An* [REDACTED] *in our Shares involves various risks. You should carefully consider all the information in this document and in particular the risks and uncertainties described below before making an* [REDACTED] *in our Shares.

The occurrence of any of the following events could materially and adversely affect our business, financial condition, results of operations or prospects. If any of these events occurs, the* [REDACTED] *of our Shares could decline and you may lose all or part of your* [REDACTED]*. You should seek professional advice from your relevant advisers regarding your prospective* [REDACTED] *in the context of your particular circumstances.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We face intense competition in the dental medical devices industry. Our inability to compete effectively could materially and adversely affect our prospects, business, financial condition and results of operations.

We operate in a concentrated and competitive market primarily led by well-known foreign manufacturers globally and in China. Our revenue in 2024 accounted for 1.3% of the China dental materials market. Our impression taking materials ranked first in the Chinese market in 2024 by sales revenue with a market share of 20.2%, though the second-largest player held 13.5% of the market. Demand for our products can be impacted by several factors, including effectiveness, safety, ease of use, reliability, aesthetics and pricing compared to competing products. We may be unable to provide products that are more desirable than those of our competitors, and our ability to market our products effectively or respond adequately to competitive pressures may be limited. Additionally, our competitors may offer discounts on their products, which we may not be able to match profitably. Furthermore, they may develop technologies and products that are more effective than those we currently offer, potentially rendering our products obsolete or uncompetitive. The timing of new products launch by our competitors could also affect our market acceptance and share of our products.

While our past business growth, revenue and profitability have largely depended on our success in penetrating the domestic market, we aim to establish a strong presence and boost sales globally. Consequently, we may encounter intense and uncertain competition and may not localize and compete effectively in the overseas markets, which may materially and adversely affect our prospects, business, results of operations and financial condition.

If we fail to effectively compete against existing products or respond to products from new or existing competitors, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our historical business growth, revenue and profitability may not predict future performance, and our success largely depends on our ability to execute our business strategy.

We experienced continuous and steady growth from 2023 to 2025. Our revenue increased by 11.7% from RMB357.6 million in 2023 to RMB399.4 million in 2024, and remained relatively stable at RMB400.1 million in 2025. Going forward, we may face slower-than-expected growth rates, business stagnation, or even a decline in revenue. If we fail to recover or increase our revenue at the anticipated rate or if the increases in our costs and expenses outpace the growth in our revenue, we may fail to achieve or maintain profitability.

Our ability to achieve profitability and positive cash flow will largely depend on our successful execution of our business strategies, which depends on several factors, including our ability to: (i) innovate and develop new technologies and products; (ii) develop functionalities and features that meet market demand and preferences; (iii) enhance our production capacity and efficiency; (iv) maintain adequate control over our costs and expenses; (v) increase market acceptance of our products; and (vi) improve our brand recognition and reputation among dental professionals and their prospective patients.

We may also encounter unforeseen costs and expenses, difficulties, complications, delays and other unknown events. Additionally, our ability to execute our business strategy is subject to various factors beyond our control, such as changes in the macroeconomic and regulatory landscape, as well as competitive dynamics. We cannot guarantee that we will be able to respond to these changes in a timely and effective matter, failure of which will adversely affect our business, results of operations and financial condition.

Demand for dental medical devices may not grow as rapidly as we anticipate due to various factors, including market conditions, which would materially and adversely affect our business, results of operations and financial condition.

The global dental medical devices market has experienced rapid growth, with the market size grew at a CAGR of 5.3% from RMB261.2 billion in 2019 to RMB338.3 billion in 2024. However, the future demand for dental medical devices may be difficult to anticipate as it depends on several variables largely beyond our control, including market recognition, competing technologies and the industry's growth. Moreover, if any manufacturers in the industry face product liability disputes, it may negatively affect other players in the industry if, for example, such disputes negatively affect dental professionals' or patients' perception on similar products, potentially resulting in a decrease in our results of operations. If the demand for dental medical devices fails to increase as rapidly as we anticipate, our business, financial condition, results of operations and prospects may be materially and adversely affected.

If we fail to attract, engage and retain dental professionals utilizing our products, our business, results of operations and financial condition may be materially and adversely affected.

We provide our products to dental professionals, including dentists and dental laboratories. Our business has depended on, and will continue to significantly depend on, dental professionals and their demand for our products. Several factors could negatively affect the attraction, engagement and retention of dental professionals and their acceptance of our products, including: (i) we may be unable to identify or meet evolving demands of dental professionals; (ii) we may not be able to timely develop and provide new products in accordance with dental professionals' requests; (iii) we may fail to update existing technologies or develop new technologies in time to stay ahead or abreast of market advances; (iv) our competitors may develop or launch products similar to or better than ours, which may result in our loss of existing dental professionals or decline in the number of new dental professionals; and (v) patients may not accept our products or may find the products of our competitors or other dental treatment alternatives more desirable, which in turn affects our relationship with dental professionals.

If dental professionals no longer view our products as useful and attractive as compared to competing offerings or are not receptive to our products, our business, results of operations and financial condition may be materially and adversely affected.

If we fail to implement our expansion plan as planned, our business and prospects could be materially and adversely affected.

We intend to further upgrade and expand our operations. For instance, we plan to use approximately [**REDACTED**]% of the net [**REDACTED**] received from the [**REDACTED**] to upgrade and expand our production lines in our Rizhao manufacturing facility, and [**REDACTED**]% to establish a manufacturing facility in Indonesia. Our anticipated costs will primarily cover construction and upgrading, as well as the purchase of automated production machinery and other equipment. See "Business — Manufacturing — Upgrade Plan" and "Future Plans and Use of [**REDACTED**]" for details.

However, we cannot assure you that our expansion plan will be successfully implemented without delay. The successful execution of our expansion plan is subject to several risks, including our ability to obtain the requisite permits, licenses and approvals for the construction and operation of the new manufacturing facilities. We also face risks related to potential construction delays and the timely recruitment of qualified staff for our new facilities, as well as for our expanded sales team and research and development team.

Any failure or delay in implementing our expansion plan may result in insufficient production capacity to support our growth and market expansion, which could materially and adversely affect our business, financial condition and results of operations. Additionally, our expansion plan requires significant capital investment, and actual costs may exceed our initial estimates, which could affect our liquidity if we are unable to generate sufficient cash flow from operations or financing activities.

To enhance our sales and research and development capabilities, we rely on the recruitment of qualified staff at appropriate compensation levels, failure of which may delay our expansion plan or further increase our staff costs. Moreover, expanding our production capacity typically leads to higher depreciation expenses in future periods. If we fail to fully utilize the additional production capacity due to adverse changes in market conditions, technologies, relevant policies during project implementation, or estimation deviations, and do not generate sufficient profit to offset the increased depreciation expenses, our profitability may suffer from the expansion, and our business, financial condition and results of operations could be materially and adversely affected.

Our robust technologies, underpinned by strong research and development capacities, are among our core competencies. Any failure to retain research and development talent or improve our research and development capabilities would materially and adversely affect our business, results of operations and financial condition.

Our future success relies on our ability to respond promptly and effectively to advances in the industry. We intend to continue to invest significant resources to bolster our technical capabilities and step up our research and development efforts. In 2023, 2024 and 2025, our research and development expenses were RMB23.8 million, RMB29.4 million and RMB31.4 million, respectively. However, we cannot guarantee that we will be successful in developing or adapting to new technologies.

Our highly skilled research and development staff is one of our core competencies, and we rely heavily on them for the success of our business operations. As of December 31, 2025, we had 59 research and development staff dedicated to maintaining and improving our existing products and technologies, as well as innovating new ones. We have offered competitive compensation and career opportunities to retain our talent. However, the high demand for experienced specialists indicates our competitors may solicit key members of our team, leading to a turnover, despite the non-compete agreements we have with our talents. Finding equivalent and suitable replacements for our research and development staff can be challenging and may take an exceptionally long time. During this process, our research and development capacity could be materially and adversely impaired, which would result in a severe loss to our business.

Moreover, maintaining and improving the competitive edge of our technology platforms are also subject to external factors, including new industry standards and practices, regulatory changes, as well as emerging technologies. We cannot assure you that we will stay ahead of our competitors who may adopt and develop technologies similar or superior to ours. We may also fail to maintain our competitive edge in the overseas markets, which may incur additional costs and expenses for our research and development efforts aboard. If we are unable to adapt and retain our technical competitive edge in a cost-effective and timely manner, our results of operations and overall business prospects may be materially and adversely affected.

We are subject to various risks relating to Third-party Payment Arrangements.

During the Track Record Period, certain of our customers settled their payments through third-party payors (the "**Third-party Payment Arrangement(s)**"). In 2023, 2024 and 2025, the aggregate amount of third-party payments accounted for approximately 5.7%, 4.9% and

5.4% of the total payments we received from all customers, respectively. See "Business — Sales and Marketing — Third-party Payment Arrangements" for details. However, we remain vulnerable to risks relating to these Arrangements. In the event of any claims or legal proceedings (whether civil or criminal) arising from third-party payors or their liquidators against us in respect of Third-party Payment Arrangements, we may incur significant financial and managerial costs to defend ourselves, which could materially and adversely affect our financial condition and results of operations.

Furthermore, as we have limited visibility over the source of funds used by third-party payors, we cannot rule out the possibility that such funds may be derived from illegal activities, including money laundering or other non-compliant sources. In the event that any Third-party Payment Arrangement is found to involve suspicious or unlawful funds, we may become subject to regulatory investigations, reputational harm, or even legal liabilities. Additionally, relevant payments may be subject to freezing or clawback actions initiated by authorities or liquidators, which may disrupt our cash flow and adversely affect our financial condition, results of operations and business prospects.

