*An **[REDACTED]** in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, as well as our financial statements and the related notes, and the "Financial Information" section, before deciding to **[REDACTED]** in our H Shares. Our operations involve certain risks and uncertainties, some of which are beyond our control and may cause you to lose all or part of **[REDACTED]** in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In any such event, the **[REDACTED]** of our H Shares could decline, and you may lose all or part of your **[REDACTED]**. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations.*

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-looking Statements" in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We operate in a highly competitive market. The intensifying competition in the market could materially and adversely impact our market share and result of operations if we fail to compete effectively.

We operate in a highly competitive and rapidly evolving oral care products market. Competition in our industry is driven by a number of factors, including product efficacy, brand recognition, product design, flavor and sensory experience, pricing, marketing effectiveness, channel coverage and the ability to respond to evolving consumer preferences. We face competition from domestic and international oral care products companies, emerging consumer brands and other market participants, some of which may have greater brand recognition, broader product portfolios, longer operating histories and stronger financial, marketing, supply chain and channel resources than we do.

Our ability to compete successfully depends on, among other things, our ability to identify market trends and changing consumer preferences, continuously develop and launch products that are well received by consumers, maintain and enhance our brand image and market position, manage pricing and promotional strategies effectively, and execute efficiently across our online and offline channels. In addition, as consumer preferences continue to evolve and market competition intensifies, we may be required to incur higher marketing and promotional expenses, accelerate product launches or adopt more competitive pricing strategies in order to maintain our market position. If we fail to compete effectively, our products may lose market acceptance, our market share may decline, and our revenue, business, financial condition and results of operations may be materially and adversely affected.

Our reputation, business, financial condition and results of operations may be materially and adversely affected if the quality of our products is compromised.

The quality, safety and stability of our products are critical to maintaining consumer trust and enhancing our brand reputation. Any actual or perceived compromise in product quality, or any occurrence of side effects, whether arising from production defects, supply chain issues or inadequate quality control measures, may result in product liability claims, product returns, consumer complaints, regulatory actions or negative publicity, and could materially and adversely affect our brand image, customer loyalty and market position.

Although we have implemented a stringent quality control system supported by comprehensive quality standards and standardized production procedures, such measures may not always be effective in detecting defects, quality issues or potential side effects, particularly where such issues arise from factors beyond our direct control, such as raw material defects or failures by third-party suppliers. If the quality of any of our products deteriorates, or if consumers do not perceive our products to deliver the claimed efficacy, we may face returns, order cancellations, customer complaints and negative publicity, which could result in a loss of consumer confidence and materially and adversely affect our business, financial condition and results of operations.

Our business depends heavily on the strength and reputation of our brands. Consumers' recognition and their trust in our products may be materially and adversely affected if we fail to maintain and enhance the recognition and reputation of our brands.

Our growth and success depend significantly on consumer awareness, recognition, acceptance of and trust in our brands. Our ability to attract and retain consumers depends largely on our ability to maintain and enhance the recognition, reputation, image and market position of our brands, particularly our core brand, "Canban (参半)." If we fail to sustain the appeal of our brands through effective marketing, consistent product quality, compelling brand positioning and continued consumer engagement, our consumers may reduce their purchases of our products or switch to competing brands, which could materially and adversely affect our market share, business, results of operations and prospects.

Our brand image and reputation may also be harmed by negative media coverage, unfavorable comments or reviews, false or misleading information, or other adverse publicity relating to our brands, products, business or business partners, particularly on social media and other online platforms. In addition, adverse publicity relating to the industries in which we operate, whether or not directly involving us, may negatively affect consumer perception and reduce consumer confidence in our brands and products. Any such developments may materially and adversely affect our business, financial condition, results of operations.

We may be unable to expand, manage, monitor and coordinate our omni-channel sales network effectively.

We rely on an omni-channel sales and distribution network comprising online channels, including self-operated stores and online distributors, and offline channels, including offline distributors and retailers. See "Business — Omni-Channel Sales Network." These channels involve different sales models, pricing dynamics and operational requirements, and our ability to effectively manage, monitor and coordinate them is important to maintaining our consumer reach, market coverage and growth.

If we fail to do so, we may experience channel conflict, inconsistent pricing, unauthorized discounting, disruption to our brand positioning, weakened distributor or retailer relationships, or reduced ability to respond to changes in market conditions and consumer preferences. In particular, as sales through e-commerce platforms accounted for a substantial portion of our revenue during the Track Record Period, any failure to operate our self-operated online stores efficiently or to effectively leverage e-commerce platforms to acquire consumers and drive sales may materially and adversely affect our business, financial condition and results of operations.

Our business success is dependent on our ability to continuously upgrade and innovate our existing products in response to changes in market trends and customer preferences. Failure to do so may compromise our competitive edge and adversely impact our market share and result of operations.

We operate in an industry characterized by rapidly evolving consumer preferences and changing market trends. The success of our business depends, to a large extent, on our ability to identify, anticipate and respond to such changes in a timely and effective manner, and to continuously develop, upgrade and refine our products to meet evolving consumer demand. In recent years, consumers have increasingly sought products that offer not only functional benefits, but also stronger sensory appeal, aesthetic value, quality assurance and alignment with personal identity and lifestyle preferences. In response, we have invested, and intend to continue to invest, in product innovation, including the development of new product offerings and the enhancement of existing products centered around our signature products and core ingredients.

However, product innovation and upgrading involve significant investments in research and development, branding, marketing and distribution, and are subject to inherent uncertainties. There can be no assurance that we will be able to accurately identify emerging consumer preferences or market trends, or that our product upgrades and new product offerings will be launched in a timely manner or achieve market acceptance. In addition, our competitors may respond to market developments more quickly than we do, introduce competing products more successfully, or devote greater resources to product innovation and promotion. If we fail to respond effectively to changing market trends and consumer preferences, our products may lose market appeal, our competitive position and market share may be weakened, and our business, financial condition and results of operations may be materially and adversely affected.

Our operating history may not be indicative of our financial condition, results of operations or prospects in the future.

Our revenue increased from RMB1,096.2 million in 2023 to RMB1,369.1 million in 2024, and further to RMB2,498.5 million in 2025. However, our historical growth and financial performance may not be indicative of our future performance. Our revenue, gross profit margin, net profit and net profit margin may fluctuate or decline as a result of various factors, including changes in consumer demand for our products, fluctuations in the costs of raw materials and other inputs, supply chain disruptions, intensified market competition, adverse changes in pricing or channel mix, and any damage to our reputation or brand image, and we may also encounter operational difficulties or other unforeseen challenges as we continue to grow our business. Accordingly, there can be no assurance that we will be able to sustain our historical growth rates or maintain our historical profitability, and you should not rely on our historical results of operations as indicative of our future financial condition, results of operations or prospects.

