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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business and future growth prospects rely on consumer demand for our products. Any shift in consumer demand, or failure in product innovation may materially and adversely affect our business and results of operations.

Our business relies on consumer demand for our products, which depends substantially on factors such as (i) economic growth and increasing disposable income; (ii) public attitudes and consumer preference; (iii) diversified consumption scenarios and increasing consumption frequency; and (iv) continuous upgrade of existing products and introduction of new products. Changes in any of the above at any time could result in decline in consumer demand for our products.

We cannot assure you that our product portfolio will continuously lead or capture the market trends. Any changes in consumer preferences and tastes, or any of our failure to anticipate, identify or adapt to market trends, may impose downward pressure on sales and pricing of our products or lead to increases in selling and distribution expenses, and therefore materially and adversely affect our business and results of operations.

In addition, product innovation is vital to our success in the competitive confectionery market. During the Track Record Period, our product development efforts mainly focused on upgrading existing products and developing new products to meet changing consumer demands. However, rapidly evolving consumer trends, rising customer's healthy expectations or food safety standards, and intensifying competition pose significant challenges. Failing to keep pace could weaken our competitiveness and require additional investment in reformulation and process upgrades. There is no assurance our product development efforts will succeed within planned timelines or budgets. Unsuccessful launches may result in adverse effect on sales revenue, and even successful ones may fail to win consumer demand or meet sales and profit targets. Some product development spending also supports long-term capabilities which may not yield immediate returns.

Our business depends on market recognition of our brand. Any damage to our brand, trademarks or reputation, or failure to effectively promote our brand, could materially and adversely impact our business and results of operations.

Brand image is a key factor in consumer purchase decisions. We believe our success depends substantially on the popularity of our brand and our reputation for confectionery products that appeal to consumers. Therefore, maintaining and enhancing the recognition and image of our brand are critical to our ability to differentiate our products and to compete effectively. Any complaint, claim or negative publicity against us or our products, even if meritless or immaterial to our operations, could damage our brand and reputation. Any actual or perceived food safety concerns, contamination, spoilage or other product misbranding or tampering may lead to the erosion of our brand and damage to our brand value. Furthermore, our brand also depends on our ability to respond to competitive pressures effectively. If we fail to do so, the value of our brand or reputation may be diminished and our business and results of operations may be materially and adversely affected.

Global operation exposes us to inherent risks, which will persist as we further expand our international footprint. Shifts in the global economic landscape, along with evolving diplomatic and trade relations, could negatively impact our operating results and lead to fluctuations to the demand for our products.

Our products are sold to 80 countries and regions as of the Latest Practicable Date. During the Track Record Period, overseas revenues accounted for a majority of our total revenues and amounted to RMB565.3 million, RMB1,068.3 million and RMB2,145.3 million in 2023, 2024 and 2025, respectively, representing 52.8%, 68.0% and 77.1% of our revenue in the respective year. In addition, we are planning to expand our overseas production capacity by establishing a manufacturing facility in Vietnam, which is expected to commence operation by or around the end of 2026. With our global presence, we may be subject to the following risks: (i) difficulties in providing products, services and support, in recruiting personnel in overseas markets, and in managing sales channels and distribution networks effectively; (ii) potential fluctuation in periodic revenue due to unfavorable market conditions, intensified competition, unattractive products and services, downward pricing pressure, and any other inherent risks associated with our international business operations; (iii) challenges in commercializing our products in new markets where we have limited experience with the local market dynamics and no existing or developed sales, distribution and marketing infrastructure; (iv) increased vulnerability to operational disruptions caused by issues with third-party partners, including their financial instability, insolvency, labor disputes, manufacturing capabilities, costs structures, insurance, natural disasters, public health emergencies or other catastrophic events; (v) difficulties navigating unfamiliar regulatory frameworks, engaging with regulatory authorities, and complying with government policies to secure necessary manufacturing, import, marketing, and sales permits/licenses across jurisdictions; (vi) potential limitations in IP right protection and risks of infringing on third-party intellectual rights; (vii) divergent accounting standards across jurisdictions, potential adverse tax implications, and foreign exchange losses; (viii) challenges in effectively upholding contractual or legal rights in international contexts; and (ix) exposure to changes in local laws, regulations and policies as well as political, economic and market instability or civil unrest within operating jurisdictions. If we are unable to effectively avoid or mitigate these risks, our ability to expand in overseas markets will be impaired, or our international business may not be able to sustain profitability, which could have a material and adverse effect on our business, financial condition, and results of operations.