We rely on distributors for the majority of our revenue. We have limited control over the operations and actions of our distributors, and our efforts to manage them may not be effective. Our distributors may underperform or engage in actions that could have a material adverse effect on our business, prospects and reputation.

During the Track Record Period, we engaged distributors to boost sales and market share by leveraging their channel resources, thereby reducing our marketing costs. In 2023, 2024 and 2025, we generated 76.7%, 78.0% and 77.4% of our total revenue from sales to distributors, respectively. Our financial results largely depend on the performance of our distributors. We enter into distribution agreements with our distributors, relying on these distribution agreements to govern our relationships, including their compliance with applicable laws, rules, regulations and our policies. Therefore, our ability to manage the activities of our distributors may be limited. Our distributors may engage in actions that could have a material adverse effect on our business, prospects and reputation: (i) breaching our agreements, including by selling our products to dental medical institutions outside designated territories; (ii) failing to adequately promote our products; (iii) failing to maintain the requisite licenses or comply with applicable regulatory requirements when selling our products; or (iv) violating laws and regulations of China or other countries where we operate.

Our overseas distributors may engage sub-distributors to distribute our products to end customers. Our management of these overseas sub-distributors are inherently attenuated, and these sub-distributors may fail to comply with our distribution policies. Non-compliance by sub-distributors could also result in reputational damage, regulatory penalties, or disruptions to our distribution network, which could result in a material adverse effect on our business, financial condition, results of operations and prospects.

Any violation or alleged violation by our distributors of these distribution agreements or any applicable laws and regulations could damage our reputation, decrease the market value of our brand, and lead to a negative public perception about the quality of our products, which could result in a material adverse effect on our business, financial condition, results of operations and prospects.

We may be involved in legal proceedings and disputes to protect or enforce our intellectual property rights or defend against infringement and other claims alleged by third parties, which could be expensive, time-consuming and unsuccessful.

Our intellectual property rights may be challenged, invalidated or circumvented. To counter infringement or unauthorized use, we may be required to file infringement claims. In any such proceeding, a court may find our patents invalid, unenforceable or not covering the technology in question, and may decline to issue an injunction, limiting our remedy to monetary damages. Enforcing our intellectual property rights may also prompt counterclaims against us, which could be costly to defend. Any loss or weakening of our intellectual property protection could dissuade potential collaborators and have a material adverse impact on our business.

Conversely, we cannot guarantee that our products do not, or will not in the future, infringe third-party intellectual property rights. If a third party asserts such claims against us, a court could hold the relevant patents valid and enforceable, potentially blocking our ability to commercialize the applicable product. To resolve such disputes, we may need to seek a license, which may not be available on acceptable terms or at all. Even where a license is obtained, it may be nonexclusive, allowing competitors access to the same intellectual property. In a worst-case scenario, we could be forced to modify or cease certain aspects of our business operations, or be found liable for significant monetary damages.

Any litigation, regardless of outcome, may result in substantial costs and distraction of our management and other employees. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure. In addition, public announcements of litigation developments, if perceived negatively by investors or analysts, could have a material adverse effect on the price of our Shares.

If we are unable to obtain and maintain adequate patent and other intellectual property protection, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties could develop products similar or identical to ours and compete directly against us.

Our success depends, to a certain extent, on our ability to protect our proprietary technology and products from competition by obtaining, maintaining, defending and enforcing our intellectual property rights, including patent rights. We seek to protect the products and technology that we consider important primarily by filing patent applications in Chinese Mainland. This process of obtaining and maintaining intellectual property may be expensive and time-consuming, and we may not be able to file all necessary or desirable patent applications and secure other intellectual property protection in all jurisdictions in a timely manner. It is also possible that we will fail to identify patentable aspects of our research and development before it is too late to obtain protection.

Even if patents are issued, their issuance is not conclusive as to their scope, validity, or enforceability. Our patents may be challenged, invalidated, or narrowed in court or patent office proceedings. Such outcomes could limit our ability to stop competitors from using similar technologies or allow them to circumvent our patents by developing non-infringing alternatives. Consequently, our patent portfolio may not provide us with sufficient rights to exclude others from competing with our products.

Furthermore, filing, prosecuting, maintaining and defending patents on products in all countries throughout the world could be prohibitively expensive for us, and the laws of certain countries do not protect intellectual property rights to the same extent as the laws of certain other countries. Enforcement proceedings in foreign jurisdictions could result in substantial costs, divert management attention, and yield uncertain outcomes. Competitors may exploit our technologies in jurisdictions where we have not obtained patent protection, or where enforcement rights are weaker, to develop competing products and export them into jurisdictions where we do have patent protection.

Consequently, our patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours, which could have a material adverse effect on our business, financial condition and results of operations.

If our trademarks and trade names are not adequately protected, then we may not be able to build name recognition in our target markets and our business may be adversely affected.

We own several trademarks in Chinese Mainland and other jurisdictions. However, our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition among potential partners or customers in our target markets. Competitors may occasionally adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively, and our business may be adversely affected.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed.

We rely on trade secrets and confidential information, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and to protect our products. We seek to protect such information primarily by entering into confidentiality and invention assignment agreements with our employees, consultants, and third parties. However, we cannot guarantee that we have entered into such agreements with every party that has access to our proprietary information, nor can we assure that these agreements will not be breached. We may not be able to obtain adequate remedies.

Moreover, trade secrets are difficult to protect. Our competitors may independently develop equivalent technology or otherwise discover our trade secrets. If a third party lawfully obtains or independently develops our trade secrets, we would have no right to prevent them from using such information to compete with us. Enforcing claims against parties that illegally disclose or misappropriate trade secrets can be difficult, expensive and time-consuming, with unpredictable outcome.

In addition, while our employment agreements generally stipulate that any inventions or other intellectual property created during the course of employment shall belong to our Company, we may face claims challenging the ownership of such intellectual property if valid agreements were not executed or are contested. Litigation to defend against these claims or to enforce our trade secret rights could result in substantial costs, divert management's attention, and lead to the loss of valuable intellectual property rights, which could have a material adverse effect on our business, financial condition, and results of operations. See also "— We may be involved in legal proceedings and disputes to protect or enforce our intellectual property rights or defend against infringement and other claims alleged by third parties, which could be expensive, time-consuming and unsuccessful."

Failure to effectively expand our sales and marketing capabilities could harm our ability to increase the sales of our products and achieve broader market acceptance.

We sell a portion of our products directly to dental medical institutions and laboratories. In 2023, 2024 and 2025, we generated approximately 22.7%, 21.8% and 22.4% of our total revenue, respectively, from these direct sales. Consequently, our ability to increase product sales and achieve broader market acceptance depends on our ability to expand and enhance our in-house sales and marketing operations.

Additionally, we rely on our sales and marketing team to communicate with our past, current and potential customers to understand their needs and preferences. This insight enables us to improve our existing products and introduce new products or enhancements to better meet market demands. However, if we are unable to hire, develop and retain qualified sales and marketing personnel, or if our new team members do not achieve desired performance levels in a timely manner, we may not be able to increase sales and gain wider market acceptance, which could adversely affect our business operations and financial results.

We rely on suppliers for raw materials of our dental medical devices, which may render us vulnerable to supply shortages, quality issues and price fluctuations and could materially and adversely affect our business, results of operations, financial condition and prospects.

Our suppliers primarily include those providing raw materials. In 2023, 2024 and 2025, our top five suppliers in each year during the Track Record Period accounted for 26.2%, 22.1% and 20.4% of our total purchases, respectively, while our largest supplier in each year during the Track Record Period accounted for 6.7%, 7.5% and 7.4% of our total purchases in the same years, respectively. As we rely on suppliers for key raw materials, any interruptions or changes in such supply, or our inability to obtain alternative suppliers meeting our quality standards at acceptable prices in a timely manner, may impair our ability to meet the demands of our customers, which could have a material adverse effect on our business, results of operations, financial condition and prospects. Moreover, we expect our increased demand for such raw materials as we continuously expand our business scale. However, we cannot guarantee that our current suppliers will have the capacity to meet our increasing demand. Additionally, we enter into minimum purchase commitments with certain suppliers, which could impact our ability to adjust our raw materials inventories in response to a temporary decline in market demand. If demand for our dental medical devices is less than we expect for reasons beyond our control, such as an economic slowdown in the global or Chinese markets, we may experience additional excess and obsolete inventories and our profitability may suffer.

We cannot assure you that our suppliers will maintain their business relationship with us on commercially reasonable terms, or at all. Nor can we assure you that we will be able to secure a stable supply of qualified raw materials at all times in the future. If our major suppliers terminate their business relationships with us, or fail to provide us with adequate supply to meet our needs, we may need time to find suitable alternative suppliers. Therefore, if we cannot maintain business relationships with our existing suppliers, or if these suppliers increase prices, delay delivery, provide unqualified equipment or raw materials, or encounter financial, operating or other difficulties, we may experience manufacturing disruptions, which could materially and adversely affect our business, financial condition and results of operations.

Moreover, prices of certain principal raw materials may fluctuate, which could affect our business. During the Track Record Period, the average unit price of PMMA increased by approximately 1.7% from 2023 to 2024 and by approximately 1.5% from 2024 to 2025. Despite these fluctuations, our cost of sales and gross profit margin were not materially affected during the same years. However, if prices of certain principal raw materials increase significantly, in which case we may not be able to increase the prices of our products to offset the impacts. Therefore, if our suppliers increase prices of or reduce discounts on the raw materials and we fail to secure replacement for such materials at a better price, we may experience a decline in our profits.