We rely on third-party e-commerce platforms for our online sales. If such platforms' services or operations are interrupted or if our cooperation with such platforms terminates, deteriorates or becomes more costly, our business, financial condition and results of operations may be materially and adversely affected.

We have relied on, and expect to continue to rely on, certain third-party e-commerce platforms for a substantial portion of our online sales. In 2023, 2024 and 2025, our revenue generated from online channels amounted to RMB1,036.4 million, RMB1,206.7 million and RMB2,005.9 million, respectively, accounting for 94.5%, 88.1% and 80.3% of our total revenue in the respective years. Our online sales on such platforms are subject to their rules, policies, algorithms, traffic allocation mechanisms and fee structures, which may be amended from time to time beyond our control, and any significant changes to such arrangements may adversely affect the visibility of our products and our sales performance on such platforms. If the services or operations of such platforms are interrupted, if such platforms fail to provide satisfactory user experience or to attract new users and retain existing users, if our cooperation with such platforms terminates, deteriorates or becomes more costly, or if we fail to effectively leverage such platforms to drive traffic to our online stores and promote the sale of our products, our business, financial condition and results of operations may be materially and adversely affected. In addition, any negative publicity relating to such platforms, or any public perception or allegations that non-authentic, counterfeit or defective goods are sold on such platforms, whether substantiated or not, may reduce consumer traffic and confidence on such platforms and in turn reduce the traffic to our self-operated stores, which may materially and adversely affect our business, financial condition and results of operations.

Our attempts in developing and launching new brands may not be successful.

We may from time to time seek to develop and launch new brands in order to capture emerging market opportunities, address differentiated consumer needs and broaden our brand portfolio. However, there can be no assurance that any new brand we launch will achieve market acceptance, establish sufficient consumer recognition or enhance our overall brand portfolio as expected. The development of a new brand typically requires substantial time and investment in brand positioning, product design, marketing, channel development and consumer education, and its success depends on a number of factors, including the effectiveness of our branding and promotional efforts, consumer preferences, market demand and competitive dynamics, many of which are beyond our control.

If any new brand fails to achieve the desired level of consumer recognition, reputation or commercial success, we may be unable to recover the resources and expenses incurred in developing and promoting such brand. In addition, the launch and cultivation of new brands may divert management attention and financial, marketing and operational resources from our existing brands, which could adversely affect their market position and performance. Any failure to develop and build new brands successfully may limit our ability to expand our brand portfolio and capture future growth opportunities, and may materially and adversely affect our business, financial condition and results of operations.

We are subject to the risks in relation to our distribution channels.

We engage distribution channels to expand our sales network and product reach. See "Business — Omni-Channel Sales Network" for details. Our business depends in part on the performance of our distribution channels and our ability to maintain stable relationships with them. There can be no assurance that our distribution channels will continue to perform satisfactorily, place sufficient orders or comply with our contractual and operational requirements. Any material underperformance by, reduction in orders from, or termination of cooperation with our distribution channels may materially and adversely affect our business, results of operations and prospects.

In addition, although we impose contractual requirements and conduct distributor management, we do not have direct control over their day-to-day operations. If our distributors fail to comply with applicable laws, our pricing guidance or other contractual obligations, we may face channel conflicts, reputational harm, reduced sales or additional costs in replacing them. Further, we do not prohibit our distribution channels from engaging sub-distributors, over which we have no direct contractual control. Any misconduct, non-compliance or inconsistent execution by such sub-distributors may also adversely affect our brand image, pricing management, consumer experience and sales performance, and in turn materially and adversely affect our business, financial condition and results of operations.

We rely on certain OEM providers to produce our products. Our dependence on these external parties could expose us to additional risks.

We engage certain OEM providers to manufacture our products in order to optimize operational efficiency. Although we select our OEM providers based on stringent criteria, we cannot assure you that they will at all times have sufficient production capacity, maintain stable operations or meet our requirements in a timely manner. Any failure by our OEM providers to satisfy increasing demand for our products may result in delays in product launches or product delivery, which could in turn affect our inventory management, demand planning, market reputation and consumer relationships.

In addition, there can be no assurance that we will not incur any material losses or be subject to product liability claims in connection with the manufacturing processes of our OEM providers. Any material deterioration in our relationships with our OEM providers, any significant operational or financial difficulties encountered by them, or any failure by them to manufacture products in accordance with our quality standards or applicable contractual or regulatory requirements, may adversely affect the quality or supply of our products, lead to consumer dissatisfaction, expose us to product liability claims, regulatory actions, reputational damage or financial losses. Furthermore, any leakage, misappropriation or unauthorized disclosure of our confidential information, know-how or other proprietary information by our OEM providers may impair our competitiveness and expose us to disputes or liabilities. Any of the foregoing may materially and adversely affect our business, financial condition and results of operations.

We are susceptible to supply shortages and interruptions, long lead times and price fluctuations for raw materials, any of which could disrupt our supply chain and have a material adverse impact on our business, financial condition and results of operations.

Our operations depend on the stable supply and cost-effective procurement of raw materials, which we source primarily from third-party suppliers. The availability, lead time and prices of such materials may fluctuate due to a variety of factors beyond our control, including seasonal harvest yields, adverse weather conditions, supplier capacity constraints, changes in production or transportation costs, geopolitical conflicts, trade restrictions, sanctions, inflationary pressure and broader market conditions. In addition, any quality issues, delivery delays, operational disruptions or financial difficulties experienced by our suppliers may disrupt our production schedule and increase our reliance on alternative sources, which may not be available in a timely manner or on commercially acceptable terms.

We cannot assure you that we will be able to secure sufficient supplies of raw materials of acceptable quality at stable prices, or at all, or that we will be able to pass on any increase in raw material costs to our customers through timely product repricing, portfolio adjustment or other measures. Accordingly, any material shortage, interruption, delay or price increase in respect of our raw materials or ingredients may increase our procurement and production costs, adversely affect our gross profit margin, disrupt the supply of our products and materially and adversely affect our business, financial condition and results of operations.

Our sales and marketing strategies may not be able to adapt to the changes in the market trends and consumer preferences in a timely manner, and our marketing activities may not be cost-effective in attracting consumers.

