	<u>51,869</u>	<u>3,219,645</u>	<u>3,203,404</u>

(c) Fair value measurements of financial instruments

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used).

Financial assets	Notes	Fair value as at December 31,			Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
		2023	2024	2025				
		RMB'000	RMB'000	RMB'000				
Financial assets at FVTPL– Other financial investments at FVTPL	23	48,747	52,196	58,712	Level 3	Back-solve model/ Market comparison approach – reference to enterprise value to sales multiple (“EV/Sales”)	DLOM- discount of lack of marketability/ EV/Sales (Note)	The higher the DLOM is, the lower the fair value is. The higher the EV/ Sales is, the higher the fair value is.
Financial assets at FVTPL – other financial assets – callable notes	23	–	–	141,681	Level 2	Discounted cash flow, which was estimated based on expected return, discounted at a rate that reflects the risk of underlying investments.	N/A	N/A
Bills receivables measured at FVTOCI	24	11,714	3,289	7,998	Level 2	Discounted cash flow method. Future cash flows are estimated based on discount rate observed in the available market.	N/A	N/A

Note: A slight increase in the DLOM used in isolation would result in a decrease in the fair value measurement of the other financial investments, and vice versa. A 5% increase in the DLOM holding all other variables constant would decrease the carrying amount of the other financial investments for each of the year ended December 31, 2023, 2024 and 2025 by approximately RMB321,000, RMB1,008,000 and RMB626,000, respectively.

A slight increase in the EV/Sales used in isolation would result in an increase in the fair value measurement of the other financial investments, and vice versa. A 5% increase in the EV/Sales holding all other variables constant would increase the carrying amount of the other financial investments for each of the year ended December 31, 2023, 2024 and 2025 by approximately RMB 1,254,000, RMB 2,083,000 and nil, respectively.

(ii) Reconciliation of Level 3 fair value measurements

	Financial assets at FVTPL
	RMB'000
As at January 1, 2023	37,188
Purchase of financial assets	5,000
Fair value changes	6,559
As at December 31, 2023	48,747
Purchase of financial assets	5,141
Fair value changes	(1,692)
As at December 31, 2024	52,196
Purchase of financial assets	5,179
Fair value changes	1,576
Exchange rate realignment	(239)
As at December 31, 2025	58,712

Of the total gains or losses for the period included in profit or loss, RMB6,559,000 gain, RMB1,692,000 loss and RMB1,576,000 gain relates to financial assets at FVTPL- other financial investments at FVTPL held at December 31, 2023, 2024 and 2025, respectively. Fair value gains or losses on financial assets at FVTPL- other financial investments at FVTPL are included in 'other gains and losses'.

(d) Fair value of financial assets and financial liabilities that are not measured at fair value

The directors of the Company consider that the carrying amount of the Group's and the Company's financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

41. RETIREMENT BENEFIT PLANS

The employees of the Company and the Company's subsidiaries in the PRC are members of a state-managed defined contribution retirement scheme operated by the PRC government. The PRC entity is required to contribute a certain percentage of their payroll to the retirement benefit scheme subject to certain cap as governed by the social fund bureau. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

The total costs charged to profit or loss, amounting to RMB48,344,000, RMB49,294,000 and RMB56,585,000 for the years ended December 31, 2023, 2024 and 2025, respectively, representing contributions paid or payable to the retirement benefits scheme by the Group.

42. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

As at December 31, 2023, 2024, and 2025 and the date of this report, the Group's subsidiaries are as follows:

Name of subsidiaries	Place/country and date of establishment/ incorporations	Issued and fully paid share/registered capital			Equity interest attributable to the Group				Principal activities
		As at December 31,			As at December 31,			The date of this report	
		2023	2024	2025	2023	2024	2025		
					%	%	%		
SUNMI Technology (Shenzhen) Co., Ltd. (Note i)	PRC, April 18, 2018	RMB1,000,000	RMB1,000,000	RMB1,000,000	100	100	100	100	After-sales service and repair
Citaa Co., Ltd.(Note i)	PRC, June 10, 1996	RMB10,000,000	RMB10,000,000	RMB10,000,000	100	100	100	100	Development, production, and sales of smart devices
Guangdong Shangjie Information Technology Co., Ltd. (Note ii)	PRC, May 18, 2017	RMB12,570,000	RMB12,570,000	RMB12,570,000	100	100	100	100	Selling medical device
Hangzhou Shangong Equity Investment Co., Ltd. (Note i)	PRC, September 6, 2017	RMB15,000,000	RMB15,000,000	RMB15,000,000	100	100	100	100	Investment management
Shanghai SunQuick Technology Co., Ltd. (Note iii)	PRC, September 21, 2018	RMB500,000	RMB500,000	RMB500,000	100	100	100	100	Software development
Shanghai Sunmi Home Business Management Co., Ltd. (Note i)	PRC, June 9, 2020	RMB500,000	RMB500,000	RMB500,000	100	100	100	100	“Merchant’s Home” operations management
SUNMI Technology (Changzhou) Co., Ltd. (Note i)	PRC, August 4, 2020	RMB50,000	RMB50,000	RMB50,000	100	100	100	100	Inactive
SUNMAX (Hangzhou) Co., Ltd. (Note i)	PRC, March 26, 2021	RMB10,000,000	RMB10,000,000	RMB10,000,000	100	100	100	100	Software development
Shanghai Sunmi Tech & Trading Co., Ltd. (Note iv)	PRC, July 14, 2023	Nil	RMB10,000,000	RMB10,000,000	100	100	100	100	Selling and trading
SunTAQ Technology (Shanghai) Co., Ltd. (Note i)	PRC, November 27, 2023	Nil	Nil	Nil	100	100	100	100	Inactive
SUNMI Technology (Zhejiang) Co., Ltd. (Note i)	PRC, February 26, 2024	N/A	RMB40,000,000	RMB40,000,000	N/A	100	100	100	Development, production, and sales of smart devices
SUNMAX Technology (Zhejiang) Co., Ltd. (Note i)	PRC, April 26, 2024	N/A	Nil	RMB5,000,000	N/A	100	100	100	Software development
SunQuick Technology (Zhejiang) Co., Ltd. (Note i)	PRC, June 5, 2024	N/A	Nil	Nil	N/A	100	100	100	Software development
SUNMI Tech & Trading (Zhejiang) Co., Ltd. (Note i)	PRC, September 10, 2024	N/A	RMB215,000,000	RMB610,000,000	N/A	100	100	100	Selling and trading
SunVerse (Shanghai) Data Co., Ltd. (Note i)	PRC, September 18, 2024	N/A	Nil	Nil	N/A	100	100	100	Inactive
SUNMI Technology (Yunnan) Co., Ltd. (Note i)	PRC, November 15, 2024	N/A	RMB50,000,000	RMB50,000,000	N/A	100	100	100	Inactive
SUNMI INDIA PRIVATE LIMITED (Note v)	India, June 18, 2018	INR100,000	INR100,000	INR100,000	99.99	99.99	99.99	99.99	Selling and marketing
SUNMI TECHNOLOGY HK LIMITED (Note vi)	Hong Kong, July 2, 2019	USD1,500,000	USD1,500,000	USD1,500,000	100	100	100	100	Selling and trading
HKDS GLOBAL LIMITED (Note i)	Hong Kong, August 13, 2025	N/A	N/A	Nil	N/A	N/A	100	100	Inactive
SUNMI ZIJING LIMITED (Note i)	Hong Kong, October 6, 2025	N/A	N/A	Nil	N/A	N/A	100	100	Inactive

APPENDIX I

ACCOUNTANTS' REPORT

Name of subsidiaries	Place/country and date of establishment/ incorporations	Issued and fully paid share/registered capital			Equity interest attributable to the Group				Principal activities
		As at December 31,			As at December 31,			The date of this report	
		2023	2024	2025	2023	2024	2025		
					%	%	%		
SUNMI SINGAPORE PTE. LTD. (Note vii)	Singapore, April 22, 2020	USD10,000	USD10,000	USD10,000	100	100	100	100	Selling and marketing
SUNMI GLOBAL PTE. LTD. (Note i)	Singapore, August 16, 2023	USD1,500,000	USD1,500,000	USD1,500,000	100	100	100	100	Selling and trading
SUNMAX TECHNOLOGY PTE.LTD. (Note i)	Singapore, March 25, 2024	N/A	USD400,000	USD1,000,000	N/A	100	100	100	Selling and marketing
PT SUNMI TECHNOLOGY INDONESIA (Note i)	Indonesia, June 5, 2020	IDR2,500,000,000	IDR2,500,000,000	IDR2,500,000,000	100	100	100	100	Selling and marketing
SUNMI TECHNOLOGY JAPAN (Note i)	Japan, September 17, 2020	JPY5,000,000	JPY5,000,000	JPY5,000,000	100	100	100	100	Selling and marketing
SUNMI FRANCE S.A.S (Note viii)	France, January 30, 2019	EUR100,000	EUR100,000	EUR100,000	100	100	100	100	Selling and marketing
SUNMI RUSS, LIMITED LIABILITY COMPANY (Note i)	Russ, September 7, 2020	RUB500,000	RUB500,000	RUB500,000	100	100	100	100	Selling and marketing
SUNMI POLAND SP. Z O. O. (Note i)	Poland, May 21, 2021	PLN50,000	PLN50,000	PLN50,000	100	100	100	100	Selling and marketing
SUNMI HOLLAND B.V. (Note i)	Poland, May 27, 2020	EUR5,000	EUR5,000	EUR5,000	100	100	100	100	Selling and marketing
SUNMI UK LIMITED (Note i)	England, December 17, 2024	N/A	Nil	GBP20,000	N/A	100	100	100	Selling and marketing
SUNMI TECHNOLOGY DMCC (Note ix)	Dubai, July 16, 2020	AED50,000	AED50,000	AED50,000	100	100	100	100	Selling and marketing
SUNMI SOUTH AFRICA PTY LTD (Note i)	South Africa, July 20, 2020	ZAR100,000	ZAR100,000	ZER100,000	100	100	100	100	Selling and marketing
SUNMI MEXICO LIMITED, S. DE R.L. DE C.V. (Note i)	Mexico, September 22, 2020	Nil	Nil	Nil	100	100	100	100	Selling and marketing
Sunmi Technology US Inc. (Note i)	America, June 30, 2021	USD10,000	USD10,000	USD10,000	100	100	100	100	Selling and marketing
SUNMI ECUADOR LIMITED C.L. (Note i)	Ecuador, November 21, 2020	Nil	N/A	N/A	100	N/A	N/A	N/A	Inactive

All of the subsidiaries adopted December 31 as financial year end.

None of the subsidiaries has issued any debt securities as at December 31, 2023, 2024 and 2025.

Notes:

- (i) No audited statutory financial statements have been prepared for these subsidiaries for the years ended December 31, 2023, 2024 and 2025, as applicable, as there is no statutory audit requirement.
- (ii) The statutory financial statements of this subsidiary for the year ended December 31, 2023 were prepared in accordance with CASBE and were audited by Shanghai Huading Certified Public Accountants Co., Ltd, certified public accountants registered in the PRC. The statutory financial statements of this subsidiary for the year ended December 31, 2024 were prepared in accordance with CASBE and were audited by Zhonghua Certified Public Accountants LLP, certified public accountants registered in the PRC. No audited statutory

financial statements have been issued for this subsidiary for the year ended December 31, 2025.

- (iii) The statutory financial statements of this subsidiary for the years ended December 31, 2023 and 2024 were prepared in accordance with CASBE and were audited by Shanghai DongCheng Certified Public Accountants Co., Ltd, certified public accountants registered in the PRC. No audited statutory financial statements have been issued for this subsidiary for the year ended December 31, 2025.
- (iv) The statutory financial statements of this subsidiary for the years ended December 31, 2023 and 2024 were prepared in accordance with CASBE and were audited by Zhonghua Certified Public Accountants LLP, certified public accountants registered in the PRC. No audited statutory financial statements have been issued for this subsidiary for the year ended December 31, 2025.
- (v) The statutory financial statements of this subsidiary for the year ended December 31, 2023 were prepared in accordance with Indian Accounting Standards and were audited by TB.Shah & Co, certified public accountants registered in the India. The statutory financial statements of this subsidiary for the year ended December 31, 2024 were prepared in accordance with Indian Accounting Standards and were audited by SOMANI REKHA&ASSOCIATES, certified public accountants registered in the India. No audited statutory financial statements have been issued for this subsidiary for the year ended December 31, 2025.
- (vi) The statutory financial statements of this subsidiary for the years ended December 31, 2023 and 2024 were prepared in accordance with HKFRS Accounting Standards and were audited by Uni Vision CPA, certified public accountants registered in the Hong Kong. No audited statutory financial statements have been issued for this subsidiary for the year ended December 31, 2025.
- (vii) The statutory financial statements of this subsidiary for the year ended December 31, 2023 were prepared in accordance with Financial Reporting Standards (“FRSs”) in Singapore and were audited by Reliance Audit PAC, certified public accountants registered in Singapore. The statutory financial statements of this subsidiary for the year ended December 31, 2024 were prepared in accordance with FRS and were audited by FORVIS MAZARS LLP, certified public accountants registered in Singapore. No audited statutory financial statements have been issued for this subsidiary for the year ended December 31, 2025.
- (viii) The statutory financial statements of this subsidiary for the years ended December 31, 2023 and 2024 were prepared in accordance with French accounting rules and principles and were audited by FIDEXTRA, certified public accountants registered in the France. No audited statutory financial statements have been issued for this subsidiary for the year ended December 31, 2025.
- (ix) The statutory financial statements of this subsidiary for the years ended December 31, 2023 were prepared in accordance with IFRS Accounting Standards and were audited by

ALYAH, certified public accountants registered in the Dubai. The statutory financial statements of this subsidiary for the year ended December 31, 2024 were prepared in accordance with IFRS and were audited by AONE CHARTERED ACCOUNTANTS L.L.C S.O.C, certified public accountants registered in Dubai. No audited statutory financial statements have been issued for this subsidiary for the year ended December 31, 2025.