In addition, some of our major suppliers are located outside of Chinese Mainland. As a result, delays in customs clearance, trade tensions or regulatory embargoes imposed by foreign countries or Chinese Mainland could result in delays or shortages of our raw materials. See also "— Risks Relating to Doing Business in the Jurisdiction Where We Operate — Developments in international trade policies and political tensions may adversely impact our business and results of operations." If we are unable to identify alternative materials or suppliers in a timely manner to obtain raw materials in the quantities or at the quality or price that we require, our business could be harmed.

We face credit risk from our customers, and our failure to collect on trade receivables from our customers may have a material adverse effect on our business operations and financial condition.

We sell our products through direct sales to dental medical institutions and laboratories, and sales to distributors. The credit period generally ranges from 30 to 90 days. As of December 31, 2023, 2024 and 2025, we had trade receivables of RMB22.5 million, RMB27.3 million and RMB28.3 million, respectively. As a result, we may be exposed to credit risk. We cannot guarantee that we will properly assess and respond to changes in our customers' credit profiles in a timely manner. Our direct sales customers and distributors may experience financial difficulties, which could negatively impact our ability to collect the amount due to us. Tools that we deploy to mitigate our potential credit risks may not provide sufficient coverage against all credit losses. Such adverse financial conditions may prolong the collection period associated with trade receivables or reduce the likelihood of full collection, which could be material and have an adverse effect on our business, financial condition and results of operations.

We may not be able to maintain effective quality control over our products.

The quality of our products significantly depends on the effectiveness of our quality control and quality assurance, which in turn depends on factors, such as the production processes in our manufacturing facilities, the quality and reliability of equipment, the quality of our staff and related training programs and our ability to ensure that our employees adhere to our quality control and quality assurance protocol. We operate a comprehensive quality control system that spans all key stages of research and development, as well as manufacturing processes. However, we cannot assure you that our quality control and quality assurance procedures will be effective in consistently preventing and resolving deviations from our quality standards or that our standard operating procedures will be complete or updated at all times. Any significant failure or deterioration of our quality control and quality assurance protocol or standard operating procedures could render our products unsuitable for use, result in gaps in the audit of our processes and/or harm our market reputation and relationship with business partners. Any such developments may have a material adverse effect on our business, financial condition and results of operations.

We are exposed to potential product liability claims.

We may be exposed to product liability claims for the dental medical devices we manufacture and market. In China, medical devices are classified by the NMPA as Class I, Class II or Class III based on the risk to the human body. Most of our dental medical devices are classified as Class II, which represents a medium level of risks to the human body and requires a relatively high level of supervision to ensure safety and effectiveness. We may be subject to product liability claims if our dental medical devices have latent quality issues. We may be held liable if any dental medical devices we develop cause injury or are otherwise found unsuitable. As some of our product lines were developed relatively recently, latent defects or risks may not have been identified at the current stage. We cannot assure you that our dental medical devices have no latent quality issues or disadvantages that are not discernible or foreseeable. Our products might prove to be less effective than they currently appear to be or even prove to be defective to a certain extent at a later stage. In addition, even if our products do not have latent defects, claims may arise from different stages of treatment which are beyond our control. Dental professionals using our dental medical devices may adopt inappropriate procedures unintentionally or negligently, and their patients may not follow the dental professionals' advice during treatment. In addition, patients may consider that the expected treatment results have not been achieved. In such cases, the patients may initiate legal proceedings against us, and the dental professionals may claim, with or without merit, that our dental medical devices have latent defects. We cannot rule out the possibility of incurring liabilities or suffering losses due to similar product liability claims. These proceedings could be expensive and time-consuming to defend and may have a material adverse impact on our business, reputation, financial condition and results of operations.

We had purchased certain product liability insurance. See "Business — Insurance." However, there can be no assurance that we will be able to maintain our product liability insurance on acceptable terms, or our insurance coverage may not be sufficient to cover any or all of our potential losses in product liability claims. If a product liability claim or a series of claims is brought against us and we are ultimately held liable for such claim or series of claims, our reputation, business, results of operations or financial condition will be materially and adversely affected.

Any product recall would damage our brand and could have a material adverse effect on our reputation, business, financial condition and results of operations.

Medical devices, such as our dental medical devices, can occasionally encounter problems related to product performance, as well as how dental professionals apply these products and how patients use them. In both cases, this requires reviews and possible corrective actions by the manufacturer. Component failures, manufacturing errors or design defects could result in danger or injuries to patients. Any serious failures or defects could cause us to withdraw or recall products, which could result in significant costs. We cannot assure you that there would be no market withdrawals or product recalls of our dental medical devices. The occurrence of such market withdrawals or product recalls would have a material adverse effect on our business, financial condition and results of operations.

We may be exposed to the risks of conducting business globally.

International markets are an important component of our growth strategy. We have explored and plan to continue exploring market opportunities overseas, where we believe there is substantial demand for our products, and we have identified and collaborated, and intend to continue identifying and collaborating with reputable local partners that have proven track records to maximize the global value of our products. In 2023, 2024 and 2025, our revenue generated from overseas were RMB109.3 million, RMB128.1 million and RMB128.8 million, respectively.

However, such activities may subject us to additional risks that may materially adversely affect our ability to attain or sustain profitable operations, including but not limited to: (i) changes in a specific country's or region's political and cultural climate or economic condition; (ii) differing regulatory requirements for approvals and marketing internationally; (iii) potentially longer payment cycles, greater difficulty in accounts receivable collection and potentially adverse tax treatment; (iv) difficulty of effective enforcement of contractual provisions in local jurisdictions; (v) potentially reduced protection for intellectual property rights; (vi) unexpected changes in tariffs, trade barriers and regulatory requirements, and delays resulting from difficulty in obtaining export licenses, tariffs and other barriers and restrictions; (vii) efforts to enter into collaboration arrangements with third parties may increase our expenses or divert our management's attention from the development of products; (viii) significant adverse changes in currency exchange rates; (ix) compliance with tax, employment, immigration and labor laws for employees traveling abroad; and (x) business interruptions resulting from geopolitical actions, including war and acts of terrorism, or natural disasters, including earthquakes, volcanoes, typhoons, floods, hurricanes and fires.

If we fail to perform our contract obligations, our business, results of operations and financial condition may be materially and adversely affected.

As of December 31, 2023, 2024 and 2025, we recorded contract liabilities of RMB41.8 million, RMB34.1 million and RMB33.1 million, respectively. Our contract liabilities primarily arose from the advance payments made by customers before the delivery of underlying products and services. Our contract liabilities are generally not refundable. However, if we fail to fulfill our obligations with respect to our contract liabilities, we may not be able to convert such contract liabilities into revenue as expected, and our customers may even request to cancel their agreements with us or ask for a partial or full refund, which may lead to customer dissatisfaction or even customers' disputes with us and, accordingly, our potential refund obligation. Furthermore, if we fail to fulfill our obligations with respect to our contract liabilities, customers may request not to prepay us in the future. Any of the circumstances could materially and adversely affect out our business, results of operations, cash flow and liquidity condition.

Our reputation is important to our success. Negative publicity with respect to us, management, employees, business partners, affiliates, or our industry, may materially and adversely affect our reputation, business and prospects.

We believe that market awareness and recognition of our brand image, along with the maintenance of a positive reputation, are crucial to the success of our business. However, our reputation is vulnerable to potential threats that can be difficult or impossible to control, and costly or impossible to remediate. While we will continue to promote our brands to remain competitive, we may not succeed in these efforts. In addition, we engage various third parties, such as distributors, to expand our commercialization network and increase market access for our products, which can make it increasingly difficult to effectively manage our brand reputation, as we have relatively limited control over these third parties.

Any regulatory inquiries, investigations or other actions against our management, as well as any perceived unethical, fraudulent, or inappropriate business conduct by us or perceived wrongdoing by any key member of our management, employees, business partners or affiliates, could harm our reputation and materially and adversely affect our business. Regardless of the merits or outcome of such regulatory inquiries, investigations or actions, our reputation may be substantially damaged, which may impede our ability to attract and retain talent and business partners and grow our business.

Our information technology systems, or those used by our partners or other contractors or consultants, may fail or suffer security breaches.

Despite the implementation of security measures, our information technology systems and those of our contractors, consultants and other service providers are vulnerable to damage from computer viruses, unauthorized access, cyber-attacks, natural disasters, terrorism, war and telecommunication and electrical failures. If such an event occurs and causes interruptions in our operations, it could result in a material disruption of our research and development programs. For example, our data may not be backed up in a timely manner and the loss of data from ongoing or future clinical evaluations for any of our products could result in delays in regulatory approval efforts and significantly increase costs to recover or reproduce the data. To the extent that any disruption or security breach was to result in a loss of or damage to data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and the further development of our products could be delayed.

Delivery delays and poor handling by third-party logistics service providers may adversely affect our business, financial condition and results of operations.