The success of our business depends in part on our ability to attract and retain consumers through effective sales and marketing strategies, which are important to increasing product sales, strengthening brand recognition and maintaining consumer relationships. During the Track Record Period, we invested significant resources in our marketing efforts to enhance brand awareness, increase online penetration and improve product visibility. However, there can be no assurance that our sales and marketing activities will continue to be effective in promoting our brands and products or generating satisfactory returns. If we fail to implement our sales and marketing strategies in a timely or cost-effective manner, or if we are unable to adjust such strategies to respond to new products and brands, changes in consumer preferences and demand, or the emergence of new sales channels and marketing formats, our product sales, market share, profitability and results of operations may be materially and adversely affected.

In addition, we rely on experienced sales and marketing personnel, as well as third-party partners such as KOLs, KOCs, content creators and e-commerce platforms, to execute our branding and marketing initiatives effectively. There can be no assurance that we will be able to attract, retain and train suitable personnel, or maintain stable and effective relationships with such third parties. Any failure in these respects may reduce the effectiveness of our marketing activities, impair our ability to respond to market changes, weaken our brand awareness and consumer reach, and materially and adversely affect our business, financial condition and results of operations.

Failure of inventory management may have a material and adverse effect on our business, financial condition and results of operations.

Our inventories primarily consist of raw materials, finished goods, goods in transit, and packaging materials and consumables. As of December 31, 2023, 2024 and 2025, our inventories amounted to RMB44.6 million, RMB81.8 million and RMB117.6 million, respectively. Maintaining appropriate inventory levels is important to our operations. Effective inventory management depends, among other things, on our ability to accurately forecast demand for our products and procure or produce inventory in a timely manner. Demand for our products may fluctuate due to a variety of factors, including new product launches, changes in product life cycles, pricing and promotional activities, product defects, seasonality and changes in consumer preferences and spending patterns. If we fail to accurately forecast demand or appropriately manage inventory levels, we may experience overstock, stockouts or higher inventory holding costs, which may result in inventory impairment, write-downs, lost sales, delayed deliveries or increased procurement and production costs. In addition, if we fail to negotiate favorable credit terms with third-party manufacturers and suppliers or otherwise manage inventory efficiently, we may face increased risks of inventory obsolescence or decline in inventory value. Any of the foregoing may materially and adversely affect our business, financial condition and results of operations.

We engaged third-party warehouses and logistics service providers to store and deliver our products. Any delivery delays, improper handling or increase in warehousing or transportation costs may adversely affect our business, financial condition and results of operations.

Our business depends in part on third-party warehousing and logistics service providers to store our products and deliver them to consumers, distributors and e-commerce platforms. Any accident, damage or disruption affecting the warehouses in which our products are stored, including fire, flood, typhoon, theft or other unforeseen events, may damage our inventory, disrupt our ability to supply products on a timely basis and require us to incur significant unanticipated costs. Although we require the relevant warehouse service providers to maintain insurance coverage for certain property-related risks, there can be no assurance that such insurance will be sufficient to cover all losses or that any claims can be recovered in full or in a timely manner. Any prolonged disruption to our warehousing operations may result in delayed deliveries, lost sales and loss of consumers, and may materially and adversely affect our business, financial condition and results of operations.

In addition, our ability to deliver products in a timely and cost-effective manner depends on the performance of third-party logistics service providers. Any service interruption, operational failure, financial difficulty or other inability of such providers to perform their obligations, or any external factors such as natural disasters, regulatory changes or transportation disruptions, may impair our ability to fulfill orders efficiently and increase our logistics costs. Furthermore, any improper handling of our products during transportation may result in product damage, consumer complaints, product returns, product liability claims or reputational harm. Any of the foregoing may materially and adversely affect our business, financial condition and results of operations.

We may be subject to consumer complaints in the ordinary course of business.

Our business depends in part on continued consumer satisfaction with our products. Consumer preferences in the oral care products industry, including preferences as to flavor, scent, texture, sensory experience and perceived product efficacy, are inherently subjective and may vary significantly among individuals. As a result, even if our products comply with applicable quality standards and perform as intended, some consumers may consider that such products do not meet their personal expectations or preferences. This may give rise to complaints, unfavorable reviews, refund requests or other negative feedback. If we receive a significant number of consumer complaints or negative reviews, whether justified or not, our brand image, reputation, consumer trust and product sales may be adversely affected, which could in turn materially and adversely affect our business, financial condition and results of operations.

Our return and exchange policies may subject us to additional costs and expenses, which may adversely impact our business, financial condition and results of operations.

We have adopted return and exchange arrangements for products with verified defects within a specified period. These policies may subject us to additional costs and expenses, including shipping costs, return handling costs, replacement costs and other after-sales service expenses. Although we did not experience any material product returns or exchanges during the Track Record Period and up to the Latest Practicable Date, there can be no assurance that return or exchange rates will not increase in the future as a result of product quality issues, changes in consumer expectations, misuse of our policies by consumers, or changes in applicable laws or the policies of e-commerce platforms and supermarkets through which our products are sold. In addition, although we may seek remedies from upstream manufacturers or suppliers for product defects, there can be no assurance that such remedies will be available in a timely manner or will be sufficient to offset our losses or any reputational damage. If we are required to adopt new or amend existing return and exchange policies, or if our existing policies result in higher-than-expected costs that cannot be offset by increased sales, our business, financial condition and results of operations may be materially and adversely affected. Conversely, if we revise such policies in a manner that is less favorable to consumers, consumer satisfaction may decline, which may adversely affect our customer retention, brand image and results of operations.

We may evaluate and potentially explore new business opportunities, enter into new markets, and consummate strategic investments or acquisitions, which may turn out to be unsuccessful and adversely affect our business, financial condition and results of operations.

We may from time to time seek to expand into new geographic markets and product categories, and pursue strategic investments, acquisitions or other transactions to support our long-term growth. Such initiatives require significant management attention and financial resources and are subject to various risks and uncertainties. Expansion into new markets may require us to invest in localized marketing, establish distribution networks and comply with different regulatory requirements. In addition, consumer preferences, competitive dynamics and retail environments may vary across markets, and we may face difficulties in adapting our products, branding and sales strategies accordingly. Similarly, expansion into new product categories may require substantial investment in research and development, consumer insights and operational capabilities, and there can be no assurance that such products will achieve market acceptance or generate expected returns.

In addition, any acquisitions, investments or strategic transactions we undertake involve risks relating to valuation, execution and post-transaction integration. We may encounter difficulties in integrating acquired businesses, brands or technologies, including challenges relating to cultural alignment, systems integration, retention of key personnel and supply chain coordination, and we may fail to realize anticipated synergies or financial returns. Such transactions may also require significant capital commitments and may adversely affect our financial performance. If we are unable to effectively manage our expansion, diversification or acquisition activities, or if such initiatives fail to achieve their intended objectives, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our brands and products may be subject to counterfeiting, imitation, and/or infringement by third parties, and we may not be able to prevent the existence of counterfeit products on the market.