43. RECONCILIATION OF 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 statements of cash flows as cash flows from financing activities.

	Lease liabilities	Bank borrowings	Other payables for acquisition of other intangible assets	Accrued issue cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	97,770	296,734	–	–	394,504
Financing cash flows	(29,704)	376,073	–	–	346,369
New lease entered	1,869	–	–	–	1,869
Lease modified	(3,096)	–	–	–	(3,096)
Interest expenses	4,347	12,294	–	–	16,641
As at December 31, 2023	71,186	685,101	–	–	756,287
Financing cash flows	(29,508)	226,735	(1,730)	–	195,497
Acquisition of other intangible assets with financing component	–	–	68,256	–	68,256
New lease entered	8,901	–	–	–	8,901
Lease modified	(35)	–	–	–	(35)
Exchange rate realignment	(7)	–	(2,191)	–	(2,198)
Interest expenses	3,454	26,649	–	–	30,103
As at December 31, 2024	53,991	938,485	64,335	–	1,056,811
Financing cash flows	(31,943)	428,962	(25,158)	(3,855)	368,006
New lease entered	27,500	–	–	–	27,500
Lease modified	18,571	–	–	–	18,571
Exchange rate realignment	172	–	3,152	–	3,324
Interest expenses	2,806	28,915	–	–	31,721
Deferred issue cost	–	–	–	4,003	4,003
As at December 31, 2025	71,097	1,396,362	42,329	148	1,509,936

44. SUBSEQUENT EVENTS

There were no material events taken place subsequent to December 31, 2025.

45. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to December 31, 2025.

The information set forth in this Appendix does not form part of the accountants' report on the historical financial information of the Group for each of three years ended December 31, 2025 (the "Accountants' Report") prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this document, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this document and the Historical Financial Information set forth in Appendix I to this document.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company which has been prepared in accordance with paragraph 4.29 of the Listing Rules is for illustration only, and is set out to illustrate the effect of the proposed Global Offering (as defined in this document) on the consolidated net tangible assets of the Group attributable to the owners of the Company as at December 31, 2025, as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2025 or as at any subsequent dates following the Global Offering.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2025 as derived from the Accountants' Report set out in Appendix I to this document, and adjusted as described below.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2025	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2025	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at December 31, 2025	
	RMB'000 (Note 1)	RMB'000 (Note 2)	RMB'000	RMB (Note 3)	HK\$ (Note 4)
Based on the offer price of					
HK\$24.86 per H Share	2,041,299	822,612	2,863,911	7.11	8.11

Notes:

1. The audited consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2025 is arrived at after deducting intangible assets of RMB51,197,000, from the audited consolidated net assets attributable to owners of the Company of RMB2,092,496,000 as at December 31, 2025 as extracted from the accountants' report set out in Appendix I to this document.
2. The estimated net proceeds from the Global Offering are based on 42,626,800 H Shares at the offer price of HK\$24.86 (equivalent to RMB21.79), after deduction of the estimated underwriting fees and commissions and other listing related expenses paid or payable by the Company (excluding the listing expenses which have been charged to profit or loss up to December 31, 2025). It does not take into account of any Share which may be allotted and issued under the general mandates for the allotment.

For the purpose of this unaudited pro forma statement, the estimated net proceeds from the Global Offering, which is denominated in HK\$ has been converted into RMB at the rate of HK\$1 to RMB0.8765, which was the exchange rate prevailing on April 13, 2026 with reference to the rate published by the People's Bank of China. No representation is made that the HK\$ amounts have been, could have been or may be converted to RMB, or vice versa, at that rate or any other rates or at all.

3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at December 31, 2025 is based on 402,626,800 Shares outstanding immediately following the completion of the Global Offering. It does not take into account of any Share which may be allotted and issued under the general mandates for the allotment.
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at December 31, 2025 is converted from RMB to HK\$ at an exchange rate of RMB1 to HK\$1.1410, which was the exchange rate prevailing on April 13, 2026 with reference to the rate published by the People's Bank of China. No representation is made that RMB amounts have been, could have been or may be converted to HK\$, or vice versa, at that rate or any other rates or at all.
5. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2025 to reflect any trading result or other transactions of the Group entered into subsequent to December 31, 2025.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this document.

Deloitte.**德勤****To the Directors of Shanghai Sunmi Technology Co., Ltd.**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Shanghai Sunmi Technology Co., Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at December 31, 2025 and related notes as set out on pages II-1 to II-2 of Appendix II to the document issued by the Company dated April 21, 2026 (the "document"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the document.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed Global Offering (as defined in the document) on the Group's financial position as at December 31, 2025 as if the proposed Global Offering had taken place at December 31, 2025. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for each of the three years ended December 31, 2025, on which an accountants' report set out in Appendix I to the document has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a document” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at December 31, 2025 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma 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:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong,
April 21, 2026

This appendix contains a summary of the main provisions of the Articles of Association, which was approved at the 2025 second extraordinary shareholders' meeting of the Company, and will take effect from the date of the listing of H shares on the Hong Kong Stock Exchange.

As the main purpose of this appendix is to provide potential investors with an overview of the Articles of Association, it doesn't contain all the information that is important to potential investors.

SHARES

Issuance of Shares

The Shares of our Company take the registered form of Share certificates. The Shares of our Company shall be issued in accordance with the principles of openness, fairness and justice. The Company's shares shall be divided into Class A shares and Class B shares. Class A shares shall carry special voting rights and, except for specific matters stipulated in the Company's Articles of Association, differential voting rights shall attach exclusively to Class A shares, granting their holders enhanced voting power solely on resolutions submitted to the Company's general meetings. In all other respects, the rights attached to Class A shares must be identical to those attached to Class B shares. Each Class A share shall carry ten (10) votes, each Class B share shall carry one (1) vote, and each Share in the same class shall rank *pari passu*. For the same class of Shares issued at the same time, each Share shall be issued on the same conditions and at the same price. Each Share subscribed by the subscriber shall be paid at the same price per share. If at any time the Company's shares are divided into different classes, any variation of the rights attached to any class of Shares shall be approved by a special resolution of the shareholders holding the Shares of the relevant class with such rights. All ownership documents or certificates representing the Company's listed equity securities must prominently display the warning statement: "COMPANY WITH WEIGHTED VOTING RIGHTS CONTROL" in a conspicuous manner.

Shareholders holding Class A shares shall serve as directors of the Company, hold no less than 10% of the Company's voting shares, and have made significant contributions to the Company's development. In any of the following circumstances, a shareholder shall not be eligible to become a special voting rights shareholder: (i) having been subject to securities market entry bans by the China Securities Regulatory Commission (the "CSRC") within the last 36 months; (ii) having received administrative penalties from the CSRC within the last 36 months or disciplinary sanctions from securities exchanges within the last 12 months; (iii) being under investigation by judicial authorities for suspected crimes or under investigation by the CSRC for suspected violations, where no conclusive opinion has yet been reached; (iv) being subject to joint disciplinary actions for dishonesty; or (v) other circumstances identified by the CSRC and the Hong Kong Listing Rules.

Shareholders holding Class B shares shall hold no less than 10% of the eligible voting rights on resolutions at the Company's shareholders' meetings (excluding the voting rights of treasury shares).

The Company shall not take any action (including issuing or repurchasing any class of shares) that would result in: (a) the aggregate voting rights of all holders of Class B shares present at a shareholders'

meeting (for the avoidance of doubt, excluding those who are also holders of Class A shares) representing less than 10% of the total voting rights exercisable by all shareholders at the meeting (excluding the voting rights of treasury shares); or (b) an increase in the proportion of Class A shares to the total issued share capital.

The Company shall not allot, issue, or grant any additional Class A shares, except with the prior approval of the Stock Exchange and in accordance with the following circumstances: (i) an offer made to all shareholders to subscribe for shares in proportion to their existing shareholdings (excluding fractional entitlements); (ii) a scrip dividend distribution to all shareholders on a pro rata basis; or (iii) a share subdivision or other similar capital reorganization. Provided that, notwithstanding any provisions of the Stock Exchange Listing Rules, each shareholder shall be entitled to subscribe (in a pro rata offer) or receive (in a scrip dividend issuance) shares of the same class as those they currently hold; and the proposed allotment or issuance shall not result in an increase in the proportion of issued Class A shares. Accordingly:

- (a) under a pro rata offer, if any Class A shareholder does not accept all or part of the Class A shares (or attached rights) offered to them, such unaccepted shares (or rights) may only be transferred to another person on the basis that the transfer confers an equivalent number of Class B shares to the transferee; and
- (b) if the rights to Class B shares under a pro rata offer are not fully accepted (including, but not limited to, cases where the offer is not fully underwritten), the number of Class A shares to be allotted, issued, or granted under such offer shall be reduced proportionally.

Where necessary, holders of Class A shares shall use their best efforts to ensure the Company's compliance with this Article.

If the Company reduces its total issued share capital (net of treasury shares) (e.g. through a share repurchase), and such reduction would result in an increase in the proportion of Class A shares, the holders of Class A shares shall proportionally reduce their weighted voting rights in the Company (e.g. through converting a portion of their shares carrying such rights into shares without such rights).

The Company shall not amend the terms of Class A shares to increase the weighted voting rights attached to this class. If the Company proposes to amend the terms of Class A shares to reduce such rights, it may do so only after obtaining the prior approval of the Hong Kong Stock Exchange and disclosing such changes upon approval, in addition to complying with any applicable legal requirements.

Class A shares shall be converted into Class B shares on a 1:1 basis upon the occurrence of any of the following events:

- (i) The holder of Class A shares loses the capacity to perform his duties, resigns, or passes away;
- (ii) The holder of Class A shares ceases to be a director of the Company;

- (iii) The Hong Kong Stock Exchange determines that the holder of Class A shares is incapacitated from performing his duties as a director;
- (iv) The Hong Kong Stock Exchange determines that the holder of Class A shares no longer complies with the requirements for directors under the Hong Kong Listing Rules;
- (v) Class A shares are required to be transferred due to a court order, divorce, inheritance, or similar circumstances;
- (vi) The holder of Class A shares transfers the beneficial ownership, economic interest, or control over the voting rights attached to such shares (through a proxy or otherwise) to another person, including where the vehicle holding such Class A shares no longer complies with Rule 8A.18(2) of the Listing Rules (in which case, the Company and the relevant holder of Class A shares shall notify the Hong Kong Stock Exchange of the details of the non-compliance as soon as practicable);
- (vii) The term of the weighted voting rights arrangement expires or a triggering event for its termination occurs;
- (viii) The holder of Class A shares no longer meets the qualification or minimum shareholding requirements under the Company's articles of association;
- (ix) A change occurs in the Company's de facto controller;
- (x) The shareholders' meeting passes a resolution to terminate the weighted voting rights arrangement.

In the event of any of the circumstances set out in items (vii), (ix), or (x) above, all issued Class A shares of the Company shall be converted into Class B shares. Upon the occurrence of any triggering event specified herein, the conversion of Class A shares into Class B shares shall take effect immediately, and the relevant shareholder(s) shall promptly notify the Company. The Company shall, without delay, disclose to shareholders the specific circumstances, timing of the event, quantity of Class A shares converted, and the remaining number of Class A shares, among other details.

If none of the original Class A shareholders at the time of the Company's initial listing retains beneficial ownership of Class A shares, the Company's weighted voting rights structure must be terminated.