In particular, our operating results are influenced by macroeconomic conditions worldwide. Global economic conditions exhibit significant regions variations and are prone to substantial volatility. There is no assurance as to how the trade tensions may evolve or whether there will be any changes to the scope and extent of goods that are or will be subject to such export controls, sanctions, tariffs, or new trade policies. We cannot predict the implications of the ongoing trade tensions and the impact on our industry and the global economy. In addition, any economic downturn, slowing growth rates, or other adverse economic conditions in our operating markets could materially and adversely affect our business, financial condition, and results of operations.

Our global operations expose us to dynamic international regulatory, social, and political environments. These factors give rise to multifaceted risks, including cross-border legal compliance complexities, exposure to potential disputes and litigation, geopolitical uncertainties, volatile local market dynamics, trade restrictions or prohibitions, foreign exchange fluctuations, intense competition, and varying tax regimes. Consequently, the geopolitical relationships between jurisdictions in which we operate directly influence our cost structure, product demand, and business collaboration with local partners. Escalating tensions or political concerns in these regions may materially and adversely affect our business, results of operations and prospects.

Changes in international trade policies, geopolitics and trade protection measures and tariffs, export control and economic or trade sanctions may affect our business, financial condition, and results of operations.

Our business operations and financial performance can be influenced by various factors related to international trade policies, geopolitics, and trade protection measures, including export controls and economic or trade sanctions. For example, in 2023, 2024 and 2025, we incurred tariff costs amounted to RMB6.0 million, RMB31.7 million and RMB107.9 million, respectively, with the increase in 2025 primarily due to the tariffs imposed by the U.S. government. Additionally, the United States continues to assess the tariff rates it will impose on other jurisdictions, which might directly or indirectly impact our business or financial performance. These evolving policies have adversely affected the global economy and financial markets. Given the rapid transformation, forecasting future implications remains challenging. New tariffs, legislation, or regulatory changes, particularly retaliatory actions amid heightened global trade tensions, could materially affect our business. In extreme cases, such conflicts could result in economic downturns that materially and adversely impact our business, financial condition, and results of operations.

Additionally, alterations in trade protection measures, such as the imposition of anti-dumping duties, countervailing duties, or safeguard measures, may lead to higher costs or restrictions on our exports. Moreover, export controls and economic or trade sanctions can impose limitations on our ability to export products or conduct business in specific markets. Non-compliance with these controls and sanctions can result in legal penalties, reputational harm, and the loss of export privileges.

We operate in a highly competitive industry. Failure to compete effectively could adversely affect our market share, growth and profitability.

We operate in the confectionery industry, which is highly competitive, and the competition may further intensify. Some of our competitors, may have been in their respective businesses longer than we have and may have substantially greater financial, research and development and other resources than us. We also cannot assure you that our current or potential competitors will not market products comparable or superior to those we provide or adapt more quickly to evolving industry trends or changing market demand. Any of these events may cause our market share, business and results of operations to be adversely affected.

Furthermore, competition may cause our competitors to substantially increase their advertising and promotional activities or to engage in irrational or predatory pricing behavior. In particular, the prevalence of low-quality, low-price products could distort market perceptions of value, intensify price-based competition, and compel us to adjust our pricing or promotional strategies in ways that may affect our brand positioning or profitability. We cannot guarantee that our marketing efforts will be sufficient to compete with our competitors. An increase in competition could require us to continue to increase our promotion and advertising expenses, which might place pressure on our margins and affect our profitability. Additionally, competition may result in price reductions, reduced margins and loss of market shares for us, any of which could have an adverse impact on our results of operations. We also cannot assure you that our competitors will not actively engage in activities, whether legal or illegal, designed to undermine our brands and product quality or to influence consumer confidence in our products.