Our brands and products are integral to our market identity, brand equity and consumer appeal. Despite the efforts to protect and enforce intellectual property rights by us, there is a risk that third parties may manufacture and distribute counterfeit goods or imitations that infringe upon our trademarks, designs, patents, or other intellectual property rights. The availability of such counterfeit products on the market can lead to brand dilution, loss of revenue, and damage to our reputation, which in turn could have a material adverse effect on our business, financial condition, and results of operations.

We actively monitor the markets and may pursue legal action against the infringement of our intellectual property rights where feasible. However, the detection and prevention of counterfeit products are challenging. There is no assurance that our efforts will be sufficient to prevent the production and distribution of counterfeit or infringing products or that we will be able to obtain or enforce judgments against infringers. Any failure to protect our intellectual property rights could negatively impact our competitive position and reduce the value of our brand and products.

Changes in the labor market, rising labor costs or any potential labor issues may have a material and adverse impact on our business, financial condition and results of operations.

Our business depends on our ability to recruit, retain and manage a stable and sufficient workforce. The labor market may become increasingly competitive, which could make it more difficult for us to attract and retain qualified employees on commercially acceptable terms. We may experience, increases in labor costs as a result of increases in salaries, employee benefits and headcount. In addition, we compete with other companies for talent and may not be able to offer remuneration packages that are sufficiently attractive to retain existing employees or recruit new employees. If we are unable to maintain a stable and dedicated workforce, or if labor costs continue to rise or other labor-related issues arise, our business operations, financial condition, results of operations and prospects may be materially and adversely affected.

Any misconduct or negative news involving our business partners, may subject us to potential liability and negative publicity.

Our business operations and reputation are closely associated with the conduct of our business partners, including distributors, suppliers and collaborating KOLs. Although we seek to impose contractual requirements and adopt internal oversight measures, we may not be able to prevent, detect or deter all misconduct, non-compliance or other inappropriate acts by such parties. Any misconduct by them, including fraud, non-compliance with applicable laws and regulations, unethical business practices, inappropriate statements or behavior, or other acts inconsistent with our corporate policies or brand values, may result in disputes, legal proceedings, regulatory investigations or penalties, and may materially and adversely affect our reputation, consumer trust and business relationships.

In addition, any negative publicity relating to our business partners, or any entity using a similar brand name, whether or not substantiated, may adversely affect our reputation and business prospects. To the extent any such party becomes involved in litigation, disputes, regulatory actions, administrative penalties or investigations, we may also suffer reputational harm, consumer backlash or increased scrutiny. As a result, we may be required to devote significant management attention and incur substantial costs in responding to such matters, and our business, financial condition and results of operations may be materially and adversely affected.

Our success depends on the continuing and collaborative efforts of our senior management team and experienced and capable personnel. If we fail to hire, train, retain or motivate our staff or to optimize our organizational structure, our business may be materially and adversely affected.

Our future success depends to a significant extent on the continued service and performance of our senior management team and other experienced and capable personnel who are critical to our operations. Our senior management team has played an important role in formulating and executing our business strategies and supporting our growth. If we lose the services of any member of our senior management team or other key personnel, we may not be able to identify, recruit or retain suitable replacements in a timely manner, or at all, and may incur additional costs in doing so. In addition, if any such personnel joins a competitor or establishes a competing business, we may lose business opportunities, management expertise, know-how or other competitive advantages. Competition for skilled personnel in our industry is intense, and the pool of qualified candidates may be limited. If we are unable to retain existing personnel or attract and integrate new talent effectively, our business operations, strategic execution and long-term development may be adversely affected.

Our continued growth also requires us to recruit, train, retain and motivate a broad range of employees who can adapt to a dynamic and competitive business environment. We may need to offer competitive compensation and benefits packages, including share-based incentives, to retain existing employees and attract new talent, which may increase our operating costs. In addition, to support our evolving business strategies and operational needs, we may from time to time adjust or optimize our organizational structure. Such changes may result in additional costs, management distraction and temporary disruption to our operations, and there can be no assurance that such adjustments will achieve the intended results. Any of the foregoing may materially and adversely affect our business, financial condition and results of operations.

We have granted share-based awards in the past under our share incentive plan and may continue to grant share-based awards in the future, which may result in increased share-based compensation expenses and have an adverse effect on our future profitability.

During the Track Record Period, we granted share-based awards to certain employees. To further incentivize our Directors, senior management and key employees, we may continue to grant share-based awards in the future. Any such grants may result in additional share-based compensation expenses, which may increase our operating expenses and adversely affect our profitability and financial performance. In addition, the issuance of additional Shares pursuant to such awards may dilute the shareholding interests of our existing Shareholders.

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

As of December 31, 2023, 2024 and 2025, we had financial assets measured at fair value through profit or loss of RMB0.3 million, RMB113.7 million and RMB142.1 million, respectively, which primarily consisted of unlisted equity investments and investments in wealth management products issued by banks and financial institutions. After **[REDACTED]**, we may continue to purchase low-risk wealth management products with short maturities based on our operational needs. Accordingly, we are exposed to fair value changes in respect of such financial assets.

We may recognize fair value losses on financial assets measured at fair value through profit or loss, which may adversely affect our results of operations in future periods. In addition, the valuation of such financial assets, particularly those involving unobservable inputs, is subject to uncertainty and requires the exercise of professional judgment and the use of assumptions and estimates that are inherently subjective. As a result, the fair value of these financial assets may fluctuate from period to period and may differ from the actual value ultimately realized upon disposal or maturity, which may in turn cause volatility in our profit or loss and materially and adversely affect our financial condition and results of operations.

The discontinuation of any of the government grants or incentives currently available to us could adversely affect our business, financial condition and results of operations.

In 2023, 2024 and 2025, we recorded government grants of RMB5.9 million, RMB7.9 million and RMB1.8 million, respectively. However, such government grants and preferential tax treatments are subject to applicable laws, regulations and governmental policies, which may change from time to time, and their grant, continuation and amount may be subject to governmental discretion, periodic review and renewal requirements. There can be no assurance that we will continue to receive such grants or enjoy such preferential tax treatment in the future, or that such benefits will not be reduced, delayed, modified or withdrawn. If any material government support or tax incentive currently available to us is discontinued, reduced or delayed, or if we cease to qualify for any such preferential treatment, our operating costs may increase and our business, financial condition and results of operations may be materially and adversely affected.