Limited partnerships, trusts, private companies, or other vehicles may hold shares with differential voting rights on behalf of beneficiaries with such rights, provided that such arrangements do not circumvent the provisions of item (vi) above.

Class A shares shall not be traded, except as otherwise provided under the Hong Kong Listing Rules or other applicable laws and regulations.

The Shares issued by the Company are denominated in RMB.

Increase, Reduction, and Repurchase of Shares

According to the operation and development needs of the Company, subject to the laws and regulations, the Company may increase the share capital in the following ways upon approval of resolutions at the shareholders' meeting:

- (i) Issuing shares to unspecified parties;
- (ii) Issuing shares to specified parties;
- (iii) Allotting bonus shares to its existing shareholders;
- (iv) Converting the capital reserves into share capital;
- (v) Any other method stipulated by laws, administrative regulations and normative documents, as well as other methods approved by the securities regulatory authority of the place where the Company's shares are listed, and the Hong Kong Stock Exchange.

After the listing of the Company's shares on the Hong Kong Stock Exchange, the Company shall not issue any new Class A shares either domestically or overseas, nor increase the voting power ratio corresponding to Class A shares, except in cases of pro-rata rights issues or conversion of capital reserves (e.g. bonus share issues).

Our Company may reduce its registered capital. Any reduction of the Company's registered capital shall be subject to the procedures stipulated by the Company Law, other relevant regulations, as well as the Articles of Association.

Our Company shall not repurchase its own shares, unless otherwise under the circumstances:

- (i) Reducing our Company's registered share capital;
- (ii) Merging with other companies which hold our shares;
- (iii) Using the shares for an employee stock ownership plan or equity incentive plan;
- (iv) Purchasing its shares from Shareholders who have voted against the resolutions on the merger or division of the Company at a shareholders' meeting upon their request;
- (v) Use of shares for conversion of convertible corporate bonds issued by the Company;
- (vi) Necessary for the Company to maintain its value and protect the interests of the Shareholders;
- (vii) Other circumstances permitted by relevant laws, administrative regulations, departmental rules, normative documents, and the Hong Kong Listing Rules.

Our Company may repurchase its Shares through open centralized trading or other ways recognized by laws, administrative regulations and normative documents and, other regulatory rules of the place where the Company's Shares are listed. If the Share purchase is made under any of the circumstances stipulated in (iii), (v) or (vi) aforementioned, it shall be conducted by way of open centralized trading.

If corporate actions such as share repurchases or capital reduction may potentially increase the voting power ratio of Class A shares, the Company shall simultaneously implement corresponding measures (including but not limited to converting a commensurate number of Class A shares into Class B shares) to ensure that the voting power ratio of Class A shares does not exceed the original level.

A resolution shall be passed at the shareholders' meeting when the Company is to repurchase its own shares under the circumstances (i) and (ii) set out above. In case of the circumstances stipulated in (iii), (v) and (vi) above, a resolution of the Company's Board shall be passed by more than two-thirds of the Directors attending the Board meeting in accordance with the provisions of the Articles of Association or the authorization of the shareholders' meeting.

After the Company lawfully repurchases its shares, it shall cancel such shares within the time limit prescribed by laws, administrative regulations, and the Hong Kong Listing Rules, and apply to the original company registration authority for modification of the registered capital.

Transfer of Shares

The Shares of the Company can be transferred in accordance with laws.

The Company shall not accept any of its own Shares as the subject of pledge right.

Shares issued prior to the Company's public offering of Shares shall not be transferred for a period of one year from the date of listing and trading of the Company's Shares on the stock exchange.

The Directors and senior management personnel of the Company shall declare to the Company the Shares held by them in the Company and the changes therein, and shall not transfer more than 25% of the total number of Shares held by them in the Company each year during their terms of office; the Shares they hold in the Company shall not be transferred within one year from the date of listing and trading of the Company's Shares. The Shares of the Company held by the above-mentioned persons shall not be transferred within six months after their departure from office.

SHAREHOLDERS AND SHAREHOLDERS' MEETING

Shareholders

The Company shall prepare a register of members based on the evidence provided by the securities registrar, and the register of members shall be sufficient evidence of the Shareholders' shareholdings in the Company. A Shareholder shall enjoy rights and bear obligations according to the

class of his or her Shares. Shareholders holding Shares of the same class shall enjoy the equal rights and bear the same obligations. Except for the differential voting rights specified in the Company's Articles of Association, Class A shares and Class B shares shall carry identical shareholder rights in all other respects. Holders of Class A shares shall exercise their rights in compliance with applicable laws and regulations as well as the Company's Articles of Association, and shall not abuse their special voting rights and utilize such special voting rights to impair the lawful rights and interests of other shareholders.

Shareholders of the Company are entitled to the following rights:

- (i) To receive dividends and other forms of interest distribution according to the number of shares held;
- (ii) To legally require, convene, preside over, participate in or authorize proxies of Shareholders to attend the shareholders' meeting and exercise corresponding voting rights;
- (iii) To supervise business operations of our Company, provide suggestions or submit queries;
- (iv) To transfer, grant or pledge the Company's shares held according to the provisions of the laws, administrative regulations, the relevant regulations of the securities regulatory authority in the place of where the Company's shares are listed and the Articles of Association;
- (v) To acquire relevant information according to the provisions of the Articles of Association;
- (vi) To participate in the distribution of the remaining assets of our Company according to the proportion of shares held upon our termination or liquidation;
- (vii) To require the Company to purchase their shares if they object to the resolutions on the Company's merger or division made by the Shareholders' meeting;
- (viii) Other rights stipulated by laws, administrative regulations, normative documents, the Hong Kong Listing Rules, and the Articles of Association.

The Shareholder who proposes to inspect or copy the aforementioned relevant information or to obtain materials shall provide the Company with a written document proving the type and quantity of shares they hold in the Company. Upon verifying the shareholder's identity, the Company shall provide the requested information in accordance with the shareholder's requirements.

If the convening procedures or voting methods of the shareholders' meeting or the board of directors violate laws, administrative regulations or the Articles of Association, or the content of the resolution violates the Articles of Association, the Shareholders shall have the right to request the court of the PRC to revoke the resolution within 60 days from the date on which the resolution is made. However, the resolution shall not be revoked if there are only minor flaws in the convening procedures or voting methods of the shareholders' meeting or the board meeting resulting in no substantial impact on the resolution.

If the directors other than those on the Audit Committee or senior management personnel violate the provisions of laws, administrative regulations or the Articles of Association in performing duties for the Company and causes damage to the Company, Shareholders who hold 1% or more of the Shares in the Company, either individually or collectively, for more than 180 consecutive days shall have the right to request the Audit Committee in writing to institute a legal action in the People's Court; if the Audit Committee violates any law or administrative regulation or breaches the Articles of Association in performing duties for the Company and causes damage to the Company, Shareholders may request the Board in writing to institute a legal action in the People's Court.

If the Audit Committee or the Board refuses to institute legal actions after receiving a written request from the Shareholder as provided for in the preceding paragraph, or if no legal actions are instituted within 30 days from the date of receipt of the request, or if the situation is urgent and failure to institute proceedings immediately would cause irreparable damage to the interests of the Company, the Shareholder as provided for in the preceding paragraph shall have the right to institute proceedings directly in the People's Court in his own name and for the interests of the Company.

In the event that a third party infringes upon the lawful rights and interests of the Company and causes damage to the Company, the Shareholders provided for in the preceding paragraph may institute a legal action in the People's Court in accordance with the procedure described above.

Where a Director, Supervisor and senior management personnel of a wholly-owned subsidiary of the Company falls under the circumstances prescribed in the preceding paragraph, or where a third party infringes upon the lawful rights and interests of the wholly-owned subsidiary of the Company and causes damage to such wholly-owned subsidiary, Shareholders who hold 1% or more of the Shares in the Company, either individually or collectively, for more than 180 consecutive days may request the Supervisory Committee or the Board of the wholly-owned subsidiary in writing to institute proceedings in the People's Court in accordance with Article 189 of the Company law, or directly institute a legal action in the People's Court in his own name.

Any shareholder who abuses shareholder rights and thereby causes losses to the Company or other shareholders shall be liable for compensation in accordance with the law. Where a shareholder abuses the Company's independent legal status and their own limited liability to evade debts, thereby seriously harming the interests of the Company's creditors, such shareholder shall bear joint and several liability for the Company's debts.

Shareholders of the Company shall assume the following obligations:

- (i) To comply with laws, administrative regulations, and the Articles of Association;
- (ii) To pay capital contribution as per the Shares subscribed for and the method of subscription;
- (iii) Not to withdraw Shares unless prescribed otherwise in laws and regulations;
- (iv) Not to abuse Shareholders' rights to infringe upon the interests of the Company or other Shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of Shareholders to damage the interests of the Company's creditors;

- (v) Other obligations stipulated by laws, administrative regulations, and the Articles of Association.

Controlling Shareholders and Actual Controllers

The controlling shareholder and actual controller of the Company shall exercise their rights and perform their obligations in accordance with laws, administrative regulations, the rules of CSRC, and the Hong Kong Stock Exchange, and shall safeguard the interests of the listed company.

The controlling shareholder and actual controller of the Company shall comply with the following provisions:

- (i) Exercise shareholder rights in accordance with the law, and shall not abuse their controlling position or use connected relationships to harm the lawful rights and interests of the Company or other shareholders;
- (ii) Strictly fulfill all public statements and commitments made, and shall not arbitrarily modify or waive them;
- (iii) Strictly perform information disclosure obligations in accordance with relevant regulations, actively cooperate with the Company in information disclosure work, and promptly inform the Company of any material event that has occurred or is intended to occur;
- (iv) Shall not misappropriate Company funds in any form;
- (v) Shall not compel, instruct, or demand the Company or its relevant personnel to provide guarantees in violation of laws or regulations;
- (vi) Shall not exploit undisclosed material information of the Company for personal gain, disclose any undisclosed material information related to the Company in any form, or engage in illegal activities such as insider trading, short-swing trading, or market manipulation;
- (vii) Shall not harm the lawful rights and interests of the Company and other shareholders through unfair connected transactions, profit distributions, asset reorganizations, external investments, or any other means;
- (viii) Ensure the Company's asset integrity, personnel independence, financial independence, organizational independence, and business independence, and shall not in any way compromise the Company's independence;
- (ix) Other provisions under laws, administrative regulations, CSRC rules, the Hong Kong Listing Rules, and the Articles of Association.

If the controlling shareholder or actual controller of the Company instructs directors or senior management to engage in acts that harm the interests of the Company or its shareholders, they shall bear joint and several liability with such directors or senior management.

Shareholder's Meetings

General Provisions for Shareholder's Meetings

The shareholders' meeting is the organ of authority of the Company, which exercises its powers in accordance with the law:

- (i) To elect or replace the Directors and to decide on matters relating to the remuneration of Directors;
- (ii) To examine and approve reports of the Board of Directors;
- (iii) To examine and approve the Company's proposals for profit distribution plans and loss recovery plans;
- (iv) To decide on any increase or decrease of the Company's registered capital;
- (v) To decide on the issue of corporate bonds by the Company;
- (vi) To decide on matters such as merger, division, dissolution and liquidation or change of corporate form of the Company;
- (vii) To amend the Articles of Association;
- (viii) To resolve on the appointment and dismissal of the accounting firm engaged for the Company's audit services;
- (ix) To examine and approve the external guarantees stipulated in the Articles of Association that need to be examined and approved by the shareholders' meeting;
- (x) To examine matters relating to the purchases and sales of the Company's material assets within one year, which exceed 30% of the Company's latest audited total assets;
- (xi) To examine and approve matters relating to changes in the use of proceeds;
- (xii) To examine and approve the equity incentive plans and employee stock ownership plans;
- (xiii) To examine other matters as required by the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association of the Company, which shall be decided by the shareholders' meeting.

The following acts of external guarantee of the Company shall be submitted to the shareholders' meeting for deliberation and approval. When the shareholders' meeting considers a proposal to provide guarantees for shareholders, the actual controller or their connected persons, such shareholders or shareholders controlled by the actual controller shall not participate in the voting on such resolution:

- (i) Any guarantee to be provided after the total amount of external guarantees provided by the Company and the subsidiaries it controls has exceeded 50% of the Company's net assets as audited in the latest period;
- (ii) Any guarantee to be provided after the total amount of external guarantees provided by the Company has exceeded 30% of the Company's total assets audited in the latest period;
- (iii) The total amount of external guarantees provided by the Company has exceeded 30% of the Company's total assets audited in the latest period;
- (iv) Any guarantee to be provided for a party whose ratio of liabilities to assets exceeds 70%;
- (v) The single guarantee for an amount more than 10% of the Company's net assets audited in the latest period;
- (vi) The guarantee to be provided to a Shareholder, or to an actual controller or connected party thereof.