We rely on our third-party logistics service providers for the transportation of our dental medical devices to our customers. In 2023, 2024 and 2025, costs for third-party logistics services were RMB9.7 million, RMB11.1 million and RMB11.7 million, respectively. The logistics services provided by these providers may be suspended, which could interrupt the supply of our dental medical devices. Delayed or even lost deliveries may occur for various reasons beyond our control, including poor handling by our logistics service providers, labor disputes or strikes, acts of war or terrorism, health epidemics, earthquakes and other natural disasters. In addition, poor handling of our products could also result in product contamination or damage, which may in turn lead to product exchanges, product liability, increased costs and damage to our reputation. Any of the circumstances would materially and adversely affect our business, financial condition and results of operations.

We may be unable to attract and retain our Directors, senior management and qualified employees. Failing to do so would adversely affect our operations and growth.

Our success and future growth depend largely upon the continued services of our Directors, senior management and other qualified employees, such as experienced and skilled research and development, product design, sales and marketing and production personnel. We cannot assure you that these key personnel will not voluntarily terminate employment with us. The loss of any of our key personnel could be detrimental to our operations. Experienced personnel in the dental medical devices industry are in high demand, and competition for relevant talents is intense. Many of the companies with which we compete for experienced personnel have greater resources than we have. We cannot assure you that we will be able to attract and maintain an adequate skilled labor force necessary for us to execute our expansion plans and growth strategies. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and future growth could be adversely affected.

Non-compliance on the part of any third parties with which we conduct business could disrupt our business and adversely affect our results of operations and financial condition.

Third parties with which we conduct business may be subject to regulatory penalties or punishments because of their regulatory compliance failures, which may, directly or indirectly, disrupt our business. We cannot be certain whether such third parties have violated any regulatory requirements. For example, dental professionals and/or dental medical institutions may cause certain injuries to patients as a result of malpractice. In such events, even though we have related disclaimers, we may be involved in legal proceedings regarding malpractice and may even be held liable and have to pay damages to compensate such patients. Even though we have the contractual right to seek indemnification from the relevant dental medical institutions, there can be no assurance that we will be able to enforce such right. As a result, our business, results of operations and financial condition could be materially and adversely affected. Similarly, suppliers may also not be in full compliance with applicable laws and regulations, which may have an adverse effect on our business, results of operations and financial condition.

We cannot assure you that we will be able to identify non-compliance in the business practices of third parties we conduct business with, or that such irregularities or non-compliance will be corrected in a prompt and proper manner. Any legal liabilities and regulatory actions affecting third parties involved in our business may affect our business activities, and may in turn affect our results of operations and financial condition.

Our property valuation is based on certain assumptions which, by their nature, are subjective and uncertain and may materially differ from actual results.

Valuation of our selected property interests as of December 31, 2025 prepared by APAC Asset Valuation and Consulting Limited, an independent property valuer, are set forth in the valuation report set out as Appendix III to this document. The valuation is made based on assumptions which are subjective and uncertain and may differ from actual results. In addition, unforeseeable changes in general and local economic conditions or other factors beyond our control may affect the value of our properties. As a result, the valuation of our properties may differ materially from the price we could receive in an actual sale of the properties in the market and should not be taken as their actual realizable value or an estimation of their realizable value.

We benefit from certain preferential tax treatments and government grants, the expiration of or changes to which could adversely affect our profitability.

We currently benefit from certain preferential tax treatments. Our subsidiaries qualified as "High and New Technology Enterprises" ("**HNTE**") or "Small-Scaled Minimal Profit Corporates," which reduced our tax expenses by approximately RMB26.1 million during the Track Record Period. See note 10 to the Accountants' Report in Appendix I to this document for details. Moreover, we recorded government grants of RMB8.6 million, RMB4.5 million and RMB7.7 million for the years ended December 31, 2023, 2024 and 2025, respectively. For more details, see "Financial Information — Description of Certain Consolidated Statements of Profit or Loss Items — Other Income and Gains."

These tax incentives and grants are non-recurring in nature and are subject to government discretion, periodic renewal, and evolving laws and regulations. For instance, HNTE status requires renewal every three years. There is no assurance that we will continue to satisfy the eligibility criteria or that the relevant policies will remain unchanged. The discontinuation or reduction of these financial incentives could increase our effective tax rate and materially and adversely affect our profitability and cash flows.

Failure to effectively manage our inventory levels could materially and adversely affect our results of operations and financial condition.

As of December 31, 2023, 2024 and 2025, we had inventories of RMB45.5 million, RMB48.8 million and RMB57.8 million, respectively. During the Track Record Period, our inventories primarily included raw materials, work in progress and finished goods, and we regularly track our inventories to keep it at a level sufficient to fulfill customers' orders. However, we may be exposed to risks of overstocking or understocking inventories as a result of a variety of factors beyond our control, including changes of customer needs and the inherent uncertainty of successful product launches. We cannot assure you that we can accurately predict these trends and events, or that our inventories management measures will be implemented effectively so that we will not have significant levels of inventories excess or shortage. As a result of any unforeseen or sudden events, we may experience slow movement of our inventories, or fail to utilize our inventories swiftly.

Moreover, as we plan to continue expanding our product offerings, we may increase our inventory level, which will make it more challenging for us to manage our inventory effectively and will put more pressure on our warehousing system. To weather the impact of rising manufacturing costs and tightening supplies, we may strategically raise our inventory level from time to time, which can cause potential liquidity constraints to our operating cash flow and expose us to greater risk of negative price fluctuations. If we fail to manage our inventory effectively, we may be subject to a heightened risk of inventory obsolescence, a decline in inventory values, and significant inventory write-downs or write-offs. High inventory levels may also require us to commit substantial capital resources, preventing us from using that capital for other important purposes. On the other hand, if we underestimate the demand for our products, or if our suppliers fail to supply raw materials in a timely manner, we may experience inventory shortages, which might result in delayed delivery, missed sales, diminished brand loyalty and lost revenue. Any of the above may materially and adversely affect our business, financial condition and results of operations.

Our potential engagement in acquisitions in the future may increase our capital requirements, cause dilution for our Shareholders, cause us to incur debt or assume contingent liabilities, and subject us to other risks.

While we did not engage in acquisitions during the Track Record Period, we may explore merger and acquisition opportunities in the future to expand our business and overseas footprint. Any potential acquisition may entail numerous risks, including but not limited to: (i) substantial time and expenses incurred during negotiation, which do not guarantee the successful consummation of an acquisition; (ii) impact on our financial results, such as occurrence of goodwill impairment charges and amortization expenses for intangible assets; (iii) increased operating expenses, including research and development expenses due to an increased number of products, administrative expenses, as well as selling and distribution expenses, which result in increased cash requirements; (iv) the assumption of additional indebtedness or contingents; (v) the issuance of our equity securities resulting in dilution to our Shareholders; (vi) integration of operations, intellectual property and products of an acquired company, including difficulties associated with integrating new personnel, or failure to otherwise achieve intended synergies in the combined operations; (vii) the diversion of our management's attention from our existing product programs and initiatives in pursuing such a strategic merger or acquisition; (viii) retention of key employees, the loss of key personnel, and uncertainties in our ability to maintain key business relationships; (ix) risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing products and regulatory approvals; (x) our inability to generate revenue from acquired technology and/or products sufficient to meet our objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs; and/or (xi) deficiencies in internal controls, data adequacy and integrity, product quality and regulatory compliance, and product liabilities in the acquired business we discover after such acquisition, which may subject us to penalties, lawsuits or other liabilities.

Further, any difficulties in the integration of acquired businesses, products or technologies or unexpected penalties, lawsuits or liabilities in connection with such acquisition, could have a material adverse effect on our reputation, business, financial condition and results of operations.

Our planned business expansions expose us to liquidity risks.

As of December 31, 2023, 2024 and 2025, we recorded net current assets of RMB200.0 million, RMB233.9 million and RMB59.4 million, respectively. We believe that our current levels of cash flow from operations and the estimated net [**REDACTED**] from this [**REDACTED**], will be sufficient to meet our anticipated cash needs for at least 12 months following this [**REDACTED**]. However, we may need additional cash resources in the future if we wish to pursue opportunities for investment, acquisition, strategic cooperation or other expansion actions.

We plan to enrich our product offerings, enhance our production capacity, and expand our global business layout. We have mainly relied on cash generated from our operations and bank borrowings and to fund our business expansion. Our leverage could materially and adversely affect our liquidity. For example, it could: (i) require us to allocate a higher proportion of our cash flow to repay our borrowings and subsequently reduce the availability of our cash flow for operations; (ii) increase our vulnerability to adverse economic or industry conditions; (iii) potentially restrict us from pursuing strategic business opportunities; (iv) limit our ability to incur additional debt; and (v) increase our exposure to interest rate fluctuations.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced a reduction or withdrawal of credit from our lenders or an inability to settle our trade payables in the ordinary course of business. However, we cannot assure you that we will always be able to continue to refinance our future debts when they become due, repay our debt upon maturity and/or raise the necessary funding to finance our current liabilities and our capital commitments.

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

The Renminbi has fluctuated against the Hong Kong dollar and U.S. dollar. In 2023 and 2024, we recorded net foreign exchange gains of RMB3.6 million and RMB3.5 million, respectively. In 2025, we recorded net foreign exchange loss of RMB0.6 million. The value of Renminbi against the U.S. dollar and other currencies is affected by developments in political and economic conditions and by foreign exchange policies, among other things. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against the Hong Kong dollar or U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between Renminbi and the Hong Kong dollar or U.S. dollar in the future.

The [**REDACTED**] from the [**REDACTED**] will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or any other foreign currencies may result in the decrease in the value of our [**REDACTED**] from the [**REDACTED**]. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Furthermore, we are also currently required to complete filings with and obtain approvals from the State Administration of Foreign Exchange of the PRC (the "**SAFE**") before converting significant sums of foreign currencies into Renminbi. All of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

We may be involved in claims, disputes, litigation, arbitration or other legal proceedings in the ordinary course of business.