The changes in the carrying amounts of redemption liabilities issued to investors may adversely affect our financial condition and results of operations.

The financial instruments issued to our investors primarily relate to redemption rights granted to certain investors. Such redemption rights give rise to redemption liabilities representing our obligation, upon the occurrence of certain contingent events, to repurchase our own equity interests. These redemption liabilities are measured at the highest redemption amount payable under the relevant contingent events on a present value basis. As of December 31, 2023, 2024 and 2025, we recorded redemption liabilities of RMB548.4 million, RMB579.2 million and RMB581.9 million, respectively. Any significant changes in the carrying amounts of such redemption liabilities, including those arising from amortized cost adjustments or other changes in measurement, may affect our profit or loss and materially and adversely affect our financial condition and results of operations.

Our reliance on information technology systems may expose us to new challenges and risks, which may materially and adversely affect our business, financial condition and results of operations.

Our business operations depend on both self-developed and third-party information technology systems that support various functions, including inventory management, order processing, customer relationship management, business intelligence, promotional campaign management and data analytics. These systems are important to our operational efficiency, data accuracy and timely decision-making. However, such systems are subject to various risks, including system failures, design defects, scalability limitations, insufficient testing, maintenance or upgrade deficiencies, data inaccuracies, cyber-attacks, data breaches and other security incidents. In addition, our reliance on third-party systems may expose us to risks beyond our control, including vendor service interruptions, integration failures, licensing disputes and other service-related issues. If any of the foregoing risks materialize, our operations may be disrupted, our data or systems may be compromised, and we may incur substantial remediation costs, legal liabilities, regulatory consequences and reputational damage. Any such event may materially and adversely affect our business, financial condition and results of operations.

We are subject to third-party payment-related risks.

The number of our customers who settled payments through third-party payers, referred to as "Third-Party Settled Customers," was four, eight and four in 2023, 2024 and 2025. During the same periods, we accepted third-party payments of RMB0.2 million, RMB0.6 million and RMB0.3 million, respectively, accounting for 0.02%, 0.04% and 0.01% of our total revenue, respectively. We accepted such third-party payment primarily to facilitate our collection of trade receivables. The third parties who made the payments to us under these third-party payment arrangements during the Track Record Period, referred to as "Third-Party Payers," were primarily individuals who are the shareholders, employees or legal representatives of Third-Party Settled Customers who initially purchased the products. Before accepting the payment, we verified the relationship between the customer and the payers through publicly available channels and supporting relationship evidence provided by the customer. Taking into account our established business relationship with the customer, we agreed to such arrangement in strict compliance with our internal control measures. We have ceased accepting any third-party payment as of December 31, 2025.

We are subject to the risks relating to such third-party payments, including potential money laundering risks as we have limited knowledge about the source and purpose of the funds utilized by the third-party payers. In the event of any claims or legal actions, whether civil or criminal, initiated against us by third-party payers or their liquidators regarding third-party payments or for violation or non-compliance of laws and regulations, we would need to allocate significant financial and managerial resources to defend ourselves, and we may be forced to comply with the court ruling and return the payment for the products that we sold and services that we provided, and our business, financial condition, results of operations and cash flows may be adversely affected.

Regulatory requirements regarding data protection and information security are constantly evolving, the changes of which or any data protection and information security incidents may have a material and adverse effect on our business and results of operations.

Our business operations involve the collection, use and storage of certain consumer data and contact person data, and we may entrust some contractors to process such data. We are subject to a range of PRC laws and regulations relating to cybersecurity, data security and personal information protection, including restrictions and requirements relating to the collection, use, storage, processing and transfer of data. See "Regulatory Overview — Laws and Regulations on Information Security and Data Protection" for details. We did not experience any material cybersecurity or data security incident, or incur any material administrative penalty or become involved in any material litigation in relation to violations of the PRC Cybersecurity Law, the Data Security Law or the Personal Information Protection Law during the Track Record Period and up to the Latest Practicable Date. As advised by our PRC Legal Adviser, we were in compliance with the applicable PRC laws and regulations in all material respects as of the Latest Practicable Date. However, there can be no assurance that we will be able to comply with all such requirements at all times in the future.

The regulatory framework relating to data protection, information security and cybersecurity is complex and continues to evolve. Any actual or alleged failure by us, our employees, service providers or other business partners to comply with applicable laws, regulations or internal policies relating to personal information protection, data security or cybersecurity, or any actual or perceived data leakage, unauthorized access, cyber-attack, system vulnerability or other security incident, may subject us to regulatory investigations, administrative penalties, litigation, claims, remediation costs, reputational harm and loss of consumer trust. In addition, any changes in applicable laws, regulations or regulatory practices may increase our compliance costs and operational burden. Any of the foregoing may materially and adversely affect our business, financial condition and results of operations.

We need various approvals, licenses and permits to operate our business and the loss or failure to obtain or renew any or all of these approvals, licenses and permits could materially and adversely affect our results of operations and business prospects.

We primarily operate our business in the PRC and are required to obtain and maintain various approvals, licenses and permits in connection with our business operations. Such approvals, licenses and permits are subject to examination, verification, accreditation, renewal or reassessment by the relevant governmental authorities, and the applicable requirements and standards may change from time to time. We may encounter difficulties, delays or failures in obtaining the approvals, licenses and permits required for new brands, new products or other business expansion initiatives, and there can be no assurance that we will be able to obtain, maintain or renew all approvals, licenses and permits necessary for our existing or future business operations in a timely manner, or at all. In addition, if the interpretation or implementation of existing laws and regulations changes, or if new laws or regulations are introduced requiring us to obtain additional approvals, licenses, permits or certificates, there can be no assurance that we will be able to comply with such new requirements in a timely manner, or at all. If any of the foregoing occurs, our business operations may be interrupted, and our expansion plans may be delayed or adversely affected.

In addition, compliance with applicable regulatory requirements may involve substantial costs and management resources. Any actual or alleged non-compliance with applicable requirements relating to approvals, licenses or permits may subject us to regulatory actions, fines, penalties, business suspension, corrective measures or other liabilities. We may also be required to incur significant expenses and devote substantial management attention to remedy any deficiencies, and may suffer negative publicity as a result. Any of the foregoing may materially and adversely affect our business, financial condition, results of operations and prospects.

Any future litigation, legal disputes, claims or administrative proceedings against us, including product liabilities, could be costly and time-consuming to defend.