The shareholders' meetings are divided into annual shareholders' meetings and extraordinary shareholders' meetings. The annual shareholders' meeting shall be convened once a year and be held within six months after the end of the previous fiscal year.

The Company shall convene an extraordinary shareholders' meeting within two months from the date of the occurrence of any of the following circumstances:

- (i) The number of directors is less than the number provided for in the PRC Company Law or less than two-thirds of the number prescribed in the Articles of Association;
- (ii) The uncovered losses of our Company reach one-third of its total paid-in share capital;
- (iii) A written request from shareholders who separately or jointly hold 10% or more shares in the Company;
- (iv) The Board of Directors considers it necessary;
- (v) The Audit committee proposes that such a meeting shall be held;
- (vi) Other circumstances conferred by the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

Summoning of Shareholders' Meetings

The independent Directors shall have the right to propose to the Board to convene an extraordinary shareholders' meeting. The Board shall, in accordance with relevant laws, administrative regulations and the Articles of Association, give a written response on whether or not it agrees to convene such an extraordinary shareholders' meeting within 10 days after the receipt of the proposal. If the Board agrees to convene an extraordinary shareholders' meeting, it shall give a notice convening such meeting within 5 days after it has so resolved. If the Board does not agree to convene the extraordinary shareholders' meeting, it shall give the reasons.

The Audit Committee shall submit any proposal to convene an extraordinary shareholders' meeting to the Board of Directors in writing. The Board shall, in accordance with the laws, administrative regulations, the Hong Kong Listing Rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, give a written response on whether or not it agrees to convene such an extraordinary shareholders' meeting within 10 days after the receipt of the proposal. If the Board agrees to convene an extraordinary shareholders' meeting, it shall give a notice convening such meeting within 5 days after it has so resolved. Any change to be made to the original request in the notice shall be subject to approval of the Audit Committee. If the Board does not agree to convene an extraordinary shareholders' meeting or fails to give a response within 10 days after the receipt of the proposal, the Audit Committee may convene and preside over such meeting on its own on the ground that the Board of Directors was unable or failed to perform its duty to convene a shareholders' meeting.

Holders of minority interests and Class B shares in the company shall have the right to convene an extraordinary general meeting and add new proposals to the meeting agenda, subject to a minimum shareholding requirement of 10% or more of the company's shares (on a one-share-one-vote basis, excluding treasury shares) and shall submit such request in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide written feedback on whether or not to convene the extraordinary shareholders' meeting within 10 days after receiving the request. Where the Board of Directors agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of convening the shareholders' meeting within 5 days after the resolution of the Board of Directors is made, and changes to the original request in the notice shall be subject to the consent of the relevant shareholders. Where the Board of Directors does not agree to convene an extraordinary shareholders' meeting, or fails to give feedback within 10 days after receiving the request, shareholders who individually or collectively hold more than 10% of the Company's shares (on a one-vote-per-share basis, excluding treasury shares) have the right to propose to the Audit Committee to hold an extraordinary shareholders' meeting, and shall make a written request to the Audit Committee. Where the Audit Committee agrees to convene an extraordinary shareholders' meeting, it shall issue a notice of convening the shareholders' meeting within 5 days of receiving the request, and any change to the original request in the notice shall be subject to the consent of the relevant shareholders. Where the Audit Committee fails to issue a notice of the shareholders' meeting within the prescribed time limit, it shall be deemed that the Audit Committee has not convened and presided over the shareholders' meeting, and shareholders who individually or collectively hold more than 10% of the Company's shares (on a one-vote-per-share

basis, excluding treasury shares) for more than 90 consecutive days may convene and preside over it on their own.

Proposals And Notices of Shareholders' Meeting

The content of proposals shall fall within the powers of the shareholders' meeting, have a clear subject for discussion and specific matters to be resolved and comply with relevant requirements of the laws, administrative regulations, the Hong Kong Listing Rules, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The Board of Directors, the Audit Committee or Shareholders that hold, individually or collectively, 1% or more of the Shares of the Company shall have the right to propose resolutions in shareholders' meeting.

Shareholders that hold, individually or collectively, 1% or more of the Shares of the Company may submit ad hoc proposals in writing to the convener 10 days before the convening of the shareholders' meeting. The convener shall give a supplemental notice of the shareholders' meeting within 2 days upon receipt of the proposals and announce the contents of the ad hoc proposals and submit the ad hoc proposals to the shareholders' meeting for consideration, except for the cases where ad hoc proposals violates the provisions of laws, administrative regulations or the Articles of Association, or does not fall within the scope of the authority of the shareholders' meeting.

Except for the circumstances provided for in the preceding paragraph, the convener shall not modify the proposals already listed in the notice of the shareholders' meeting or add new proposals after issuing the notice of the shareholders' meeting.

The convener of an annual shareholders' meeting shall notify all Shareholders by means of an announcement 20 days before the meeting; the convener of an extraordinary shareholders' meeting shall notify all Shareholders by means of an announcement 15 days before the meeting. Simultaneously with the issuance of such notice, the Company shall distribute proxy forms that provide voting options for/against all resolutions proposed to be tabled at the meeting. When calculating the notice period, the day of the meeting itself shall not be included.

A notice of a shareholders' meeting shall include the following:

- (i) the time, venue and duration of the meeting;
- (ii) matters and proposals submitted to the meeting for consideration;
- (iii) a prominent written statement that all Shareholders are entitled to attend shareholders' meeting and are entitled to appoint in writing a proxy to attend and vote at the meeting and that such proxy need not be a shareholder of the Company;
- (iv) the record date of registration of Shareholders entitled to attend the shareholders' meeting (The interval between the record date and the meeting date shall not exceed 7 trading days. Once determined, the record date shall not be altered);

- (v) the name and telephone number of the regular contact person for the meeting;
- (vi) the time and procedure for voting online or through other means;
- (vii) Other requirements stipulated in laws, administrative regulations, departmental rules, normative documents, the Hong Kong Listing Rules, securities regulatory rules of the place where the Company's shares are listed.

Notices and supplementary notices of shareholders' meetings shall adequately and completely disclose the specific contents of all proposals.

After the notice of the shareholders' meeting is issued, the shareholders' meeting shall not be postponed or canceled without justifiable reasons, and the proposals listed in the notice of the shareholders' meeting shall not be canceled. Once there is a postponement or cancellation, the organizer shall explain the reasons at least 2 working days before the original date of the convening.

Convening of Shareholders' Meetings

All shareholders or their proxies registered are entitled to attend the shareholders' meeting and exercise their voting rights in accordance with relevant laws, regulations, and the Articles of Association. Shareholders may attend the shareholders' meeting in person or appoint a proxy to attend and vote on their behalf, and such proxy need not be a shareholder of the Company.

Where the shareholders' meeting requires directors or senior management to attend, such directors or senior management shall be present and respond to shareholders' inquiries.

The shareholders' meeting shall be presided over by the Chairman of the Board. If the Chairman is unable or fails to perform this duties, a director recommended by a majority of the directors shall preside over the meeting.

For shareholders' meeting convened by the Audit Committee on its own, the convener of the Audit Committee shall preside. If the convener of the Audit Committee is unable or fails to perform this duties, a member of the Audit Committee recommended by a majority of its members shall preside.

For shareholders' meeting convened by shareholders on their own, the convener or a representative recommended by them shall preside.

If the meeting chairperson violates the rules of procedure during the shareholders' meeting, making it impossible to continue, the shareholders' meeting may, with the consent of shareholders holding a majority of the voting rights present at the meeting, elect a new chairperson to continue the meeting.

The Company shall establish rules of procedure for the shareholders' meeting, detailing the procedures for convening and voting, including notices, registration, review of proposals, voting, vote

counting, announcement of results, formation of resolutions, meeting minutes and their signing, announcements, and the principles and specific content of the shareholders' meeting's authorization to the Board of Directors. The rules of procedure for the shareholders' meeting shall be an appendix to the Articles of Association, drafted by the Board of Directors and approved by the shareholders' meeting.

Voting and Resolutions of Shareholders' Meeting

Resolutions of the shareholders' meeting are divided into ordinary resolutions and special resolutions. An ordinary resolution of the shareholders' meeting shall be passed by a majority of the voting rights held by shareholders (including shareholder proxies) present at the meeting. A special resolution of the shareholders' meeting shall be passed by at least two-thirds of the voting rights held by shareholders (including shareholder proxies) present at the meeting.

The following matters shall be passed by the shareholders' meeting through ordinary resolutions:

- (i) Work reports of the Board of Directors;
- (ii) Profit distribution plans and plans for making up losses proposed by the Board of Directors;
- (iii) Appointment and removal of directors, and determination of their remuneration and payment methods;
- (iv) Other matters not required by laws, 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.

The following matters shall be passed by the shareholders' meeting through special resolutions:

- (i) Increase or reduction of the Company's registered capital;
- (ii) Division, split, merger, dissolution, and liquidation, or change of corporate form of the Company;
- (iii) Amendments to the Articles of Association;
- (iv) The purchase and sale of material assets or amount of guarantee to third parties provided by the Company within one year valued at more than 30% of the audited total assets of the Company as at the most recent period;
- (v) Equity incentive plans;
- (vi) Other matters stipulated by laws, 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, as well as other matters deemed by the shareholders' meeting through ordinary resolution to have a significant impact on the Company and requiring a special resolution.

Shareholders (including shareholder proxies) shall exercise their voting rights based on the number of voting shares they represent. Except for specific matters where each Class A share shall carry the same number of voting rights as each Class B share (i.e., one (1) vote per share in such cases), holders of Class A shares shall be entitled to ten (10) votes per share, while holders of Class B shares shall be entitled to one (1) vote per share, on all resolutions submitted to a general meeting of shareholders. When casting votes, a shareholder (including its proxy holder) who holds two (2) or more votes is not required to cast all such voting rights in favor of, against, or abstain from a proposal.

For resolutions on the following specific matters submitted to a general meeting, each Class A share shall carry the same number of voting rights as each Class B share (i.e., one (1) vote per share):

- (i) Amendments to the Company's Articles of Association;
- (ii) Variation of rights attached to any class of shares;
- (iii) Merger, division, dissolution, or change of the Company's legal form;
- (iv) Determination of remuneration for non-employee representative directors;
- (v) Election or removal of independent non-executive directors;
- (vi) Appointment or dismissal of the accounting firm auditing the Company's periodic reports;
- (vii) Other matters stipulated by the Hong Kong Listing Rules or the Company's Articles of Association.

Resolutions on items (i) and (iii) above shall require approval by at least two-thirds of the voting rights represented at the meeting, provided that the conversion of a corresponding number of Class A shares into Class B shares in accordance with the Articles of Association shall not be subject to such supermajority requirement.

The Company's own shares held by the Company do not carry voting rights, and such shares shall not be counted in the total number of voting shares present at the shareholders' meeting.

When the shareholders' meeting reviews matters related to connected transactions, connected shareholders shall not participate in the voting, and the number of voting shares they represent shall not be counted in the total valid votes. The announcement of the shareholders' meeting resolution shall fully disclose the voting situation of non-connected shareholders.

DIRECTORS AND BOARD OF DIRECTORS**Directors**

Directors of the Company shall be natural persons. A person may not serve as a Director of the Company in case of any of the following circumstances:

- (i) the person without civil conduct capacity or with limited civil conduct capacity;
- (ii) the person who has committed an offense of corruption, bribery, conversion of property, misappropriation of property or sabotaging the market economic order of socialism and has been punished therefor; or who has been deprived of his/her political rights, in each case where less than 5 years have elapsed since the date of the completion of implementation of such punishment or deprivation; in the case of a suspended sentence, for a period not exceeding two years from the date of expiry of the probationary period;
- (iii) the person who is a former director, factory director or General Manager (President) of a company or enterprise which is insolvent and under liquidation and he/she is personally liable for the insolvency of such company or enterprise, where less than 3 years have elapsed since the date of the completion of such insolvency and liquidation of the company or enterprise;
- (iv) the person who is a former legal representative of a company or enterprise which had its business license revoked and was ordered to shut down due to a violation of the law and who incurred personal liability, where less than 3 years have elapsed since the date of such revocation of the business license, order to close down;
- (v) the person listed as a judgment defaulter by the court of the PRC because the amount of debt he bears is relatively large and the debt is not paid off when it is due;
- (vi) the person has been banned by the relevant regulatory authorities from access to the securities market, and the term of prohibition has not expired;
- (vii) other contents stipulated by laws, administrative regulations or departmental rules, and the Hong Kong Listing Rules.

Where a Director is elected or appointed in violation of the provisions above, the election, appointment or appointment shall be invalid. If a Director falls under the provisions above during his or her tenure, the Company shall dismiss him or her from office.