The confectionery industry is competitive with respect to, among other things, brand recognition, flavor, product quality and consistency, services, prices, and sales and distribution channels. Furthermore, new competitors may emerge from time to time, which may further intensify the competition. In particular, competitors may start to offer confectionery products that are similar to our products. There are also many well-established competitors with substantially greater financial, marketing, personnel and other resources than ours. Furthermore, our ability to maintain our leadership is subject to the entry of new competitors. For more information related to the competitive landscape of our industry, see "Industry Overview — Entry Barriers of the Global Sugar Confectionery Market".

Our ability to effectively compete will depend on various factors, including the successful implementation of our sales and distribution network expansion strategy, and our ability to improve existing products, to develop and launch new products, and to enhance production capacity and efficiency. Failure to successfully compete may prevent us from increasing or sustaining our revenue and profitability and potentially lead to a loss of market share, which could have a material and adverse effect on our business, financial condition, results of operations and cash flows.

Any failure to maintain food safety and consistent quality could have a material and adverse effect on our brand, business and financial performance.

Food safety and quality are critical to our reputation and success. Maintaining consistent quality and food safety depends significantly on the effectiveness of our quality control systems, which cover raw materials, production, storage, delivery, and sales. These systems rely on factors such as their design, our ability to ensure that employees and third-party partners adhere to established policies, and timely detection of any defects. We cannot guarantee that our systems will be effective at all times, that employees will never make errors, or that third-party suppliers, OEM, logistics providers, distributors, or retail partners will consistently meet our quality standards. Any failure by these external parties could lead to inventory obsolescence or compromised product integrity.

We face inherent risks of food contamination, quality deviations, and associated liability claims. Undetected contamination or quality issues could result in product-liability claims, reduced customer satisfaction, negative publicity, government scrutiny, administrative actions, product recalls, and increased returns. In cases involving contaminated raw materials, we may need to negotiate with or litigate against suppliers, which could entail substantial costs, diversion of resources, and uncertain outcomes. Even if contractual compensation clauses exist, they may not fully cover our tangible or intangible losses, and court-awarded remedies may be difficult to enforce or inadequate. Any such event could materially harm our brands, reputation, operational results, financial condition, and business prospects.

Counterfeit products may significantly harm our reputation and brand image and divert potential customers.

Our established brand recognition has attracted imitators who imitate our products and brands without our authorization. Counterfeit products may divert our existing and potential customers. Any unauthorized use of our trademarks and imitation of our products could adversely affect our brand name and reputation, thereby causing a decline in our financial performance, reduction in our market share as well as an increase in the amount of time and resources we need to devote to detection and prosecution of unauthorized use of our trademarks or imitation of our products. We have adopted certain measures to crack down on counterfeit products. However, we cannot assure you that any of our measures will provide effective prevention for unauthorized third-party use of our trademarks or imitation of our products which could adversely affect our reputation, results of operations and financial condition.

Adverse publicity involving us, our products, our Directors, our management team, our influencers and celebrity endorsers, our competitors or our industry could materially and adversely impact our business and results of operations.

The food industry is highly sensitive to concerns surrounding food safety, quality, and public health. Negative publicity or media reports, whether accurate or not, related to these issues can have a material adverse effect on the industry as a whole. As a result, any such negative coverage, whether directed at our Company specifically or at the industry in general, could significantly harm our brand, business, and operating results.