From time to time, we may become involved in litigation, legal disputes, claims or administrative proceedings arising in the ordinary course of our business. Such matters may relate to, among other things, breach of contract, employment or labor disputes, product liability, consumer claims, anti-monopoly matters and infringement of intellectual property rights. There can be no assurance that we will be successful in defending against any such actions. If any such claim, dispute or proceeding is determined adversely to us, we may be subject to damages, fines, penalties, injunctions or other liabilities. In addition, regardless of the merits of any such matter, the defense or pursuit of litigation, claims, disputes, investigations or proceedings may be costly, time-consuming and disruptive to our management and operations, and may divert significant financial and managerial resources and materially harm our reputation. Furthermore, certain claims, disputes or proceedings may arise from defective products or supplies provided by our suppliers, who may not be able to indemnify us in a timely manner, or at all, for any losses or costs incurred by us. Any of the foregoing may materially and adversely affect our business, financial condition and results of operations.

Failure to comply with applicable advertising laws and regulations when promoting our products may subject us to potential risks and penalties.

We promote our brands and products through various channels, including television, outdoor advertising, print media, the internet, social media and other marketing platforms, all of which are subject to applicable PRC laws and regulations relating to advertising and promotional activities. We may be held liable if any of our advertisements, promotional materials or marketing activities are found to be non-compliant with applicable laws and regulations, which may result in regulatory investigations, administrative penalties, corrective measures, suspension of relevant promotional activities or other liabilities. Any such event may materially and adversely affect our business, financial condition and results of operations.

In addition, we rely on our employees and third-party service providers, such as marketing agencies, content creators and other promotional partners, to assist in the preparation and dissemination of advertising and promotional content. If any such persons fail to comply with applicable advertising laws and regulations, or if the relevant authorities take a view that is inconsistent with our understanding or interpretation of the applicable requirements, we may be subject to regulatory risks and penalties. There can be no assurance that inadvertent non-compliance will not occur in the future. Any such non-compliance may also damage the image and reputation of our brands. In addition, we may need to incur increased compliance and monitoring costs in order to comply with evolving advertising laws and regulations. Any of the foregoing may materially and adversely affect our business, financial condition and results of operations.

We may not be able to adequately protect our intellectual property rights, and may be subject to intellectual property infringement claims, which could be expensive and may materially and adversely affect our business, financial condition and results of operations.

Our success depends in part on our ability to protect and use our brands, trade names, trademarks and other intellectual property rights to maintain brand recognition, enhance consumer awareness and support the development and commercialization of our products, as well as on our ability to operate without infringing the intellectual property rights of others. Unauthorized use, reproduction or misappropriation of our intellectual property rights, including our trademarks, patents, copyrights, trade secrets and other proprietary rights, may dilute the value of our brands, weaken our competitive advantages and harm our market position and goodwill. We seek to protect our intellectual property rights through registration, contractual arrangements such as confidentiality and non-disclosure agreements, and other legal measures. However, there can be no assurance that such measures will be sufficient to prevent infringement, misappropriation or other unauthorized use by third parties, or that we will be able to enforce our rights effectively or at reasonable cost. Any failure to adequately protect our intellectual property rights may materially and adversely affect our business, financial condition and results of operations.

In addition, we may from time to time be subject to claims, disputes, investigations or proceedings alleging that our products, brands, technologies or business operations infringe, misappropriate or otherwise violate the intellectual property rights of third parties. Although as of the Latest Practicable Date we were not involved in any material proceeding in which a third party challenged the validity or enforceability of our patents that had, or would reasonably be expected to have, a material impact on our business, there can be no assurance that such claims will not arise in the future. If any such claim is brought against us and is determined adversely, we may be required to pay damages, incur substantial legal fees and other expenses, obtain licenses on commercially unfavorable terms or at all, suspend or cease the development, use or commercialization of the relevant products, or redesign our products or operations to avoid further infringement. In addition, any negative publicity arising from such matters may damage our reputation and brand image. Any of the foregoing may materially and adversely affect our business, financial condition and results of operations.

We require a substantial amount of capital to support our operations and respond to business opportunities. Any failure to obtain adequate capital on acceptable terms could have a material and adverse impact on our financial condition and prospects.

We may require additional financing from time to time to support our operations, capital expenditures, working capital needs and any investments, acquisitions or other strategic opportunities that we may pursue. Our ability to obtain external financing in the future is subject to various uncertainties, including our future financial condition, results of operations and cash flows, the performance of our Shares, the liquidity and condition of domestic and international capital and lending markets, investor sentiment, and applicable PRC laws and regulations relating to foreign investment and the industries in which we operate. There can be no assurance that additional financing will be available to us in a timely manner, in sufficient amounts, on commercially acceptable terms, or at all. If we are unable to obtain adequate funding when needed, our liquidity may be constrained and our ability to support our operations, respond to business opportunities or implement our growth strategies may be materially and adversely affected. In addition, any issuance of equity or equity-linked securities may dilute the shareholding interests of our existing Shareholders.

Our insurance coverage may not be sufficient, which may have a material and adverse effect on our business, financial condition and results of operations.

We maintain various insurance policies, which we believe are generally in line with industry practice. However, there can be no assurance that our insurance coverage will be sufficient to cover all liabilities, losses, damages or claims that may arise in connection with our business operations. Any uninsured or underinsured loss, or any liability or damage caused by our sales channels, business operations or personnel that is not adequately covered by our insurance policies, may require us to incur substantial costs and divert significant management attention and financial resources, which may materially and adversely affect our business, financial condition and results of operations. In addition, we may not be able to renew our existing insurance policies or obtain new insurance coverage on commercially acceptable terms, with adequate coverage levels, or at all. We may also encounter disputes with insurance providers as to the scope of coverage or the amount and timing of claim payments. Any of the foregoing may materially and adversely affect our business, financial condition and results of operations.

Failure to comply with the PRC regulations regarding contribution of social insurance premium or housing provident fund may subject us to fines and other legal or administrative penalties.

Under PRC laws and regulations, employers are required to make social insurance and housing provident fund contributions in full for their employees. During the Track Record Period, we did not make full social insurance and housing provident fund contributions for certain employees. See "Business — Employees" for details. As advised by our PRC Legal Adviser, we may be ordered by the relevant authorities to make up the outstanding contributions within a prescribed period, and if we fail to do so, we may be subject to late payment surcharges, fines or other enforcement actions, including application for compulsory enforcement by the People's Court. As of the Latest Practicable Date, we had not received any administrative penalty or rectification order from the relevant PRC authorities in relation to social insurance or housing provident fund contributions, and should we receive any notice requiring make-up contributions, we will complete such payments within the prescribed period. Our PRC Legal Adviser is of the view that, taking into account the confirmations obtained from the relevant authorities, in the absence of employees' complaints, the likelihood that we would be subject to material administrative penalties or concentrated recovery actions in respect of our historical shortfalls is remote. However, there can be no assurance that we will not be required to rectify such non-compliance in the future, or that any employee will not file a complaint or claim against us. If any such event occurs, we may incur additional costs and expenses and our business, financial condition and results of operations may be adversely affected.