Directors are elected or replaced by the shareholders' meeting. The shareholders' meeting may, subject to compliance with applicable laws and administrative regulations, remove any director whose term has not expired by way of an ordinary resolution (provided that such removal shall not affect any claim for damages the director may have under any contract). Directors shall serve a term of three

(3) years and may be re-elected upon expiration of their term; provided, however, that any independent non-executive director who has served for more than nine (9) years shall be subject to the applicable deliberation procedures prescribed by the listing rules of the jurisdiction where the Company's shares are listed before being re-elected.

The term of office of a Director shall commence from the date of taking the position until the expiry of the term of office of the current session of the Board. Where a re-election fails to be carried out in a timely manner upon the expiry of the term of office of a Director, such Director shall continue to perform his/her duties as a Director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association.

Senior management officers may serve concurrently as Directors, provided that the total number of such Directors who concurrently serve as general manager or other senior management personnel and the employee representatives shall not exceed a half of the total number of the Directors of the Company.

The Board of Directors of the Company shall include one (1) director elected from among the employee representatives. Such employee representative director shall be democratically elected by the Company's employees through the employees' congress, general employees' meeting, or other similar forms, and no shareholder approval shall be required for such election.

Directors shall comply with laws, administrative regulations, and the provisions of the Articles of Association, and owe fiduciary duties to the Company. They shall take measures to avoid conflicts between their personal interests and the interests of the Company, and shall not exploit their positions to seek improper benefits. Directors owe the following specific fiduciary duties to the Company:

- (i) Not to misappropriate the Company's property or expropriate the Company's funds;
- (ii) Not to open accounts in their own name or in the name of others to store the Company's assets or funds;
- (iii) Not to use their authority to accept bribes or other illegal income;
- (iv) Not to enter into any contract or transaction with the Company, directly or indirectly, without reporting to the Board or the Shareholders' Meeting and obtaining the approval of a resolution of the Board or the shareholders' meeting in accordance with the Articles of Association;
- (v) Without the consent of the shareholders' meeting, one shall not take advantage of their Position to seek for themselves or others any business opportunity that rightfully belongs to the company, except under the following circumstances: (1) reporting to the board of directors or shareholders' meeting and obtaining approval through a resolution of the board of directors or shareholders' meeting in accordance with the provisions of the Articles of Association; (2) the Company is unable to utilize the business opportunity as stipulated by laws, administrative regulations, or the Articles of Association;

- (vi) Not to engage in or operate businesses similar to the Company's business for themselves or others without reporting to the Board of Directors or the shareholders' meeting and approved by a resolution of the shareholders' meeting;
- (vii) Not to accept commissions in connection with the Company's transactions;
- (viii) Not to disclose the secrets of the Company without consent;
- (ix) Not to use their connections to harm the interests of the Company;
- (x) Other fiduciary duties stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, and the Articles of Association.

Any gain arising from the breach of the preceding paragraphs by the Director shall belong to our Company. He/she shall be liable for compensation for any loss of our Company arising therefrom.

Directors shall abide by laws, administrative regulations and the Articles of Association, and have diligent obligations to the Company, and shall perform their duties with the reasonable care normally expected of a manager in the best interests of the Company.

Directors shall have the following diligence duty to the Company:

- (i) Shall prudently, earnestly and diligently exercise the powers the Company grants to them to ensure that the Company conducts its commercial activities in a manner that complies with the requirements of state laws, administrative regulations and government economic policies, and that the Company's commercial activities do not go beyond the scope of the business activities stipulated in the Company's business license;
- (ii) Shall treat all Shareholders fairly;
- (iii) Shall maintain a timely awareness of the operation and management of the Company;
- (iv) Shall sign written statements confirming the regular reports of the Company, and ensure that the information disclosed by the Company is true, accurate and complete;
- (v) Shall truthfully provide information and materials to the Audit Committee and shall not obstruct the Audit Committee or its members from performing its or their duties;
- (vi) Other diligence obligations stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, and the Articles of Association.

If any Director fails to attend in person or appoint other Directors as his/her representative to attend meetings of the Board for two consecutive times, such Director shall be deemed as unable to perform his duties, and the Board shall propose to replace such Director at the shareholders' meeting.

A Director may submit his/her resignation before the expiry of his/her term of office. Where a Director resigns, he/she shall submit a written resignation report to the Board, the resignation shall take effect on the date the Company receives the resignation notice. The Board shall disclose the relevant information within two days.

If the resignation of a Director results in the number of members of the Company's board of directors falling below the statutory minimum, the resigning Director shall continue to perform the duties of a director in accordance with laws, administrative regulations, departmental rules, and the provisions of the Articles of Association until the newly elected director assumes office.

No Director shall act in his/her own name for our Company or the Board without authorization by the Board or unless otherwise provided in the Article of Association. Where a Director acts in his/her own name in a situation where a third party may reasonably believe that such Director is acting for our Company or the Board, such Director shall declare in advance his/her stance and identity.

Matters relating to the Company's independent non-executive directors shall be governed by laws, administrative regulations, and the relevant provisions of regulatory authorities and stock exchanges, with specific implementation to be further prescribed by the Company's Working Rules for Independent Non-executive Directors.

Board of Directors

The Company shall establish a Board of Directors, which is accountable to the shareholders' meeting. The Board of Directors shall consist of nine directors, including one Chairman.

The Board of Directors exercises the following powers and responsibilities:

- (i) Convening the shareholders' meeting and reporting work to the shareholders' meeting;
- (ii) Implementing resolutions of the shareholders' meeting;
- (iii) Deciding on the Company's business plans and investment proposals;
- (iv) Formulating the profit distribution plans and plans for recovery of losses of the Company;
- (v) Formulating plans of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing;
- (vi) Formulating plans for the Company's major acquisitions, the repurchase of its own shares, mergers, divisions, dissolution, or changes to the corporate form;
- (vii) Determining the matters such as external investments, acquisition or sale of assets, asset mortgages, external guarantees, entrusted wealth management, connected transactions, and external donations within the scope authorized by the shareholders' meeting or the Articles of Association.

- (viii) Determining the internal management structure of the Company;
- (ix) Electing the Chairman of the Board, and to appoint or remove the General Manager, the Board Secretary and other senior executives upon the nomination of the Chairman, and to determine their remuneration, incentives and disciplinary measures; and to appoint or remove the Deputy General Manager, the Chief Financial Officer and other senior executives upon the nomination of the General Manager, and to determine their remuneration, incentives and disciplinary measures;
- (x) Formulating the basic management systems of the Company;
- (xi) Formulating proposals for any amendment of the Articles of Association;
- (xii) Managing the information disclosure of the Company;
- (xiii) Proposing to the shareholders' meeting for appointment or replacement of the accounting firms which provide audit services to the Company;
- (xiv) Listening to work reports from the general manager of the Company and inspecting his/her work;
- (xv) Other powers and responsibilities granted by laws, administrative regulations, departmental rules, other securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The Board of Directors shall meet at least four times a year, convened by the Chairman, and written notice shall be provided to all Directors 14 days before the meeting.

Shareholders representing more than one-tenth of the voting rights, one-third or more of the directors, or the Audit Committee may propose to convene an extraordinary meeting of the Board of Directors. The Chairman shall, within ten (10) days upon receipt of such proposal, convene and preside over the board meeting.

A Board meeting requires the presence of a majority of the directors to be held. Resolutions made by the Board of Directors shall be passed by a majority vote of all directors. Voting on resolutions of the Board shall be conducted on a one-person-one-vote basis.

Where a Director has a connected relationship with the enterprise involved in a matter to be resolved at a board meeting, such Director shall neither exercise voting rights on such resolution nor act as a proxy for other directors to exercise voting rights. The voting rights of such Director shall not be counted in the total voting rights. Such board meeting may be duly held with the attendance of a majority of unconnected directors, and any resolution of the board meeting shall be adopted by an affirmative vote of a majority of the unconnected directors. Where the number of unconnected directors present at the board meeting is less than three (3), the matter shall be submitted to the shareholders' meeting for consideration.

The Company's Board of Directors shall establish three special board committees: the Remuneration and Appraisal Committee, the Nomination Committee, and the Audit Committee. These special committees report to the Board of Directors and shall perform their duties in accordance with the Articles of Association and the authorization of the Board. All proposals of the special committees shall be submitted to the Board for review and decision. All members of the special committees shall be directors. Independent non-executive directors shall constitute the majority and serve as conveners in the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee. The convener of the Audit Committee shall be an accounting professional. The Board of Directors shall be responsible for formulating working rules for the special committees to standardize their operations.

GENERAL MANAGER AND OTHER SENIOR MANAGEMENT MEMBERS

The Company shall have one General Manager who shall be appointed or dismissed by the Board.

The provisions of the Company's Articles of Association regarding disqualification from serving as directors and the post-termination management system shall apply equally to senior executives.

The circumstances of disqualification for Directors, the fiduciary duty and diligence duty of the Directors prescribed in the Articles of Association shall also be applicable to senior management.

The general manager shall serve for a term of 3 years and may serve consecutive terms if re-appointed.

The general manager is responsible to the Board of Directors and exercises the following powers:

- (i) Presiding over the production, operation, and management of the Company, implementing the resolutions of the Board of Directors, and reporting work to the Board of Directors;
- (ii) Implementing the Company's annual business plan and investment plan;
- (iii) Drafting the establishment plan of the Company's internal management structure;
- (iv) Drafting the Company's basic management system;
- (v) Formulating the Company's specific regulations;
- (vi) Proposing to the Board of Directors the appointment or dismissal of deputy general managers, Financial Officer;
- (vii) Appointing or dismissing management personnel other than those who should be appointed or dismissed by the Board of Directors;
- (viii) Other powers granted by the Articles of Association or the Board of Directors.

The Company shall have a Board secretary, who shall be responsible for preparing for the shareholders' meetings and Board meetings, and maintaining documents and managing Shareholders' information, as well as handling information disclosure matters.

The senior management of the Company shall perform their duties faithfully and safeguard the best interests of the Company and all Shareholders. If the senior management of the Company fails to perform their duties faithfully or violates their fiduciary duties, causing damage to the interests of the Company and public Shareholders, they shall be liable for compensation in accordance with the laws.

THE AUDIT COMMITTEE

The Company's Board of Directors shall establish an Audit Committee with the following authorities:

- (i) It shall review the periodic reports prepared by the Board of Directors and provide written review opinions;
- (ii) It shall inspect the Company's finances;
- (iii) It shall supervise the conduct of directors and senior management in the performance of their duties and propose the removal of any director or senior management who violates laws, administrative regulations, the Articles of Association, or resolutions of the shareholders' meeting;
- (iv) It shall demand rectification when the actions of directors or senior management harm the Company's interests;
- (v) It may propose the convening of extraordinary shareholders' meeting and, if the Board of Directors fails to fulfill its duties under the Company Law to convene and chair the shareholders' meeting, it may convene and chair the meeting;
- (vi) It may submit proposals to the shareholders' meeting;
- (vii) It may, in accordance with the provisions of the Company Law, initiate legal proceedings against directors or senior management;
- (viii) If any irregularities in the Company's operations are detected, it may conduct investigations and, when necessary, engage professional institutions such as accounting or law firms to assist in its work, with expenses borne by the Company;
- (ix) Other authorities granted by laws, administrative regulations, departmental rules, the listing rules of the stock exchange where the Company's shares are listed, the Articles of Association, or the Terms of Reference of the Board Audit Committee.

The Audit Committee shall meet at least once every quarter. Extraordinary shareholders' meeting may be convened upon the proposal of two or more members or when the convener deems it necessary.

Voting on resolutions of the Audit Committee shall follow a one-member-one-vote principle. Resolutions of the Audit Committee shall be passed by a majority of its members. Minutes of the Audit Committee's resolutions shall be prepared in accordance with regulations, and members present at the meeting shall sign the minutes. The working procedures of the Audit Committee shall be formulated by the Board of Directors.

FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION, AND AUDIT

Financial Accounting System

The Company shall establish its financial accounting system in accordance with laws, administrative regulations, and the regulations of relevant national departments.

The Company adopts the Gregorian calendar year as its fiscal year, meaning each fiscal year runs from January 1 to December 31 of the Gregorian calendar. At the end of each fiscal year, the Company shall prepare financial accounting reports, which shall be audited by an accounting firm in accordance with the law.

The abovementioned financial accounting reports are prepared in accordance with relevant laws, administrative regulations, and departmental rules.

The Company shall not establish the statutory account books other than those provided by law. Any assets of the Company shall not be kept under any account opened in the name of any individual.