From time to time, we may be involved in claims, disputes and legal proceedings in our ordinary course of business. These may concern issues relating to, among others, product liability, environmental matters, breach of contract, employment or labor disputes and intellectual property rights. Any claims, disputes or legal proceedings initiated by us or brought against us, with or without merit, may result in substantial costs and diversion of resources, and if we are unsuccessful, could materially harm our reputation. Furthermore, claims, disputes or legal proceedings against us, our management or Directors may be due to actions taken by our counterparties, such as our suppliers. Even if we are able to seek indemnity from them, they may not be able to indemnify us in a timely manner, or at all, for any costs that we incur as a result of such claims, disputes and legal proceedings.

We may be subject to natural disasters, health epidemics, acts of war or terrorism or other factors beyond our control.

Our operations may be adversely affected by events beyond our control, including the threat of natural disasters, such as floods, earthquakes, sandstorms, snowstorms, fire or drought; the outbreak of a widespread health epidemic, such as swine flu, avian influenza, severe acute respiratory syndrome, or SARS, Ebola, Zika, COVID-19; and operational disruptions, such as power, water or fuel shortages, failures, malfunction and breakdown of information management systems, unexpected maintenance or technical problems, as well as potential wars or terrorist attacks. The occurrence of any such event in regions where we or our business partners operate could cause temporary or prolonged closure of facilities, injury or loss of life, damage to infrastructure, and disruption to our supply chain and business network. To the extent that any such event harms the global or PRC economy in general, our revenue and profitability could also be materially reduced. We may not be able to predict or adequately prepare for such events, and any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects.

If our employees, distributors, customers, suppliers or other business partners engage in bribery, corruption or other illegal or unethical conduct, we may face liability, and our reputation and business could suffer. Investigations into such practices could generate negative publicity and incur significant costs, further harming our business.

We could be liable for actions taken by our employees, distributors, customers, suppliers or other business partners that violate anti-bribery, anti-corruption and other related laws and regulations in China or elsewhere, over which we may have limited control. The government authorities may seize products involved in any illegal conduct by our employees and others associated with us. We could face claims, fines or suspension for our operations. Our brand and reputation, as well as our sales activities and Share price, could be adversely affected if our Company is associated with any negative publicity arising from illegal or unethical actions, or allegations thereof, by our employees or others associated with us.

Additionally, the government authorities in countries where we sell our products could introduce new or different regulations regarding the sale of medical devices to address bribery, corruption or other concerns. While we are not aware of any such changes, such new or different regulations could increase costs for us or distributors in selling our products or impose restrictions on sales and marketing activities, which could in turn increase our compliance costs. Any of the circumstances could have a material adverse impact on our business, financial condition and results of operations.

We may face penalties for our owned properties' title defects in Chinese Mainland.

We have not obtained the required planning permits or property ownership certificates of ancillary rooms with an aggregate GFA of approximately 20 sq.m, representing less than 0.1% of total owned GFA. Such ancillary rooms are used primarily for security and storing temporarily waste, which are immaterial to our operations. Pursuant to Urban and Rural Planning Law of the PRC, construction including ancillary rooms without permission are subject to a demolition order from the local authorities within a prescribed period of time; and if the ancillary rooms cannot be demolished, it will be confiscated, and we may incur a fine up to 10% of the total construction work cost. As a consequence of the foregoing, our rights to these ancillary rooms may be limited or challenged by relevant governmental authorities. We may be subject to administrative fines of up to approximately RMB22,600 given the total ancillary rooms cost of approximately RMB226,000 or other penalties due to the lack of the relevant regulatory permits, certificates and approvals.

Our leased properties may be subject to non-compliance or challenges that could potentially affect our future use of them.

We have leased certain properties in Chinese Mainland as our offices and warehouses. Some of these properties do not meet certain property-related requirements under PRC laws and regulations. For example, as of the Latest Practicable Date, seven of our leases had not been registered and filed with the competent PRC government authorities as required by applicable PRC laws and regulations. We cannot assure you that the lessors will cooperate and complete the registration in a timely manner. Our PRC Legal Advisors has advised us that failure to complete the registration and filing of lease agreements will not affect the validity of such leases or impede our use of the relevant properties but could result in the imposition of fines up to RMB10,000 for each leased property that is unregistered if we fail to rectify the noncompliance within the time frame prescribed by the relevant authorities. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any penalties arising from the non-registration of lease agreements. However, we cannot assure you that we would not be subject to any penalties and/or requests from local authorities to fulfill the registration requirements, which may increase our costs in the future. If any of our leases is terminated or becomes unenforceable as a result of challenges from third parties, we would need to seek alternative properties and incur relocation costs. Any relocation could lead to disruptions to our operations and adversely affect our business, financial conditions and results of operations.

We may be subject to additional social insurance fund and housing provident fund contributions and late fees or fines imposed by relevant regulatory authorities.

During the Track Record Period, we did not pay social insurance and housing provident fund in full for certain of our employees. According to the relevant PRC laws and regulations, we may be requested by relevant PRC authorities to pay the outstanding social insurance contributions within a prescribed period and we may be liable for a late payment fee equal to 0.05% of the outstanding contribution amount for each day of delay. If we fail to repay the outstanding social insurance contributions within the stipulated period, we may be liable to a fine of one to three times the outstanding contribution amount. Pursuant to relevant PRC laws and regulations, the relevant PRC authorities may demand us to pay the outstanding contributions of the housing provident fund within a stipulated deadline. If we fail to pay housing provident fund contributions within the prescribed deadline, we may be subject to an order by the relevant people's court to make such payments. In 2023, 2024 and 2025, the shortfall for the social insurance and housing provident fund contribution for each year, which had been accrued, amounted to RMB0.9 million, RMB0.4 million and RMB1.3 million, respectively. We cannot guarantee you that the competent government authorities will not require us to settle the outstanding amount within the specified time limit or impose late payment penalties on us. Such actions may have a material and adverse impact on our financial position and results of operation.

We have limited insurance coverage, and any claims beyond our insurance coverage may result in us incurring substantial costs and a diversion of resources.

We maintain industry-standard benefit plans in accordance with relevant laws and regulations, based on our assessment of our operational needs and industry practice. We maintain certain product liability insurance, export credit insurance, property all-risk insurance and work safety liability insurance. In line with general market practice, we have elected not to maintain certain types of insurances, such as business interruption insurance or key man insurance. Our existing insurance coverage may prove to be inadequate or could cease to be available to us on acceptable terms, if at all. A claim brought against us that is uninsured or under-insured could harm our business, financial condition and results of operations. Any liability or damage to, or caused by, our facilities or our personnel beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.

Global financial markets and economic conditions could affect our business, financial condition and results of operations.

Global economies could suffer dramatic downturns as the result of a deterioration in the credit markets and related financial crisis, as well as a variety of other factors, including inflation, threats or actual recessions, fluctuations in currency exchange rates, general economic weakness, extreme volatility in security prices, severely diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others. In the past, governments have taken unprecedented actions to address these extreme market and economic conditions by providing liquidity and stability to the financial markets. If these actions are unsuccessful, adverse economic conditions may significantly impact on our ability to raise capital, if needed, on a timely basis and on acceptable terms, and further affect our business, financial condition and results of operations. In addition, concerns over the recent Russian-Ukraine conflicts, unrest and terrorist threats in the Middle East and other regions, among others, contribute to uncertainties in the global financial markets. 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.

We could be adversely affected as a result of any transactions we have with countries that are, or become subject to, sanctions administered by the Relevant Sanctions Authorities.

Certain countries or organizations, including the U.S., the EU, the UK, Australia and the UN, have implemented economic sanctions against Sanctioned Countries or against targeted industry sectors, groups of companies or persons, and/or organizations.

During the Track Record Period, we directly and indirectly sold our products to customers located in Belarus, Libya Myanmar, Russia, Syria, Turkey and Venezuela (together, the "**Relevant Regions**"). In 2023, 2024 and 2025, our revenue generated from the Relevant Regions amounted to RMB11.56 million, RMB12.63 million and RMB19.79 million, respectively. Our total revenue from the sales of our products to the Relevant Regions during the Track Record Period was less than 5% of our total revenue during the same period.

Our International Sanctions Legal Advisers have advised that our direct and indirect sales of products to our customers in the Relevant Regions did not include transactions that constituted Primary Sanctioned Activity or Secondary Sanctioned Activity under the Relevant Jurisdictions, and the risks that our Company might become subject to International Sanctions imposed by the Relevant Sanctions Authorities as a result of our sales mentioned above are determined to be low and may be further mitigated by additional remedial measures.

However, we cannot predict the interpretation or implementation of government policy at the U.S. federal, state or local levels or any policy by the EU, the UK, Australia, the UN and other applicable jurisdictions with respect to any current or future activities by us or our affiliates in these countries. Moreover, because sanctions programs evolve over time, new requirements or restrictions could come into effect which may increase scrutiny on our business or result in our business activities being deemed to violate sanctions. We cannot assure you that regulators will not take the position that our past, current or future activities globally constitute sanctionable activities or business. Our business and reputation could be adversely affected if the government of the United States, the EU, the UK, Australia, the UN or any other governmental entities were to determine that any of our activities constitute violations of the sanctions they impose. We cannot assure you that [**REDACTED**] who are subject to the jurisdictions of the U.S., the EU, the UK, Australia and/or other jurisdictions will be willing to make [**REDACTED**], or may divest their [**REDACTED**], in us, which may have an adverse impact on the [**REDACTED**] and the future prevailing [**REDACTED**] of our Shares, despite our commitment not to direct the [**REDACTED**] from the [**REDACTED**] and any other funds raised through the Stock Exchange to dealings with Sanctioned Targets.