However, despite our efforts to innovate, public discourse around the potential health risks, including sugar consumption, may still negatively influence consumer perception and behavior, thereby affecting our business and financial performance. Given our leadership position in the industry, we may be subject to heightened public scrutiny. Defending against such criticism can be costly and resource-intensive. Even unsubstantiated complaints or legal claims could divert management attention and operational resources, potentially disrupting our business and adversely impacting our financial results.

Additionally, we have invested substantially in building our brand, including through KOL partnerships and marketing campaigns. A decline in the popularity of these influencers or any negative publicity involving our celebrity endorsers could damage our brand reputation and lead to reduced sales and profitability.

Our sales and marketing activities may not be effective.

Our operating results are dependent on our brand marketing efforts and advertising activities. We continuously invest in our brands to further raise brand recognition and acceptance and engage in marketing campaigns to promote our products. We utilize tailored and creative branding and marketing strategies, which have achieved positive results. We expect to continue to adopt such strategies in the future. We incurred selling and distribution expenses of RMB198.9 million, RMB266.7 million and RMB429.5 million, respectively, in 2023, 2024 and 2025, representing 18.6%, 17.0% and 15.4%, respectively, of our total revenue for the corresponding periods. However, if our marketing and advertising programs do not continue to be successful, our business and operating results may be materially and adversely affected. In addition, we believe marketing trends in China and overseas are evolving, which requires us to experiment with new marketing strategies to keep pace with industry developments and consumer preferences. Moreover, as we continue to build up our online platform, we expect our marketing expenses relating to cooperation with online channels to continue to increase.

We rely on key accounts and third-party distributors to place our products into the market.

We rely on key accounts and third-party distributors to sell our products. In 2023, 2024 and 2025, our revenue generated from key account customers amounted to RMB702.6 million, RMB1,143.6 million, and RMB1,804.5 million, representing 65.6%, 72.8% and 64.9% of our revenue, respectively, our sales to distributors amounted to RMB316.0 million, RMB311.9 million, and RMB836.9 million, representing 29.5%, 19.8% and 30.0% of our revenue, respectively. As we mainly sell and distribute our products through such third parties, any one of the following events could cause fluctuations or declines in our revenue and could have an adverse effect on our financial condition and results of operations: (i) reduction, delay or cancelation of orders from one or more of our key accounts and distributors; (ii) selection or increased sales by our key accounts and distributors of our competitors' products; (iii) failure to renew agreements and maintain relationships with our existing key accounts and distributors; (iv) less favorable shelf placement and reduced shelf space for key accounts; (v) failure to establish relationships with new key accounts and distributors on favorable terms; and (vi) inability to timely identify and appoint additional or replacement partners upon the loss of one or more of our key accounts and distributors.

We may not be able to compete successfully against larger and better-funded sales and marketing campaigns of some of our current or future competitors, especially if these competitors provide their sales channels with more favorable arrangements. We cannot assure you that we will not lose any of our key accounts or distributors to our competitors, which could cause us to lose some or all of our favorable arrangements with such key accounts and distributors and may result in the termination of our relationships with other key accounts and distributors. In addition, we may not be able to successfully manage our key accounts and distributors and the cost of any further expansion of our sales network may exceed the revenue generated from these efforts. There can be no assurance that we will be successful in detecting any non-compliance by our key accounts and distributors with the provisions of relevant agreements. Non-compliance by our key accounts and distributors could, among other things, negatively affect our brand, demand for our products and our relationships with other key accounts and distributors. The occurrence of any of these factors could result in a significant decrease in the sales volume of our products and therefore adversely affect our financial condition and results of operations.

During the Track Record Period, some of our distributors may further sell our products to sub-distributors. In general, we do not enter into contracts with such sub-distributors, thus having no direct control over sales activities of such sub-distributors. See "Business — Our Sales Channels." We cannot assure you that the sub-distributors will at all times comply with our sales policies or that they will not compete with each other for market share in respect of our products. If any of the sub-distributors fail to distribute our products to their customers in a timely manner, overstock, or carry out actions which are inconsistent with our business strategy, it may affect our future sales. This may in turn materially and adversely affect our business, financial condition, and results of operations.