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

Our leased properties are mainly used as office premises and employee housing. However, we cannot guarantee the renewal of these leases without significant cost increases, or at all. If we fail to renew leases, our business operations may be disrupted and we may need to close or relocate our business. We may not find suitable alternatives, and if we do, we may be subject to decoration costs and loss of revenue generated from such relocation and other costs and risks, which may materially and adversely affect our business and financial performance.

As of the Latest Practicable Date, three of our lease agreements had not been registered and filed with the relevant real estate administration bureaus in the PRC. See "Business — Properties" for more details. Although failure to do so does not in itself invalidate the leases, the lessors and the lessees may be exposed to potential fines if they fail to rectify such non-compliance within the prescribed time frame after receiving notice from the relevant PRC government authorities. The relevant government authorities may impose a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease. We cannot assure you that the lessors will cooperate and complete the registration in a timely manner once we are required to do so. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors.

The increasing awareness of ESG matters may lead to the adoption of more stringent laws and regulations and increase our compliance costs.

As awareness of ESG matters continues to increase, including in relation to packaging waste, greenhouse gas emissions and environmental protection, governments and regulatory authorities may adopt more stringent laws, regulations and compliance requirements. As a result, we may need to devote additional management attention, operational resources and financial resources to monitor regulatory developments and ensure compliance with applicable ESG-related requirements. Although we have adopted a series of measures aimed at complying with the ESG-related laws and regulations applicable to us, there can be no assurance that such measures will be sufficient to effectively mitigate the relevant risks or enable us to respond to future regulatory changes in a timely and effective manner. Any changes to existing ESG-related laws and regulations, or the introduction of new ESG-related requirements, may increase our compliance costs and operational burden, and if we fail to comply with such requirements, our business, financial condition and results of operations may be materially and adversely affected.

Our business, financial condition and results of operations may be materially and adversely affected by political events, war, terrorism, public health issues, adverse weather conditions, natural disasters and other catastrophes.

Our business may be materially and adversely affected by events beyond our control, including natural disasters such as snowstorms, earthquakes, fires and floods, outbreaks of contagious diseases and other public health events, as well as wars, terrorist attacks, environmental accidents, power shortages, communication failures and other catastrophes. Such events may disrupt our business operations, supply chain, warehousing and logistics, sales channels, workforce availability and consumer demand. In particular, outbreaks of epidemic or pandemic diseases in the regions where we operate or conduct business may impair the operations of our employees, suppliers, OEM providers, distributors and other business partners, and may adversely affect our offline sales activities and overall business performance. Any such event, including the outbreak of avian flu, H1N1 flu, SARS, COVID-19 or any other widespread public health event, may materially and adversely affect our business, financial condition, results of operations and prospects.

RISKS RELATING TO CONDUCTING BUSINESS IN CHINA

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

On July 6, 2021, the relevant PRC government authorities issued the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies. See "Appendix IV — Summary of Principal Legal and Regulatory Provisions" for details.

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection of China, and the National Archives Administration of China published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Archives Rules**"), which came into effect on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. The interpretation and implementation of the Archives Rules may keep evolving, failure to comply with which may materially affect our business, results of operations or financial conditions.

Failure to fully adapt to changes in the economic, political and social conditions, as well as government policies, laws and regulations, and industry practice guidelines in China could materially and adversely affect our business, financial condition, results of operations and prospects.

Our business, financial condition and results of operations may be influenced by the general political, economic and social conditions in the country where we operate. Governments worldwide have implemented, and may continue to introduce, among others, various policies and measures to encourage economic growth and guide the allocation of resources. The industries where we operate in general are affected by macro-economic factors, including international, national, regional and local economic conditions, trade relationships, employment levels, consumer demand and discretionary spending. Any changes in these factors may have material and adverse effect on our business, financial condition and result of operations.

Regulations on currency exchange may limit our foreign exchange transactions, including our ability to pay dividends and other obligations, and may affect the value of your [REDACTED].

The PRC government imposes laws and regulations on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of Renminbi into and out of the PRC. Under the existing PRC foreign exchange regulations, foreign exchange transactions under the current account conducted by us, including the payment of dividends, can be made in foreign currencies without prior approval of SAFE by complying with certain procedural requirements and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by or registered with the SAFE or its local branch unless otherwise permitted by law. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange obligation. If we do not meet the procedural approvals in respect of the foreign exchange administration, our potential offshore capital expenditure plans and even our business may be materially and adversely affected.

Development in the legal system of certain geographic markets in which we operate could materially and adversely affect us. The legal systems in these geographic markets vary significantly from one jurisdiction to another.

We are a company incorporated under the PRC laws with the majority of our assets and operations located in the PRC. Substantially all of our Directors and senior management reside within the PRC. The assets of these Directors and senior management also may be located within the PRC. Due to the difference in legal systems, certain important aspects of PRC Company Law are different from the corporate laws of common law jurisdictions such as Hong Kong, particularly with respect to investor protection, such as shareholder class action suits and measures protecting non-controlling shareholders; restrictions on directors; disclosure requirements; different rights of classes of shareholders; general meeting procedures and disbursement of dividends. We cannot assure you that no discrepancy exists between the protections we give to our investors in civil law jurisdictions and those given to investors in companies formed in common law jurisdictions. In addition, PRC laws and regulations are statute-based and, similar to other civil law jurisdictions, the interpretation and enforcement of statutory laws and regulations may be changed to adapt the rapid development of economic, political, and social conditions, and there can be no assurance that we will be able to fully comply with new rules and regulations that may be relevant to investor protection, which may limit the legal protections available to investor, including you. In addition, litigation in any jurisdiction may be protracted and result in substantial costs and diversion of our resources and management attention.