For information about our internal control measures implemented in respect of such sanctioned related risks, see "Business — Business Activities in Countries/Regions with International Sanctions Exposure."

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTION WHERE WE OPERATE

Our products and future approved products will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expenses. We may be subject to penalties and other negative consequences if we fail to comply with the applicable regulatory requirements.

Our products are subject to extensive ongoing regulatory requirements by the NMPA and other authorities regarding labeling, packaging, advertising, and post-market safety surveillance. We are subject to continual inspections to assess our compliance. Approvals we receive may be subject to limitations on the indicated uses for which our products may be marketed, or conditions requiring costly post-marketing testing and surveillance. Compliance with these obligations may result in significant additional expenses, and such limitations and conditions could adversely affect the commercial potential of our products.

If we fail to comply with these requirements, or if previously unknown problems with our products or manufacturing processes are discovered, we may face significant consequences, including: (i) revisions to approved labeling or imposition of post-market studies to assess new safety risks; (ii) restrictions on the marketing of our products, withdrawal of the product from the market, or voluntary or mandatory product recalls; (iii) fines, warning letters, or holds on clinical studies; (iv) refusal to approve pending applications, or suspension or revocation of license approvals; (v) product seizure or detention, or refusal to permit the import or export of our products; and/or (vi) injunction or imposition of civil or criminal penalties.

Furthermore, the regulatory environment is constantly evolving, and we cannot predict the likelihood, nature or extent of future legislative or administrative changes. If we are unable to adapt to new requirements or maintain regulatory compliance, we may lose any regulatory approval that we have obtained and we may not achieve or sustain profitability. These risks are compounded for any products we obtain through conditional approval, as we may be required to conduct confirmatory studies to verify the predicted clinical benefit. If such studies fail to verify the predicted clinical benefit, the conditional approval may be withdrawn. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

We may not be able to obtain, maintain or renew the necessary permits, licenses, certificates and other regulatory filings required to produce our products.

Our operations in China and globally are subject to extensive government regulations. The regulatory approval processes in the dental medical devices industry are generally lengthy and unpredictable. Any failure to obtain, renew or maintain the necessary permits, licenses and certificates required for our business could disrupt our production and business operations, which could have a material adverse effect on our business, financial condition and operating results. Moreover, the interpretation or implementation of existing laws and regulations are subject to changes, while new laws and regulations may introduce further uncertainties. We may be required to secure additional or different licenses, permits or certificates for our operations, and we cannot guarantee that we will secure them in a timely manner.

For example, dental material manufacturers in China are required to obtain permits and licenses from government authorities, including the medical device production license (醫療器械生產許可證), medical device business license (醫療器械經營許可證) and the record-filing for operation of Class II medical device (第二類醫療器械經營許可備案), if they store and sell medical devices outside their production facilities. Such permits, licenses and certificates are subject to periodic reviews and renewals by the relevant government authorities, and standards may shift, making approval uncertain. In addition, we are also required to obtain and renew registrations or record-filings with municipal or provincial drug administration authorities or the NMPA for our production of medical devices. To do this, we must conduct well-controlled clinical studies at our own expense to demonstrate the efficacy and safety of our products when necessary. Our clinical evaluation can take years and may yield negative or inconclusive results, potentially leading to further testing. Our failure to adequately demonstrate the efficacy and safety of our products could prevent regulatory approval. Our failure to manufacture and market medical devices with adequate registrations may subject us to fines and further penalties, such as confiscating illegal gains and manufacturing materials or denying our future registration application. We cannot guarantee that the NMPA and/or its local counterpart will grant or renew our registration certificates, which would prevent us from producing and marketing our dental medical devices and materially and adversely affect our business, financial conditions and results of operations.

In addition, we are required to comply with regulations from foreign governmental agencies. For example, FDA regulations are wide-ranging and govern, among other things, product design, development, manufacture, testing, labeling, storage, premarket clearance or approval, advertising and promotion, as well as sales and distribution. Non-compliance with applicable regulatory requirements can result in enforcement actions, such as product recalls, suspension of marketing, and significant fines and penalties, which could hinder market expansion, limit sales, delay shipment and adversely affect our profitability.

We may be subject to risks associated with the "two-invoice system" and national centralized procurement using a volume-based procurement approach in the future, particularly the potential expansion of the application scope thereby.

In recent years, the PRC government implemented a pilot program, known as "Two-Invoice System" (兩票制), which refers to the system that allows a maximum of two invoices to be issued across the pharmaceutical supply chain, namely, one invoice to be issued from pharmaceutical manufacturers to pharmaceutical distributors and the other invoice to be issued from pharmaceutical distributors to medical institutions thereby eliminating multiple layers of distributors and reducing the multi-tiered margins involved. The Notice on Printing and Distributing the Reform Plan for the Management of High-value Medical Consumables (《關於印發<治理高值醫用耗材改革方案>的通知》) issued on July 19, 2019 by the General Office of the PRC State Council (the "**Circular on High-Value Medical Consumables**") encouraged local governments to adopt the "Two-Invoice System" on a case-by-case basis to reduce resales of high-value medical consumables and promote the transparency of purchase and sales. During the Track Record Period, over 45% of our sales were conducted through distributors in China who would be subject to the Two-Invoice System if expanded to our product categories. We currently do not have sub-distributors in China. However, if our distributors engage sub-distributors in breach of our arrangement with them, such distributors may violate relevant regulatory requirements under the "Two-Invoice System," which may result in a variety of impact on our business, such as distribution of our products, reputational harm, our financial condition and results of operations.

In addition, a national centralized procurement process employing a volume-based procurement approach, PRC Governmental Volume-based Procurement Scheme (the "**VBP scheme**"), has been implemented for the sale of certain pharmaceuticals and high-value medical consumables to public medical and healthcare institutions, which aims to reduce healthcare costs and enhance the accessibility of essential medicines and medical devices. During the Track Record Period and up to the Latest Practicable Date, only two models of a certain type of invisible orthodontic aligners, were included in and therefore subject to the VBP scheme, in certain provinces. In 2023, 2024 and 2025, revenue generated from such product subject to the VBP scheme amounted to RMB7.4 million, RMB8.3 million and RMB5.9 million, respectively. The decline in the sales volume and average selling price of our invisible orthodontic aligners in 2024 compared to 2023 was not due to the VBP scheme, but rather a result of adjustments to product categories in response to market competition. None of our other products had been included in or subject to the VBP Scheme during the Track Record Period and up to the Latest Practicable Date. We cannot guarantee that the scope of the VBP approach will not expand in the future. Should we engage in the VBP approach, we may be required to fulfill specific criteria and qualifications, which we may not currently meet, or provide a competitive price for the products sold that may compress our profit margin. Failure to meet these requirements could lead to lost business opportunities and negatively impact our business, financial condition, and results of operations.

If we fail to comply with environmental, health and safety laws and regulations, we could be subject to fines or penalties and other negative consequences that could have a material adverse effect on the success of our business.

We are subject to numerous environmental, health and safety laws and regulations, including but not limited to those governing the operation of our manufacturing facilities and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Although we do not operate in a highly polluting industry, the manufacturing process of our dental products may generate noise, solid waste, exhaust gas and wastewater. We may not be able to fully eliminate the risks of contamination or personal injury from these wastes. In the event of such accidents, we could be held liable for damages and clean-up costs which, to the extent not covered by existing insurance or indemnification, could materially and adversely affect our business. Other adverse effects could result from such liability, including reputational damage. We may also be forced to temporarily or permanently close or suspend operations at certain of our affected facilities. We also could incur significant costs associated with civil or criminal fines and penalties. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage, use or disposal of biological or hazardous materials. We may incur substantial costs to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or production efforts. Failure to comply with these laws and regulations may also result in substantial fines, penalties or other sanctions. Any of the foregoing could materially adversely affect our business, financial condition, results of operations and prospects.

We may be directly or indirectly subject to applicable anti-kickback, anti-bribery, fraud and abuse laws or similar healthcare laws and regulations, which could expose us to administrative sanctions, criminal sanctions, civil penalties, contractual damages, reputational damage and diminished profits and future earnings.

Healthcare providers and doctors play a primary role in the recommendation and prescription of our products. Our operations are subject to various anti-bribery, anti-corruption, fraud and abuse, and healthcare transparency laws and regulations in the PRC and other jurisdictions where we operate, which may impact, among others, our sales, marketing and education programs.

In China, our operations are subject to the PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》), the PRC Criminal Law (《中華人民共和國刑法》), and other regulations aimed at preventing commercial bribery and corruption in the healthcare sector. In recent years, PRC governmental authorities have significantly intensified enforcement against commercial bribery in the medical device industry, with a particular focus on "academic promotion" activities and interactions between medical device companies and healthcare professionals. As a result, we may need to adjust or limit certain promotional or educational activities involving dental professionals, which could adversely impact our business development and sales effectiveness in the PRC. We may also be subject to similar laws in other jurisdictions where we conduct business or where our products are sold. For example, as we sell products in the United States and certain of our products are cleared or approved by the U.S. FDA, our operations may implicate the Foreign Corrupt Practices Act and the Physician Payments Sunshine Act. Compliance with these requirements may require significant management attention and financial resources.