We depend on a stable and adequate supply of raw materials which are subject to price volatility and other risks. Inadequate or interrupted supply and price fluctuation for our raw materials could adversely affect our profitability.

The primary raw materials that we use in the production of our products include but not limited to gelatin, white granulated sugar and glucose syrup. During the Track Record Period, our raw material costs amounted to RMB449.8 million, RMB575.6 million and RMB876.8 million, respectively, in 2023, 2024 and 2025, accounting for 42.0%, 36.6% and 31.5%, respectively, of total revenue over the same periods. As a result, our production volume and production costs depend on our ability to source key raw materials at competitive prices. The raw materials we use are subject to price volatility caused by external factors, such as commodity price fluctuations, changes in supply and demand, logistics and processing costs, our bargaining power with suppliers, inflation, and governmental regulations and policies. If we are unable to obtain raw materials in the quantities, of a quality or at a price that we require, our production volume, quality of products and profit margins may be adversely affected.

Our raw material costs increased during the Track Record Period, which was in line with the growth of our business operations. There is no assurance that our raw material costs will not increase significantly in the future. As a result, any significant price increase of our raw materials may have an adverse effect on our profitability and results of operations. Also, if we were to increase price, we may not be able to completely pass on the increase in cost of raw materials to consumers. Also, such an increase in price may adversely affect our demand.

If all or a significant number of our suppliers for any particular raw material are unable or unwilling to meet our requirements, we could suffer shortages or significant cost increases. Our raw material suppliers could fail to meet our needs for various reasons, including fires, natural disasters, weather, manufacturing problems, epidemic, crop failure, strikes, transportation interruptions, or government regulation. A failure of supply could also occur due to suppliers' financial difficulties, including bankruptcy. Changing raw material suppliers may require long lead time. We may not be able to locate alternative suppliers in sufficient quantities, of suitable quality, or at an acceptable price. Continued supply disruptions could exert pressure on our costs, and we cannot assure you that all or part of any increased costs can be passed along to our customers in a timely manner or at all, which could negatively affect our business, overall profitability and financial performance.

We face risks related to production disruptions, manufacturing liabilities, and uncertainties in expanding our production capacity to meet market demand.

Our business relies on the efficient and safe operation of our own production facilities as well as selected third-party OEM partners. In our own facilities, we enforce strict internal safety protocols covering occupational safety, fire prevention, equipment handling, and chemical usage. However, given the complexity of our manufacturing processes, we cannot guarantee full employee compliance or the prevention of all potential accidents. Manufacturing accidents, whether due to human error, equipment malfunction, or unforeseen events, may lead to employee injury or death, operational disruptions, legal liabilities, reputational damage, and unanticipated costs. Moreover, our current insurance coverage may be insufficient to fully address such liabilities, which could materially and adversely affect our financial condition and results of operations. See "— Our existing insurance coverage may be inadequate to fully address losses and liabilities arising from various operational risks and hazards, including potential product liability claims." In addition, we engage third-party OEM partners for certain products. Any disruptions, quality issues, financial instability, or regulatory non-compliance affecting these partners could negatively impact our supply continuity, product quality, and overall business performance.

We may fail to maintain sufficient production capacity, and even if our production expansion projects proceed as planned, timely or full achievement of the anticipated production output increase remains uncertain.

To meet growing market demand, we have undertaken initiatives to expand our production capacity. For example, we are planning to expand our manufacturing capacity by establishing a production facility in Vietnam, which will commence operation by or around the end of 2026. This expansion involves significant commitments of financial resources, management attention, and coordination, including recruiting and integrating additional personnel, scaling infrastructure, and managing increased overhead and support costs. It also entails risks related to budgeting, forecasting, procurement, and process control, as well as obtaining the necessary governmental permits, licenses, certifications, and inspections. Delays or failures in securing these approvals or completing regulatory processes could postpone or prevent the expansion altogether, adversely impacting our ability to grow and serve customer demand. In addition, the anticipated cost-saving benefits from production ramp-up and supply chain management may not be fully achieved. Potential production inefficiencies during scale-up, coupled with challenges in securing cost-competitive inputs and managing a geographically dispersed supply network, could erode projected economies of scale. Furthermore, the global layout of production capabilities may not proceed as originally planned. Operational, cultural, and systemic gaps product sites in different regions may hinder seamless coordination, slow decision-making, and limit synergy realization. These factors collectively pose risks to the expected cost efficiencies, return on investment, and strategic coherence of the expansion initiative.