Profit Distribution

When distributing after-tax profits of the year, the Company shall allocate 10% of its after-tax profits for the Company's statutory reserve fund. When the aggregate balance in the statutory reserve fund has reached 50% or more of the Company's registered capital, the Company needs not to make any further allocations to that fund. Where the Company's statutory reserve fund is not enough to make up for losses of the Company for the preceding year, the current year's profits shall be applied firstly to make up for the losses before being allocated to the statutory reserve in accordance with the preceding provision.

Subject to a resolution passed at a shareholders' meeting, after allocation has been made to the Company's statutory reserve fund from its after-tax profits, the Company may set aside funds for the discretionary reserve fund from its after-tax profits. Except for those not distributed in proportion as prescribed in the Articles of Association, the remaining after-tax profit, after recovery of losses and appropriation of reserve funds, shall be distributed to Shareholders in proportion to their shareholdings. If the Company distributes profits to shareholders in violation of the provisions of the Company Law,

Shareholders shall refund to the Company the profits distributed in violation of the provisions; if losses are caused to the Company, the shareholders and the responsible Directors and senior management shall be liable for compensation. No profit shall be distributed in respect of the shares of the Company which are held by the Company.

The reserve fund of the Company shall be used for making up for the loss, expansion of the operation or increase of capital of the Company. When using reserve funds to cover losses, the Company shall first utilize the discretionary reserve and statutory reserve. If these are insufficient to cover the losses, the capital reserve may be used in accordance with relevant regulations.

When the statutory reserve fund is capitalized, the retained portion of the fund shall not be less than 25% of the registered capital of the Company before the capitalization.

Internal Audit

The Company implements an internal audit system, specifying the leadership structure, responsibilities and authorities, staffing, funding, utilization of audit results, and accountability mechanisms for internal audit activities.

The Company's internal audit system shall be implemented upon approval by the Board of Directors and publicly disclosed. The internal audit function reports to the Board of Directors.

Appointments of Accounting Firm

The Company shall engage accounting firms that comply with legal and regulatory requirements and maintain a good reputation to conduct financial statement audits, net asset verification, and other related advisory services. The term of appointment shall be one year and can be re-appointed.

The appointment of an accounting firm by the Company shall be subject to the approval of shareholders' meetings. The Board shall not appoint an accounting firm before the approval of the shareholders' meetings.

The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting proofs, accounting books, financial and accounting reports and other accounting information, and that it engages without any refusal, withholding, and misrepresentation.

The auditing fee of the accounting firm shall be determined by the shareholders' meeting.

In the event of termination of the appointment or non-renewal of appointment of an accounting firm, the Company shall notify the accounting firm 30 days in advance; when the shareholders' meeting votes on termination of appointment of an accounting firm, the accounting firm shall be allowed to make its representation.

An accounting firm proposing to resign shall state its opinions in the shareholders' meeting whether the Company has committed any improper act.

MERGERS, DIVISIONS, CAPITAL INCREASES, CAPITAL DECREASES, DISSOLUTION, AND LIQUIDATION**Merger, Division, Capital Increase and Capital Reduction of the Company**

A merger of the Company may take the form of a merger by absorption or a merger by new creation.

The absorption of one company into another is a merger by absorption and the absorbed company shall be dissolved. The merger of two or more companies to create a new company is a merger by new creation and the parties to the merger shall be dissolved.

In a merger of companies, all parties to the merger shall conclude a merger agreement and prepare their respective balance sheets and checklists of assets. The companies shall, within ten days of adopting the merger resolution, notify their creditors and make an announcement within 30 days in newspapers or on the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統). The creditors may, within 30 days of the receipt of the notice or within 45 days as of the issuance of the announcement if they do not receive the notice, require the Company to pay off debts or provide corresponding security.

Where the Company is divided, its assets shall be divided accordingly. Where the Company is divided, a balance sheet and a checklist of assets shall be prepared. Our Company shall notify the creditors within ten days of the date when the division resolution is made and make an announcement within 30 days in newspapers or on the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統).

Where the Company needs to reduce its registered capital, a balance sheet and a checklist of assets shall be prepared.

Our Company shall notify its creditors within ten days of making the resolution to reduce its registered capital and shall make an announcement within 30 days in newspapers or on the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統). The creditors shall, within 30 days of the receipt of the notice or within 45 days as of the issuance of the announcement if they do not receive the notice, require the Company to pay off debts or to provide corresponding security.

Where the Company increases or reduces its registered capital, it shall go through registration amendments with the company registration authority in accordance with the law.

Dissolution and Liquidation of the Company

The Company shall be dissolved upon the occurrence of the following events:

- (i) expiry of the term of business provided in the Articles of Association or other cause of dissolution as specified therein;

- (ii) a resolution on dissolution is passed by a shareholders' meeting;
- (iii) dissolution is required due to the merger or division of the Company;
- (iv) the business license of the Company is revoked or the Company is ordered to close down or dissolved in accordance with the laws;
- (v) the Company suffers significant hardships in operation and management, and its continued existence would cause significant losses to Shareholders' interests, and such issues cannot be resolved through other means, Shareholders representing 10% or above of the total voting rights of the Company may plead the court of the PRC to dissolve the Company.

In the event that the Company has the dissolution causes as prescribed in the preceding paragraph, it is obligated to disclose the causes of dissolution through the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) within 10 days.

Where the Company falls under the circumstances described in items (i) and (ii) above, and no property has been distributed to the Shareholders, the Company may survive by amending the Articles of Association or the resolution of the shareholders' meeting.

Amendments to the Articles of Association in accordance with the foregoing requirements shall be approved by at least two-thirds of the voting rights held by the Shareholders present at the meeting.

The Company shall be liquidated if dissolved pursuant to the items (i), (ii), (iv) or (v) above. The directors shall be the liquidation obligors and shall form a liquidation committee within 15 days from the occurrence of the dissolution cause to commence liquidation. The liquidation committee shall be composed of the directors or persons designated by a resolution of the shareholders' meeting. If the liquidation obligors fail to perform their liquidation duties in a timely manner, thereby causing losses to the company or its creditors, they shall be liable for compensation.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association upon occurrence of any of the following circumstances:

- (i) the Company Law or relevant laws, administrative regulations, and other regulatory rules of the place where the Company's shares are listed are amended, and the matters provided for in the Articles of Association are in conflict with the provisions of the amended laws, administrative regulations, and other regulatory rules of the place where the Company's shares are listed;
- (ii) there has been a change in the circumstances of the Company, resulting in the inconsistency of the matters recorded in the Articles of Association;
- (iii) the shareholders' meeting has decided to amend the Articles of Association.

If the amendment to the Articles of Association adopted by resolution of the shareholders' meeting is subject to the approval of the competent authority, it shall be reported to the competent authority for approval; if it involves matters of company registration, the registration of the changes shall be made with the company registration authority in accordance with the law.

The Board shall amend the Articles of Association in accordance with the resolution of the shareholders' meeting in relation to the amendment of the Articles of Association and the approval of the relevant competent authorities.

Where the amendments to the Articles of Association are information required to be disclosed by laws and regulations, the relevant matters shall be announced as required.

FURTHER INFORMATION ABOUT OUR COMPANY**Incorporation of our Company**

Our Company was established as a limited liability company in the PRC on December 11, 2013 and was converted into a joint stock limited company on June 28, 2019 under the laws of the PRC. As of the Latest Practicable Date, the registered share capital of our Company is RMB360,000,000.

Our registered place of business in Hong Kong is at 31/F., Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. We have been registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance. Mr. Wong Chun Wing Samuel (黃俊穎) has been appointed as our authorized representative for the acceptance of service of process and notices in Hong Kong.

As our Company was established in the PRC, we are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and our Articles of Association is set out in “Regulatory Overview” and Appendix IV to this Prospectus, respectively.

Changes in the Share Capital of our Company

Save as disclosed in the sections headed “History, Development and Corporate Structure — Major Shareholding Changes in the Company” and “History, Development and Corporate Structure — Pre-IPO Investments” in this Prospectus, there has been no other alteration in the share capital of our Company during the two years immediately preceding the date of this Prospectus.

Changes 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 in Appendix I to this Prospectus.

There had been no other alterations of share capital of our subsidiaries within the two years preceding the date of this Prospectus.

Resolutions of our Shareholders

Pursuant to the extraordinary general meeting of our Shareholders in May 2025, it was resolved, among others, and the following was approved:

- (a) the issue of H Shares with a nominal value of RMB1.00 each and the listing of such H Shares on the Stock Exchange;
- (b) the number of H Shares to be issued pursuant to the Global Offering, and the grant to the underwriters of the Over-allotment Option of not more than 15% of the number of H Shares issued pursuant to the Global Offering;

- (c) conditional upon the completion of the Global Offering, 261,415,724 Unlisted Shares held by certain existing Shareholders will be converted into H Shares;
- (d) subject to the completion of the Global Offering, the Articles of Association have been approved and adopted, which shall become effective on the Listing Date, and our Board has been authorized to amend the Articles of Association to the extent necessary in accordance with any comments from the relevant regulatory authorities;
- (e) our Board has been authorized to handle all relevant matters relating to, among other things, the implementation of issuance of H Shares and the Listing; and
- (f) the granting of a general mandate to the Board to repurchase H Shares issued on the Stock Exchange with an aggregate number of not exceeding 10% of the number of the total issued H Shares as of the Listing Date.

Explanatory Statement on Repurchase of Our Own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this Prospectus concerning the repurchase of our own securities.

(a) Reasons for repurchase

The Board considered that the repurchase of the H Shares would be beneficial to and in the best interests of the Company and its Shareholders as a whole. It can strengthen the investors' confidence in the Company and promote a positive effect on maintaining the Company's reputation in the capital market. Such repurchases will only be made when the Board believes that such repurchases will benefit the Company and its Shareholder as a whole.

(b) Exercise of the general mandate to repurchase H Shares

Subject to the passing of the special resolution approving the grant of the general mandate to repurchase H Shares at annual general meetings, the Board will be granted general mandate to repurchase H Shares until the end of the relevant period. The general mandate to repurchase H Shares would expire on the earlier of:

- (i) the conclusion of the next annual general meeting of the Company of which time it shall lapse unless, by special resolutions passed at that meeting, the authority is renewed, either conditionally or subject to conditions;
- (ii) the revocation or variation of the mandate under the resolution by a special resolution at the next general meeting of the Company; or
- (iii) the revocation or variation of the mandate under the resolution by a special resolution at any general meeting of the Company.

Furthermore, we need to complete registration and approval procedures with relevant government authorities for the actual grant of the repurchase mandate to the Board, as applicable. The exercise in full of the general mandate to repurchase H Shares would result in a maximum of 10% of the H Shares in issue as of the Listing Date being repurchased by the Company during the relevant period.

(c) Source of funds

In repurchasing its Shares, the Company intends to apply funds from the Company's internal resources (which may include surplus funds and retained profits) legally available for such purpose in accordance with the Articles of Association and the applicable laws, rules and regulations of the PRC.

The Company is empowered by its Articles of Association to repurchase its Shares. Any shares to be repurchased will be cancelled or kept as treasury shares if allowed by the Articles of Association and applicable laws and regulations. Any repurchases by the Company may only be made in accordance with its Articles of Association and applicable PRC laws and regulations. The Company may not purchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(d) Suspension of repurchase

A listed company shall not repurchase its shares on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of 30 days immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the issuer to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), until the date of the results announcement, the company may not repurchase its shares on the Stock Exchange unless there are exceptional circumstances.

(e) Close associates and core connected persons

None of our Directors or, to the best of their knowledge having made all reasonable inquiries, any of their close associates have a present intention, in the event the general mandate to repurchase H Shares is approved, to sell any Shares to our Company.

No core connected person of our Company has notified our Company that they have a present intention to sell Shares to our Company, or have undertaken to do so, if the general mandate to repurchase H Shares is approved.

A listed company shall not knowingly purchase its shares on the Stock Exchange from a core connected person (namely a director, supervisor, chief executive or substantial shareholder of the company or any of its subsidiaries, or a close associate of any of them), and a core connected person shall not knowingly sell their interest in shares of the company to it.

(f) Status of repurchased Shares

In accordance with the Articles of Association, the Listing Rules and any other applicable laws and regulations, following a repurchase of the H Shares, the Company may cancel any repurchased Shares and/or hold them as treasury shares subject to, among others, market conditions and its capital management needs at the relevant time of the repurchases, which may change due to evolving circumstances.

(g) Takeover implications

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the general mandate to repurchase H Shares.

(h) General

To the best knowledge of the Directors, neither the explanatory statement contained herein nor the proposed share repurchase has unusual features.

If the general mandate to repurchase Shares were to be carried out in full at any time, there may be a material and adverse impact on our working capital or gearing position (as compared with the position disclosed in our most recent published audited accounts). However, our Directors do not propose to exercise the general mandate to repurchase H Shares to such an extent as would have a material and adverse effect on our working capital or gearing position.