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

Our revenue and expenses are substantially denominated in Renminbi. We may need to obtain foreign currency to make payments of declared dividends, if any, on our Shares. In addition, our **[REDACTED]** from the **[REDACTED]** will be denominated in Hong Kong dollars. The value of currencies against the Hong Kong dollar, the U.S. dollar and other currencies is based on rates set by the People's Bank of China, which is affected by, among other things, changes in global and geographical political and economic conditions, supply and demand in the monetary markets, and economic and political developments domestically and internationally. It is difficult for us to predict how external factors in respect of markets or policies may impact the exchange rate between the Renminbi and the Hong Kong dollar, the U.S. dollar or other currencies 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 Hong Kong dollar may result in a 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 a foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. All of these global and geographical political and economic factors may adversely affect the value of and any dividends payable on, our Shares in Hong Kong dollars.

We are a PRC tax resident subject to PRC tax on our global income, and the dividends payable to [REDACTED] and gains on the sale of our H Shares by our [REDACTED] are subject to PRC tax.

As a company incorporated in the PRC, we are treated as a PRC tax resident enterprise for PRC tax purposes and are therefore subject to PRC tax on our global income. In addition, under applicable PRC tax laws and regulations, dividends paid by us to, and gains realized by, holders of our H Shares may be subject to PRC taxes. The tax treatment of non-PRC resident individual and enterprise holders of our H Shares is subject to applicable PRC tax laws, regulations and tax treaty arrangements. See "Appendix III — Taxation and Foreign Exchange" for further details.

Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval. PRC tax authorities are responsible for interpreting and implementing the tax-related laws and regulations, including whether and how enterprise income tax on gains derived upon the sale or other disposition of H Shares will be collected from non-PRC resident enterprise holders of H Shares. If PRC taxes are imposed on dividends payable by us or gains realized by **[REDACTED]** in respect of our H Shares, the returns on, and market value of, our H Shares may be materially and adversely affected.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for our H Shares and the liquidity and [REDACTED] of our H Shares may be volatile.

Prior to the **[REDACTED]**, there was no **[REDACTED]** for our H Shares. We cannot assure you that a **[REDACTED]** for our H Shares with adequate liquidity and **[REDACTED]** will develop and be sustained following the completion of the **[REDACTED]**. The **[REDACTED]** for our H Shares was the result of negotiations between us and the **[REDACTED]** (on behalf of the **[REDACTED]**), and the **[REDACTED]** may differ significantly from the **[REDACTED]** for our H Shares following the **[REDACTED]**. If an active **[REDACTED]** for our H Shares does not develop following the completion of the **[REDACTED]**, the **[REDACTED]** and liquidity of our H Shares could be materially and adversely affected. The price and **[REDACTED]** of our H Shares may be highly volatile. Several factors, some of which are beyond our control, such as variations in our prospects, changes in our pricing policy, the emergence of new technologies, strategic alliances or acquisitions, the addition or departure of key personnel, changes in profit forecast or recommendations by financial analysts, changes in ratings by credit rating agencies, litigation or the removal of the restrictions on share transactions, could cause large and sudden changes to the volume and price at which our H Shares will **[REDACTED]**. In addition, the Stock Exchange and other securities markets have, from time to time, experienced significant price and volume volatility that is not related to the operating performance of any particular company.

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

The **[REDACTED]** of our H 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, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the **[REDACTED]** of other companies with business operations located mainly in Chinese Mainland that have listed their securities in Hong Kong may affect the volatility in the **[REDACTED]** of and **[REDACTED]** for our H Shares. A number of Chinese Mainland-based companies have **[REDACTED]** their securities, and some are in the process of preparing for **[REDACTED]** their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their **[REDACTED]**. The **[REDACTED]** performances of the securities of these companies at the time of or after their **[REDACTED]** may affect the overall investor sentiment towards Chinese Mainland-based companies **[REDACTED]** in Hong Kong and consequently may impact the

[REDACTED] performance of our H Shares. Pursuant to the PRC Company Law, within the one year following the date of **[REDACTED]**, shares issued prior to the **[REDACTED]** shall not be transferred. Due to such lock-up requirement, the **[REDACTED]** of the H Shares in the short-term following the **[REDACTED]** may be significantly affected. These factors may significantly affect the **[REDACTED]** of our H Shares, regardless of our actual operating performance.

Future sales or perceived sales of substantial amounts of our H Shares in the [REDACTED] could have a material adverse effect on the price of our H Shares and our ability to raise additional capital in the future.

The **[REDACTED]** of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the **[REDACTED]**, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future **[REDACTED]**, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution of their holdings if we issue more securities in the future. New shares or share-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

You will incur immediate and substantial dilution if the [REDACTED] of the [REDACTED] is higher than the net tangible asset value per H Share and may experience further dilution if we issue additional Shares in the future.

The **[REDACTED]** of the **[REDACTED]** is higher than the net tangible asset value per H Share immediately prior to the **[REDACTED]**. Therefore, purchasers of the **[REDACTED]** in the **[REDACTED]** will experience an immediate dilution in **[REDACTED]** consolidated net tangible asset value. There can be no assurance that if we were to immediately liquidate after the **[REDACTED]**, any assets would be distributed to Shareholders after the creditors' claims. To expand our business, we may consider **[REDACTED]** and **[REDACTED]** additional Shares in the future. Purchasers of the **[REDACTED]** may experience dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price that is lower than the net tangible asset value per Share at that time.

Any possible conversion of Unlisted Shares into H Shares could increase the supply of H Shares in the market, which will negatively impact the [REDACTED] of H Shares.

According to the stipulations by the CSRC and the Articles of Association, all of our Unlisted Shares may be converted into H Shares, and such converted Shares may be **[REDACTED]** or **[REDACTED]** on an overseas stock exchange. Any **[REDACTED]** or **[REDACTED]** of the converted Shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of such stock exchanges. However, the PRC Company Law provides that in relation to the listing of a company, the shares of that company which are issued prior to the listing shall not be transferred within one year from the date of the listing. Therefore, shares currently held on our Unlisted Share register may be **[REDACTED]**, after the conversion, in the form of H Shares on the Stock Exchange after one year of the **[REDACTED]**, which could further increase the supply of our H Shares in the market and could negatively impact the **[REDACTED]** of our H Shares.

Payment of dividends is subject to restrictions under PRC law.

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

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

Certain facts, forecasts and other statistics obtained from various government publications contained in this Document may not be reliable.

Certain facts, forecasts and other statistics contained in this document relating to China, the PRC economy and the industry in which we operate have been derived from various official government publications. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, we cannot assure you of the accuracy or completeness of information obtained from these sources. The information from official government sources has not been independently verified by us, the Sole Sponsor, the **[REDACTED]** or any other party involved in the **[REDACTED]** and no representation is given as to its accuracy. For these reasons, the information from various government publications contained in this document may not be accurate and should not be given undue reliance as a basis for making your **[REDACTED]** in our H Shares.

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

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