If we, our employees, distributors, or other business partners are found to be in violation of any of these laws, we could face criminal and civil penalties, including imprisonment, substantial fines, exclusion from government healthcare programs, and revocation of business licenses, any of which could have a material adverse effect on our business, reputation, financial condition and results of operations. Non-compliance by dental professionals or other third parties with whom we do business may also adversely affect our business. See also "— Risks Relating to Our Business and Industry — If our employees, distributors, customers, suppliers or other business partners engage in bribery, corruption or other illegal or unethical conduct, we may face liability, and our reputation and business could suffer. Investigations into such practices could generate negative publicity and incur significant costs, further harming our business."

Failures or perceived failures to comply with privacy, data protection, and information security requirements, or theft, loss, or misuse of personal information about our employees, customers, or other third parties, or other information, could increase our expenses, damage our reputation, or result in legal or regulatory proceedings.

The theft, loss, or misuse of the operational data collected, used, stored, or transferred by us to run our business could result in significantly increased business and security costs or costs related to defending legal claims may be required to expend significant resources to comply with data breach requirements if, for example, third parties improperly obtain and use the operational data, or we otherwise experience a data loss with respect to the operational data. A major breach of our network security and systems may result in fines, penalties, and damages, harm our reputation, and adversely affect our business, results of operations, and financial condition.

Data privacy is subject to evolving rules and regulations, which sometimes conflict among the various jurisdictions and countries in which we provide services. We are subject to a variety of local, national and international laws, directives and regulations that apply to the collection, use, retention, protection, security, disclosure, transfer, and other processing of personal data in the different jurisdictions in which we operate ("**Data Protection Laws**"). Any failure by us or our customers or other business partners to comply with such Data Protection Laws could result in regulatory or litigation-related actions against us, legal liability, fines, damages, ongoing audit requirements and other significant costs.

Global privacy legislation, enforcement and policy activity in this area are rapidly expanding and creating a complex regulatory compliance environment. Because many Data Protection Laws are new or subject to recent revisions or updates, there is often little clarity as to their interpretation or best practices for compliance, as well as a lack of precedent for the scope of enforcement. Costs to comply with Data Protection Laws and implement related privacy and data protection measures are significant, and may require us to change our business practices and compliance manners. Any noncompliance could adversely affect our ability to collect, analyze and store data, expose us to significant monetary penalties, damage to our reputation, result in suspension of online services or sites in certain countries, and even result in criminal sanctions. Even our inadvertent failure to comply with Data Protection Laws could result in audits, regulatory inquiries, or proceedings against us by governmental entities or other third parties. Any inability to adequately address data privacy or data protection, or other information security-related concerns, even if unfounded, to successfully negotiate privacy, data protection, or information security-related contractual terms with customers, or to comply with Data Protection Laws, could result in additional cost and liability to us, harm our reputation and brand, and could adversely affect our business, results of operations, and financial condition.

Evolving in political and economic policies, as well as the interpretation and enforcement of laws, rules and regulations, may affect our business, financial condition, results of operations and prospects.

A substantial portion of our operations are based in the PRC, and our business, financial condition, results of operations and prospects may be affected by economic, political, social and legal developments in China. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources; however, we cannot guarantee the extent to which our business operations will be able to benefit from such measures, if at all. In addition, laws, rules and regulations may also be amended from time to time, and the application, interpretation and enforcement of such evolving laws, rules and regulations may affect our business operations. Any of the foregoing may have a material and adverse effect on our business, financial condition, results of operations and prospects.

Developments in international trade policies and political tensions may adversely impact our business and results of operations.

We are susceptible to changing international economic, regulatory, social and political conditions, and local conditions in foreign countries and regions. Tensions and political concerns between China and other countries or regions may adversely affect our business, financial condition, results of operations, cash flows and prospects. China's political relationships with foreign countries and regions may affect the prospects of our relationship with third parties, such as business partners, suppliers and customers. They may also affect our ability to expand our operations in the relevant jurisdictions. There can be no assurance that our existing or potential business partners, suppliers and customers will not alter their perception of us or their preferences as a result of adverse changes to the state of relationships between China and the relevant foreign countries or regions. Any tensions between China and the relevant foreign countries or regions may cause a decline in the demand or sales for our products and adversely affect our business, financial condition, results of operations, cash flows and prospects.

Rising trade and political tensions could reduce levels of trades, investments, technological exchanges and other economic activities between China and other countries and regions, which would have an adverse effect on global economic conditions, the stability of global financial markets, and international trade policies. For example, starting from the beginning of 2025, the U.S. government has announced a series of new tariff policies targeting Chinese-manufactured products and may further elevate the tariff on Chinese-manufactured products. Considering our exports to the U.S. market, we remain exposed to such policy changes. In 2023, 2024 and 2025, our revenue generated from the U.S. amounted to RMB32.2 million, RMB28.4 million, and RMB16.5 million, respectively, accounting for 9.0%, 7.1%, and 4.1% of our total revenue in the respective year. Following this series of policies and subsequent adjustments, extra tariffs were imposed on our exports to the U.S., which have changed frequently within a short period. See "Business — Sales and Marketing — U.S. Tariff Policies" for details.

Unfavorable government policies on international trade, such as capital controls or tariffs, may also affect the competitive position of our products, the hiring of research and development personnel, and import or export of raw materials in relation to product development and production, or prevent us from selling our products in certain countries. In particular, if any new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated, such changes could have an adverse effect on our business, financial condition and results of operations. In addition, our results of operations could be adversely affected if any such tensions or unfavorable government trade policies harm the Chinese economy or the global economy in general.

You may experience difficulties in effecting service of process upon or enforcing foreign judgments against us or our management.

Most of our assets are situated in the PRC and most of our Directors and officers are also in the PRC. Therefore, there remains the possibility that it may be difficult to effect service of process outside the PRC upon most of our Directors and officers, including with respect to matters arising under applicable securities laws. The PRC does not have treaties providing for the reciprocal recognition and enforcement of civil case judgments of courts with the United States and many other countries. Consequently, you may experience difficulties in enforcing against us or our Directors or officers in the PRC any judgments obtained from courts outside of the PRC.

On January 18, 2019, the Supreme People's Court and the Hong Kong Government signed 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》), which has come into effect on January 29, 2024, or the Arrangement, which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong and the Chinese Mainland. The Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. After the Arrangement became effective, a judgment rendered by a Hong Kong court can generally be recognized and enforced in the PRC even if the parties in the dispute do not enter into a choice of court agreement in writing. However, we cannot guarantee that all judgments made by Hong Kong courts will be recognized and enforced in the PRC, as whether a specific judgment will be recognized and enforced is still subject to a case-by-case examination made by the relevant court in accordance with the Arrangement.

We may be classified as a "PRC resident enterprise" for PRC enterprise income tax purposes, and our income may be subject to PRC tax under the relevant PRC laws.

Under the EIT Law, an enterprise established outside of the PRC with "de facto management bodies" within the PRC is considered a "resident enterprise," meaning that it will be treated in a manner similar to a Chinese enterprise for PRC enterprise income tax purposes. The State Taxation Administration (the "**STA**") issued the Circular of the State Taxation Administration on Issues Concerning the Identification of Chinese-Controlled Enterprises Registered Overseas as Resident Enterprises on the Basis of Their De Facto Management Bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) ("**Circular 82**") and the Administrative Measures of Enterprise Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises (Trial) (《境外註冊中資控股居民企業所得税管理辦法(試行)》) ("**Bulletin 45**"), provides certain specific criteria for determining whether the "de facto management body" of a offshore-incorporated PRC-controlled enterprise is located in China. Although Circular 82 and Bulletin 45 technically apply to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by foreigners like us as of the Latest Practicable Date, the criteria set forth therein may reflect the STA's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. These criteria include whether (i) the primary location of the day-to-day operational management and their work location is in the PRC; (ii) decisions relating to the enterprise's financial and human resources matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

If the PRC tax authorities determine that we or any of our subsidiaries incorporated out of the PRC is a resident enterprise for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. First, we and our non-PRC subsidiaries may be subject to enterprise income tax at a rate of 25% on our worldwide taxable income, as well as to PRC enterprise income tax reporting obligations. Second, although under the EIT Law and its implementing rules, Circular 82 and Bulletin 45 dividends paid by a PRC tax resident enterprise to an offshore incorporated PRC tax resident enterprise controlled by PRC enterprise would qualify as tax-exempted income, we cannot assure that dividends paid by our PRC subsidiaries to us will not be subject to any withholding tax. Finally, the EIT Law and its implementing rules issued by PRC tax authorities provide that dividends paid by us to our non-PRC shareholders and, while less clear, capital gains recognized by them with respect to the sale of our Shares may be subject to tax of 10% for non-PRC resident enterprise shareholders and 20% for non-PRC resident individual shareholders. In the case of dividend payments, such PRC tax may be withheld at source.

We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have. Any limitation on the ability of our PRC subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business or financial condition.

We are a holding company incorporated in the Cayman Islands, and we may rely on dividends and other distributions on equity that may be paid by our subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to the holders of our Shares and service any debt we may incur. If any of our subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us. Under PRC laws and regulations, our PRC subsidiaries may pay dividends only out of their respective accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, our PRC subsidiaries are required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to fund certain statutory reserve funds, until the aggregate amount of such a fund reaches 50% of its registered capital. Such reserve funds cannot be distributed to us as dividends.