Our Directors will exercise the general mandate to repurchase H Shares in accordance with the Listing Rules and the applicable laws in the PRC.

FURTHER INFORMATION ABOUT OUR BUSINESS**Summary of Material Contracts**

The following contracts (not being contract entered into in the ordinary course of business) were entered into by our Group within the two years preceding the date of this Prospectus and are or may be material:

- (a) the Hong Kong Underwriting Agreement;
- (b) a cornerstone investment agreement dated April 17, 2026 entered into among the Company, China Orient International Asset Management Limited — China Orient Enhanced Income

Fund, Deutsche Securities Asia Limited, Deutsche Bank AG, Hong Kong Branch, CITIC Securities (Hong Kong) Limited, CLSA Limited, ABCI Capital Limited and CMB International Capital Limited, with respect to a subscription of Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$5.00 million; and

- (c) a cornerstone investment agreement dated April 17, 2026 entered into among the Company, Jiashan Xinwutang Equity Investment Partnership Enterprise (Limited Partnership) (嘉善新武塘股權投資合夥企業(有限合夥)), Deutsche Securities Asia Limited, Deutsche Bank AG, Hong Kong Branch, CITIC Securities (Hong Kong) Limited, CLSA Limited, ABCI Capital Limited and CMB International Capital Limited, with respect to a subscription of Offer Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$31.57 million.

Intellectual Property Rights

As of the Latest Practicable Date, our Group has registered, or has applied for the registration of the following intellectual property rights which were material to our Group's business.

Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Class	Owner	Registration Number	Place of Registration	Date of Registration	Expiry Date
1.	SUNMI	9, 42	the Company	305129703	Hong Kong	December 2, 2019	December 1, 2029

Patents

As of the Latest Practicable Date, we are the owner of the following material patents, details of which are as follows:

No.	Patent description	Category	Registered Owner	Place of Registration	Patent Number	Filing Date	Expiry Date
1.	A merchant terminal and method for automatically changing service state (商家終端及自動改變營業狀態的方法)	Invention patent	Company	PRC	CN201510023084.5	January 16, 2015	January 16, 2035
2.	A method and system for automatic feedback of merchant status (商戶狀態自動反饋的方法及系統)	Invention patent	Company	PRC	CN201510023985.4	January 16, 2015	January 16, 2035

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

No.	Patent description	Category	Registered Owner	Place of Registration	Patent Number	Filing Date	Expiry Date
3.	A data flow control system and method based on SPI protocol (基於 SPI 協議的數據流控系統及方法)	Invention patent	Company	PRC	CN201610289808.5	May 4, 2016	May 4, 2036
4.	An intelligent terminal control method and the intelligent terminal (智能終端的控制方法及智能終端)	Invention patent	Company	PRC	CN201710546905.2	July 6, 2017	July 6, 2037
5.	A method, apparatus and computer storage medium for wirelessly unlocking electronic devices (無線解鎖電子設備的方法、設備和計算機存儲介質)	Invention patent	Company	PRC	CN201711430604.X	December 26, 2017	December 26, 2037
6.	A method and apparatus for establishing the wireless debugging connection, and data processing method (建立無線調試連接的方法及裝置、數據處理方法)	Invention patent	Company	PRC	CN201810089433.7	January 30, 2018	January 30, 2038
7.	An anti-tampering device for electronic equipment and the electronic equipment (電子設備防拆裝置和電子設備)	Invention patent	Company	PRC	CN201810310399.1	April 9, 2018	April 9, 2038
8.	A communication method and system (通訊方法及系統)	Invention patent	Company and SUNMI Technology (Shenzhen) Co., Ltd. (商米科技(深圳)有限公司)	PRC	CN201810864123.8	August 1, 2018	August 1, 2038
9.	A method and system for detecting and alerting unauthorized flashing (檢測及警示未經許可的刷機的方法和系統)	Invention patent	Company	PRC	CN201811320596.8	November 7, 2018	November 7, 2038

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

No.	Patent description	Category	Registered Owner	Place of Registration	Patent Number	Filing Date	Expiry Date
10.	A method and device for decoding QR code (二維碼的解碼方法和裝置)	Invention patent	Company	PRC	CN201811339423.0	November 12, 2018	November 12, 2038
11.	An imaging exposure control method and apparatus, computer readable storage medium and system (成像曝光控制方法及裝置、計算機可讀存儲介質、系統)	Invention patent	Company and SUNMI Technology (Shenzhen) Co., Ltd. (商米科技(深圳)有限公司)	PRC	CN201910438400.3	May 24, 2019	May 24, 2039
12.	A lithium battery intelligent charging management method and device thereof (一種鋰電池智能充電管理方法及其裝置)	Invention patent	Company and SUNMI Technology (Shenzhen) Co., Ltd. (商米科技(深圳)有限公司)	PRC	CN201910562594.8	June 26, 2019	June 26, 2039
13.	A data encryption method and apparatus, mobile terminal and computer readable medium (數據加密方法和裝置、移動終端以及計算機可讀介質)	Invention patent	Company and SUNMI Technology (Shenzhen) Co., Ltd. (商米科技(深圳)有限公司)	PRC	CN201910703638.4	July 31, 2019	July 31, 2039
14.	A service request processing method and apparatus (業務請求處理方法及裝置)	Invention patent	Company	PRC	CN201910787757.2	August 26, 2019	August 26, 2039
15.	A method for data backup of Internet of Things device and the Internet of Things device (物聯網設備的數據備份的方法及物聯網設備)	Invention patent	Company	PRC	CN201910821105.6	September 2, 2019	September 2, 2039
16.	A POS terminal cash box and its protection circuit (POS終端錢箱及其保護電路)	Invention patent	Company and SUNMI Technology (Shenzhen) Co., Ltd. (商米科技(深圳)有限公司)	PRC	CN201910853531.8	September 10, 2019	September 10, 2039

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

No.	Patent description	Category	Registered Owner	Place of Registration	Patent Number	Filing Date	Expiry Date
17.	A database data synchronization method, apparatus and computer storage medium (一種數據庫的數據同步方法、設備和計算機存儲介質)	Invention patent	Shanghai Shangkui Information Technology Co., Ltd. (上海商魁信息科技有限公司) and Company	PRC	CN201911041263.6	October 30, 2019	October 30, 2039
18.	A method for detection of print head bad point of thermal printer (熱敏打印機的打印頭壞點檢測方法)	Invention patent	Company and SUNMI Technology (Shenzhen) Co., Ltd. (商米科技(深圳)有限公司)	PRC	CN201911076379.3	November 6, 2019	November 6, 2039
19.	A WiFi channel switching method and wireless access point (WiFi信道的切換方法及無線接入點)	Invention patent	Company	PRC	CN201911131113.4	November 19, 2019	November 19, 2039
20.	A method for detecting delay and automatically switching multi-network modes (一種可應用於多網絡模式檢測延時並自動切換的方法)	Invention patent	Company and SUNMI Technology (Shenzhen) Co., Ltd. (商米科技(深圳)有限公司)	PRC	CN201911187903.4	November 28, 2019	November 28, 2039
21.	A method and device for controlling upgrade of intelligent commercial terminal system (控制智能商業終端系統升級的方法和裝置)	Invention patent	Company	PRC	CN201911376458.6	December 27, 2019	December 27, 2039
22.	A message processing method, server and computer storage medium between different devices (不同設備間的消息處理方法、服務器和計算機存儲介質)	Invention patent	Company	PRC	CN202010217992.9	March 25, 2020	March 25, 2040
23.	A video processing method, apparatus and machine readable storage medium (一種視頻處理方法、裝置和機器可讀存儲介質)	Invention patent	Shanghai Shangkui Information Technology Co., Ltd. (上海商魁信息科技有限公司) and Company	PRC	CN202010253747.3	April 2, 2020	April 2, 2040

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

No.	Patent description	Category	Registered Owner	Place of Registration	Patent Number	Filing Date	Expiry Date
24.	A video processing method, apparatus and machine readable storage medium (一種視頻處理方法、裝置和機器可讀存儲介質)	Invention patent	Shanghai Shangkui Information Technology Co., Ltd. (上海商魁信息科技有限公司) and Company	PRC	CN202010253677.1	April 2, 2020	April 2, 2040
25.	A method, apparatus and computer storage medium for processing QR code (一種處理二維碼的方法、裝置和計算機存儲介質)	Invention patent	Shanghai Shangkui Information Technology Co., Ltd. (上海商魁信息科技有限公司) and Company	PRC	CN202010297475.7	April 16, 2020	April 16, 2040
26.	A scanning method and apparatus (掃描方法及設備)	Invention patent	Company and SUNMI Technology (Shenzhen) Co., Ltd. (商米科技(深圳)有限公司)	PRC	CN202010827348.3	August 17, 2020	August 17, 2040
27.	A method for automatic detection of paper width type and system thereof (一種紙張寬度類型自動檢測方法及其系統)	Invention patent	Company	PRC	CN202011070264.6	September 30, 2020	September 30, 2040
28.	A method, apparatus, electronic device and readable storage medium for code scanning of intelligent code scanning device (智能掃碼設備掃碼方法、裝置、電子設備及可讀存儲介質)	Invention patent	Company	PRC	CN202011070329.7	October 1, 2020	October 1, 2040
29.	A system and method for OTA (Over-the-Air Technology) upgrade of intelligent POS device (一種用於智能 POS 設備的空中下載技術升級系統及方法)	Invention patent	Company and Shanghai Shangkui Information Technology Co., Ltd. (上海商魁信息科技有限公司)	PRC	CN202011246825.3	November 10, 2020	November 10, 2040

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

No.	Patent description	Category	Registered Owner	Place of Registration	Patent Number	Filing Date	Expiry Date
30.	A dynamic memory area and management method of embedded device without memory management unit (一種無內存管理單元嵌入式設備的動態內存區及管理方法)	Invention patent	Company and SUNMI Technology (Shenzhen) Co., Ltd. (商米科技(深圳)有限公司)	PRC	CN202011245343.6	November 10, 2020	November 10, 2040
31.	A remote key injection method based on key agreement (一種基於密鑰協商的遠程密鑰注入方法)	Invention patent	Company and SUNMI Technology (Shenzhen) Co., Ltd. (商米科技(深圳)有限公司)	PRC	CN202011245327.7	November 10, 2020	November 10, 2040
32.	A quick code scanning method for POS machine products (一種用於POS 機產品的快速掃碼方法)	Invention patent	Company and SUNMI Technology (Shenzhen) Co., Ltd. (商米科技(深圳)有限公司)	PRC	CN202011296083.5	November 18, 2020	November 18, 2040
33.	A paper outlet structure of printer and the printer (一種打印機出紙口結構及打印機)	Invention patent	Company and Citaq Co., Ltd. (廣東川田科技有限公司)	PRC	CN202011394705.8	December 3, 2020	December 3, 2040
34.	A face framing method based on device-side OSD (一種基於設備端 OSD 的人臉加框方法)	Invention patent	Company and SUNMI Technology (Shenzhen) Co., Ltd. (商米科技(深圳)有限公司)	PRC	CN202011450723.3	December 10, 2020	December 10, 2040
35.	A grayscale printing method of thermal printer (一種熱敏打印機的灰度打印方法)	Invention patent	Company	PRC	CN202011514168.6	December 20, 2020	December 20, 2040
36.	An interoperability method and system of distributed Internet of Things device (一種分佈式物聯網設備互操作方法及系統)	Invention patent	Company and Citaq Co., Ltd. (廣東川田科技有限公司)	PRC	CN202011545771.0	December 23, 2020	December 23, 2040
37.	A WiFi roaming method and system based on multiple connection (一種基於多連接的 WiFi 漫遊方法及系統)	Invention patent	Company and SUNMI Technology (Shenzhen) Co., Ltd. (商米科技(深圳)有限公司)	PRC	CN202110101587.5	January 26, 2021	January 26, 2041

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

No.	Patent description	Category	Registered Owner	Place of Registration	Patent Number	Filing Date	Expiry Date
38.	An anti-interference processing method for touch screen of Android desktop cash register (一種 Android 台式收銀設備觸摸屏抗干擾的處理方法)	Invention patent	Company and SUNMI Technology (Shenzhen) Co., Ltd. (商米科技(深圳)有限公司)	PRC	CN202110280776.3	March 16, 2021	March 16, 2041
39.	A firmware patch loading method of IPC device based on OverlayFS (一種基於 OverlayFS 的 IPC 設備的固件補丁加載方式)	Invention patent	Company and SUNMI Technology (Shenzhen) Co., Ltd. (商米科技(深圳)有限公司)	PRC	CN202110372976.1	April 7, 2021	April 7, 2041
40.	An automated test method and system, test apparatus and computer readable storage medium (自動化測試方法及系統、測試設備和計算機可讀存儲介質)	Invention patent	Company	PRC	CN202110408178.X	April 15, 2021	April 15, 2041
41.	A method, apparatus, system and computer readable medium for generating global unique identification code (全域唯一標識碼生成方法、設備、系統和計算機可讀介質)	Invention patent	Company and SUNMI Technology (Shenzhen) Co., Ltd. (商米科技(深圳)有限公司)	PRC	CN202110637650.7	June 8, 2021	June 8, 2041
42.	A method, system and computer readable medium for adjusting exposure parameters of image sensor (圖像傳感器的曝光參數調節方法、系統及計算機可讀介質)	Invention patent	Company and SUNMI Technology (Shenzhen) Co., Ltd. (商米科技(深圳)有限公司)	PRC	CN202110901417.5	August 6, 2021	August 6, 2041
43.	A method, apparatus and system for the same screen display (一種同屏顯示方法、裝置及系統)	Invention patent	Company and Citaq Co., Ltd. (廣東川田科技有限公司)	PRC	CN202111295943.8	November 3, 2021	November 3, 2041

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

No.	Patent description	Category	Registered Owner	Place of Registration	Patent Number	Filing Date	Expiry Date
44.	An apparatus and method for configuring printer platform product (打印機平台化產品的配置裝置及配置方法)	Invention patent	Company and SUNMI Technology (Shenzhen) Co., Ltd. (商米科技(深圳)有限公司)	PRC	CN202111346127.5	November 15, 2021	November 15, 2041
45.	A key agreement method, system and computer readable medium for preventing man-in-the-middle attack (防止中間人攻擊的密鑰協商方法、系統及計算機可讀介質)	Invention patent	Company and SUNMI Technology (Shenzhen) Co., Ltd. (商米科技(深圳)有限公司)	PRC	CN202111385100.7	November 22, 2021	November 22, 2041
46.	An anti-misinsertion protection circuit, method and electronic device (一種防誤插保護電路、方法和電子設備)	Invention patent	Company and Citaq Co., Ltd. (廣東川田科技有限公司)	PRC	CN202111631150.9	December 28, 2021	December 28, 2041
47.	A power supply control system and method, printing device and power supply control method thereof (供電控制系統及方法、打印設備及其供電控制方法)	Invention patent	Company	PRC	CN202111662596.8	December 31, 2021	December 31, 2041
48.	A data processing method based on API gateway and the API gateway (基於API網關的數據處理方法及API網關)	Invention patent	Company and Citaq Co., Ltd. (廣東川田科技有限公司)	PRC	CN202210033242.5	January 12, 2022	January 12, 2042
49.	A learning-based printing paper positioning method and system (基於學習的打印紙定位方法及系統)	Invention patent	Company and SUNMI Technology (Shenzhen) Co., Ltd. (商米科技(深圳)有限公司)	PRC	CN202210797887.6	July 6, 2022	July 6, 2042

APPENDIX IV**STATUTORY AND GENERAL INFORMATION**

No.	Patent description	Category	Registered Owner	Place of Registration	Patent Number	Filing Date	Expiry Date
50.	A QR scanning engine scanning method, system, QR scanning device and storage medium (一種掃碼引擎掃描方法、系統、掃碼設備及存儲介質)	Invention patent	Company and Citaq Co., Ltd. (廣東川田科技有限公司)	PRC	CN202210840725.6	July 18, 2022	July 18, 2042
51.	A thermal paper printing identification method, apparatus and thermal printer (一種熱敏紙打印識別方法、裝置及熱敏打印機)	Invention patent	Company and Citaq Co., Ltd. (廣東川田科技有限公司)	PRC	CN202210885820.8	July 26, 2022	July 26, 2042
52.	EMBEDDED TOUCH POS MACHINE	Invention patent	Company	U.S.	US9,922,314	October 26, 2012	October 26, 2032

Domain Names

As of the Latest Practicable Date, we had registered the following internet domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Registration Date	Expiry Date
1.	sunmi.com	the Company	April 24, 2002	April 24, 2033
2.	maxiot.com	the Company	May 29, 2020	May 29, 2033

Save as disclosed above, as of the Latest Practicable Date, there were no other intellectual property rights which are or may be material to our business.

FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**Interests of our Directors and chief executive in the Company and our associated corporations**

Immediately following the completion of the Global Offering and save as disclosed below, so far as our Directors are aware, none of our Directors and chief executive has any interests and short positions in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) (i) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or (ii) which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules:

Interests in the Company

<u>Name</u>	<u>Position</u>	<u>Nature of Interest</u>	<u>Description of Shares</u>	<u>Number of Shares</u>	<u>Approximate percentage of interests in respective class</u>
Mr. Lin	Executive Director, chairman of the Board and general manager	Beneficial owner	Class A Shares	98,584,276	100%
		Interests in controlled corporation	Class B Shares ⁽¹⁾	41,251,282	13.57%

Note:

- (1) Mr. Lin is the general partner of Woyou ESOP, Woyou Partnership and Ningbo Woyou. Therefore, Mr. Lin is deemed to be interested in the Shares held by Woyou ESOP, Woyou Partnership and Ningbo Woyou in our Company under the SFO.

Interests of the substantial shareholders in the Shares

Save as disclosed in “Substantial Shareholders” in this Prospectus, immediately following the completion of the Global Offering, 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.

Particulars of Directors’ Service Contracts

Each of the Directors has entered into a service contract or a letter of appointment with our Company.

Save as disclosed 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).

Remuneration of Directors

Save as disclosed in “Directors and Senior Management” and Note 13 to the Accountants’ Report set out in Appendix I to this Prospectus for the three years ended December 31, 2025, none of our Directors received other remunerations or benefits in kind from us.

Disclaimers

- (a) save as disclosed in the section headed “Substantial Shareholders” in this Prospectus and this section, none of our Directors or our chief executive has any interest or short position in

our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are listed on the Stock Exchange;

- (b) save as disclosed in the section headed “Substantial Shareholders” in this Prospectus, none of our Directors is aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the Global Offering and the conversion of Unlisted Shares into H Shares, have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group;
- (c) none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders who own more than 5% of the number of issued shares of our Company have any interests in the five largest customers or the five largest suppliers of our Group for each year/period during the Track Record Period; and
- (d) none of our Directors or any of the parties listed in “Qualifications of Experts” of this Appendix is:
 - i. interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this Prospectus, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group; or
 - ii. materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to our business.

OTHER INFORMATION

Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries under the laws of the PRC.

Litigation

As of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against any member of our Group, that would have a material and adverse effect on our Group’s results of operations or financial conditions, taken as a whole.

Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred any material preliminary expenses.

Promoter

The promoters of the Company are shareholders of our Company as of June 28, 2019 immediately before our conversion into a joint stock limited liability company. Within the two years immediately preceding the date of this Prospectus, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to the promoters in connection with the Global Offering and the related transactions described in this Prospectus.

Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of our Shares being sold or transferred.

No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since December 31, 2024 (being the date to which the latest consolidated financial statements of our Group were prepared).

Qualifications of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this Prospectus are as follows:

Name	Qualification
Deutsche Securities Asia Limited	A licensed corporation under the SFO to conduct type 1 (dealing in securities), type 2 (dealing in future contracts) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
CITIC Securities (Hong Kong) Limited	A licensed corporation under the SFO to conduct type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
ABCI Capital Limited	A licensed corporation under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
Jingtian & Gongcheng Li & Partners	Legal adviser to our Company as to PRC law Legal adviser to our Company as to Hong Kong laws
Shook Lin & Bok LLP	Legal adviser to our Company as to Singapore laws
Sheppard, Mullin, Richter & Hampton LLP	Legal adviser to our Company as to international sanctions laws
Shanghai Landing Law Offices	Legal adviser to our Company as to PRC data compliance
Bay WinBird, A Professional Corp.	Legal adviser to our Company as to U.S. data compliance
Zhengen GONG & Me. Aurore BONAVIA (Attorney at Law at French Bar)	Legal adviser to our Company as to Europe data compliance
Zhong Lun Law Firm	Legal adviser to our Company as to arbitration matter
Deloitte Touche Tohmatsu	Certified Public Accountants Registered Public Interest Entity Auditor
China Insights Consultancy	Independent industry consultant

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Consents of Experts

Each of the experts as referred to “Qualifications of Experts” of this Appendix has given and has not withdrawn their respective written consents to the issue of this Prospectus with the inclusion of their reports and/or letters (as the case may be) and the references to their names included in the form and context in which they are respective included.

Joint Sponsors’ Independence

Each of the Joint Sponsors satisfies the independence criteria applicable to the sponsor set out in Rule 3A.07 of the Listing Rules.

Pursuant to the engagement letter entered into between the Company and the Joint Sponsors, the total Joint Sponsors’ fees payable by us to the Joint Sponsors in respect of their services as sponsors in connection with the Listing on the Stock Exchange is USD1 million.

Binding Effect

This Prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

Bilingual Prospectus

The English and Chinese language versions of this Prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Miscellaneous

- (a) except the Listing, within the two years preceding the date of this Prospectus: (i) we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Company;
- (b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;
- (c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;

- (d) there are no arrangements under which future dividends are waived or agreed to be waived;
- (e) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;
- (f) there are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business;
- (g) 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;
- (h) save as disclosed in the section headed “Regulatory Overview” in this Prospectus, there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;
- (i) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Hong Kong Stock Exchange is currently being or agreed to be sought;
- (j) our Company has no outstanding convertible debt securities or debentures;
- (k) our Company is a joint stock limited company and is subject to the PRC Company Law; and
- (l) our Company has adopted a code of conduct regarding Directors’ securities transactions on terms as required under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

- (a) a copy of each of the material contracts referred to in “Statutory and General Information — Further Information about our Business — Summary of Material Contract” in Appendix IV to this Prospectus; and
- (b) the written consents referred to in “Statutory and General Information — Other Information — Consents of Experts” in Appendix IV to this Prospectus.

Copies of the following documents will be published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at <https://www.sunmi.com> during a period of 14 days from the date of this Prospectus:

- (a) the Articles of Association;
- (b) the Accountants’ Report from Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this Prospectus;
- (c) the report from Deloitte Touche Tohmatsu on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this Prospectus;
- (d) the material contracts referred to in “Appendix IV — Statutory and General Information — Further Information about our Business — Summary of Material Contract” in this Prospectus;
- (e) the written consents referred to in “Appendix IV — Statutory and General Information — Other Information — Consents of Experts” in this Prospectus;
- (f) the service contracts and letters of appointment referred to in “Appendix IV—Statutory and General Information — Further Information about our Directors, Chief Executive and Substantial Shareholders —Particulars of Directors’ Service Contracts” in this Prospectus;
- (g) the legal opinions issued by Jingtian & Gongcheng, our PRC Legal Adviser, in respect of, among other things, the general corporate matters and property interests of our Group under the PRC law;
- (h) the legal opinion issued by Li & Partners, our legal advisors as to Hong Kong laws, in respect of certain general corporate matters of the Group members incorporated in Hong Kong;

APPENDIX V**DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES IN HONG KONG AND AVAILABLE ON DISPLAY**

- (i) the legal opinion issued by Shook Lin & Bok LLP, our legal advisors as to Singapore laws, in respect of certain general corporate matters of the Group members incorporated in Singapore;
- (j) the legal opinion issued by Sheppard, Mullin, Richter & Hampton LLP, our legal advisors as to international sanctions laws, in respect of certain matters in relation to international sanctions of our Group;
- (k) the legal opinion issued by Shanghai Landing Law Offices, our legal advisors as to PRC data compliance, in respect of certain matters in relation to PRC data compliance of our Group;
- (l) the legal opinion issued by Bay WinBird, A Professional Corp., our legal advisors as to U.S. data compliance, in respect of certain matters in relation to U.S. data compliance of our Group;
- (m) the legal opinion issued by Zhengnan GONG & Me.Aurore BONAVIA (Attorney at Law at French Bar), our legal advisors as to Europe data compliance, in respect of certain matters in relation to Europe data compliance of our Group;
- (n) the legal opinion issued by Zhong Lun Law Firm, our legal advisors as to arbitration matter, in respect of certain matters in relation to the arbitration matter as disclosed in the section headed “Business - Legal Proceedings and Compliance”;
- (o) the industry report issued by China Insights Consultancy, our Industry Consultant, referred to in “Industry Overview” in this Prospectus; and
- (p) copy of the following PRC laws, together with unofficial English translations:
 - (i) the PRC Company Law;
 - (ii) the PRC Securities Law; and
 - (iii) the Overseas Listing Trial Measures.

SUNMI