Any limitation on the ability of our PRC subsidiaries to pay dividends or make other kinds of payments to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends to our investors or other obligations to our suppliers, or otherwise fund and conduct our business.

We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises made by their non-PRC resident companies.

On February 3, 2015, the SAT issued the Public Notice Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Tax Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》), or SAT Bulletin 7, which came into effect on February 3, 2015. SAT Bulletin 7 has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. SAT Bulletin 7 also brings challenges to both foreign transferor and transferee (or other person who is obligated to pay for the transfer) of taxable assets.

On October 17, 2017, the SAT issued the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source (《關於非居民企業所得稅源泉扣繳有關問題的公告》), or SAT Bulletin 37, which came into effect on December 1, 2017. The SAT Bulletin 37 further clarifies the practice and procedure of the withholding of non-resident enterprise income tax.

We face uncertainties as to the reporting and other implications of future transactions where PRC taxable assets are involved, such as offshore restructuring, sale of the Shares in our offshore subsidiaries and investments. As a result, we may be required to expend valuable resources to comply with SAT Bulletin 7 and/or SAT Bulletin 37 or to request the relevant transferors from whom we purchase taxable assets to comply with these circulars, or to establish that our Company should not be taxed under these circulars, which may have a material adverse effect on our financial condition and results of operations.

The M&A Rules and certain other PRC regulations establish certain procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

PRC regulations and rules concerning mergers and acquisitions including the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors (《關於外國投資者併購境內企業的規定》), or the M&A Rules, established additional procedures and requirements for foreign investors with respect to merger and acquisition activities. Certain acquisitions may also trigger prior notification requirements under the PRC Anti-monopoly Law. Furthermore, the Provisions of the Ministry of Commerce on the Implementation of the Security Review System for Merger and Acquisition of Domestic Enterprises by Foreign Investors (《商務部實施外國投資者併購境內企業安全審查制度的規定》) and the Measures on the Security Review of Foreign Investment (《外商投資安全審查辦法》) (collectively, the "**Security Review Rules**") require a security review for mergers and acquisitions by foreign investors having "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns. The Security Review Rules prohibit foreign investors from bypassing the security review by structuring transactions through trusts, indirect investments, leases, loans, control through contractual arrangements or offshore transactions. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts or other relevant government agencies may delay or inhibit our ability to complete such transactions.

We are subject to filing and other requirements from the CSRC or other PRC government authorities in connection with capital raising activities.

On February 17, 2023, the China Securities Regulatory Commission (the "**CSRC**") promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") and relevant supporting guidelines, which came into effect on March 31, 2023. The Overseas Listing Trial Measures have comprehensively improved and reformed the existing regulatory regime for overseas offering and listing of PRC domestic companies' securities and will regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities. Any such domestic company that is deemed to conduct overseas offering and listing activities, including both the [**REDACTED**] and any further capital raising, shall file with the CSRC in accordance with the Overseas Listing Trial Measures. According to the Overseas Listing Trial Measures, [**REDACTED**] are required to fulfill the filing procedure with the CSRC within three working days after submitting the [**REDACTED**] documents to the overseas supervisory authorities and report relevant information. We submitted the filing [**REDACTED**] for the [**REDACTED**] to the CSRC on February 21, 2025, and the filing procedure is currently underway and has not yet been completed.

In addition, we are also subject to filing requirements for any of our future [**REDACTED**] after the [**REDACTED**]. We cannot assure you that we will be able to get clearance of our filing procedures under the Overseas Listing Trial Measures on a timely basis, or at all. Any failure on our part to fully comply with such regulatory requirements may significantly limit or completely hinder our ability to sell our securities to [**REDACTED**], cause significant disruption to our business operations, and severely damage our reputation, which could affect our financial condition and results of operations and cause our securities to decline in value or become worthless.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our Shares prior to the [REDACTED]. An active [REDACTED] for our Shares may not develop or be sustained and the [REDACTED] prices and [REDACTED] of our Shares may be volatile.

Prior to the completion of the [**REDACTED**], there has been no public market for our Shares. There can be no guarantee that an active [**REDACTED**] for our Shares will develop or be sustained after completion of the [**REDACTED**]. The [**REDACTED**] is the result of negotiations between our Company and the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]), which may not be indicative of the price at which our Shares will be [**REDACTED**] following completion of the [**REDACTED**]. The [**REDACTED**] of our Shares may drop below the [**REDACTED**] at any time.

The [**REDACTED**] price and [**REDACTED**] and of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, Chinese Mainland, the United States and elsewhere in the world, the trading performance of other Chinese Mainland-based companies listed in Hong Kong, and variations in our revenue, earnings and cash flow. In particular, some Chinese Mainland-based companies that have listed their securities in Hong Kong have experienced significant volatility, which may affect the overall [**REDACTED**] sentiment towards Chinese Mainland-based companies and consequently impact the [**REDACTED**] of our Shares. These factors may significantly affect the [**REDACTED**] and [**REDACTED**] of our Shares, regardless of our actual operating performance, and may result in losses on your [**REDACTED**] in our Shares.

Our Controlling Shareholders may exert substantial influence over our operations and their interests may not be aligned with the interests of our other Shareholders.

Our Controlling Shareholders have substantial influence over our business, including matters relating to our management, policies and decisions regarding mergers, expansion plans, consolidations, sales of all or substantially all of our assets, election of Directors and other significant corporate actions. Immediately following the completion of the Share Subdivision and the [**REDACTED**] and assuming the [**REDACTED**] is not exercised, our Controlling Shareholders will hold in aggregate [**REDACTED**] Shares representing [**REDACTED**]% of the issued share capital of our Company. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and might reduce the price of our Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Controlling Shareholders may exercise their substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

The actual or perceived sale or availability for sale of substantial amounts of our Shares, especially by our Directors, executive officers and substantial Shareholders, could adversely affect the [REDACTED] of our Shares.

Future sales of a substantial number of our Shares, especially by our Directors, executive officers and existing Shareholders, or the perception or anticipation of such sales, could negatively impact the [**REDACTED**] of our Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate.

The Shares held by our existing Shareholders are subject to certain lock-up periods. See "[**REDACTED**]" While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future. The effect of such disposal, if any, on the [**REDACTED**] of the Shares cannot be predicted.

You will incur immediate and substantial dilution and may experience further dilution in the future.

As the [**REDACTED**] of Shares is higher than the net tangible book value per share of our Shares immediately prior to the [**REDACTED**], purchasers of our Shares in the [**REDACTED**] will experience an immediate dilution. If we issue additional Shares in the future, purchasers of our Shares in the [**REDACTED**] may experience further dilution in their shareholding percentage.

We cannot assure you that we will declare and distribute any amount of dividends in the future.

During the Track Record Period, dividends of RMB210,246,000 were declared by Shandong Huge to its then shareholders. Our Board has discretion as to whether to distribute dividends, subject to certain restrictions under Cayman Islands law, namely that our Company may pay dividends out of profits or share premium, provided always that in no circumstances may a dividend be paid out of share premium if this would result in our Company being unable to pay its debts as they fall due in the ordinary course of business. Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiary, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your [**REDACTED**] in our Shares will likely depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate in [**REDACTED**] or even maintain the [**REDACTED**] at which you [**REDACTED**] the Shares. You may not realize a return on your [**REDACTED**] in our Shares and you may even lose your entire [**REDACTED**] in our Shares.

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

Our management will have broad discretion in the application of the net [**REDACTED**] from the [**REDACTED**], including for any of the purposes described in the section titled "Future Plans and Use of [**REDACTED**]." Because of the number and variability of factors that will determine our use of the net [**REDACTED**] from this [**REDACTED**], their ultimate use may vary substantially from their currently intended use. Our management might not apply the net [**REDACTED**] in ways that ultimately increase the value of your [**REDACTED**], and the failure by our management to apply these funds effectively could harm our business. The failure by our management to apply these funds effectively could have a material adverse effect on our business, financial condition and results of operation. You will not have the opportunity, as part of your [**REDACTED**] decision, to assess whether [**REDACTED**] are being used appropriately. You must rely on the judgment of our management regarding the application of the net [**REDACTED**] of this [**REDACTED**].

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications, market data providers and other independent third-party sources, including the industry expert reports, contained in this document.

This document, particularly the section headed "Industry Overview," contains information and statistics relating to the dental medical devices market. Such information and statistics were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by Frost & Sullivan in connection with the [**REDACTED**]. The information from official government sources have not been independently verified by us, the Joint Sponsors, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], and other [**REDACTED**], any of our or their respective directors, officers or representatives or any other party, other than Frost & Sullivan, involved in the [**REDACTED**] and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

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

This document contains forward-looking statements and information relating to us and our operations and prospects that are based on our current beliefs and assumptions as well as information currently available to us. When used in this document, the words "anticipate," "believe," "estimate," "expect," "plans," "prospects," "going forward," "intend" and similar expressions, as they relate to us or our business, are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to risks, uncertainties and various assumptions, including the risk factors described in this document. Should one or more of these risks or uncertainties materialize, or if any of the underlying assumptions prove incorrect, actual results may diverge significantly from the forward-looking statements in this document. Whether actual results will conform with our expectations and predictions is subject to a number of risks and uncertainties, many of which are beyond our control, and reflect future business decisions that are subject to change. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations that our plans or objectives will be achieved, and [**REDACTED**] should not place undue reliance on such forward-looking statements. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set out in this section.

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

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the [**REDACTED**]. Prior to the publication of this document, there has been press and media coverage regarding us. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and you should not rely on such information.