Even if capacity expansion proceeds as planned, there is no assurance we can ramp up production output in a timely or cost-effective manner. Key challenges include supplier or equipment delays, raw material price volatility, unexpected equipment performance issues, difficulties configuring manufacturing lines, and limitations in technical expertise. In addition, scaling from pilot to commercial-scale manufacturing involves complex technical hurdles, including process reproducibility, quality consistency, validation of safety and reliability standards, and timely sourcing of compliant raw materials. Modifications to production processes may inadvertently introduce errors, leading to production halts, defects, or delays. Failure to maintain robust quality assurance could result in increased product returns, customer dissatisfaction, higher warranty costs, and logistical inefficiencies.

In addition, we engage third-party OEM manufacturing partners to manufacture certain products. However, there is a risk that these partners may not have sufficient production capacity to meet our demand or being able to prioritize our orders during periods of rapid growth or market surges. This could result in manufacturing bottlenecks, delayed order fulfillment, and an inability to capitalize on timely market opportunities, potentially impacting our revenue and customer relationships.

Should we encounter difficulties in scaling production capacity or maintaining operational stability, we may be unable to meet customer demand, fulfill orders, or achieve our growth targets. This could damage our reputation, lead to customer attrition, and materially and adversely affect our business, financial condition, and results of operations.

Our historical financial conditions and results of operations are not representative of our future performance. If we are unable to manage our growth effectively, we may not be able to capitalize on new business opportunities and our business and financial results may be materially and adversely affected.

We experienced rapid expansion during the Track Record Period and plan to further expand in the future. Our total revenue increased by 46.8% from RMB1,070.4 million in 2023 to RMB1,571.3 million in 2024 and further increased by 77.1% to RMB2,782.1 million in 2025.

Our ability to further increase our production capacity is critical to support our stable and continuous business growth, which involves additional costs and uncertainties. In addition, to manage and support our growth, we must improve our existing operational and administrative systems as well as our financial and management controls. Our continued success also depends on our ability to recruit, train and retain qualified management personnel as well as other administrative and sales and marketing personnel, particularly when we expand into new markets. We also need to continue to manage our relationships with our suppliers and customers. All of these endeavors will require substantial management resources. As a result, our revenue and results of operations in future may fluctuate significantly and our results for a given period during the Track Record Period are not necessarily indicative of results to be expected for our operations in future. We cannot assure you that we will be able to manage any future growth effectively and efficiently, and any failure to do so may materially and adversely affect our ability to capitalize on new business opportunities, which in turn may have a material and adverse effect on our business and financial performance.

Furthermore, we may not be able to achieve our expansion goals. If we encounter any difficulty in expanding our sales and distribution network, our growth prospects may be adversely affected, which could in turn have a material and adverse effect on our business, financial condition and results of operations.

Additionally, our expansion plans and business growth could strain our managerial, operational and financial resources. Our ability to manage future growth will depend on our ability to continue to implement and improve operational, financial and management information systems on a timely basis and to expand, train, motivate and manage our workforce. We cannot assure you that our personnel, systems, procedures and controls will be adequate to support our future growth. Failure to effectively manage our expansion may lead to increased costs and reduced profitability and may adversely affect our growth prospects. In addition, as we expand our operations, we may encounter regulatory, personnel and other difficulties that may also increase our costs of operations.

Our results of operations are subject to seasonal fluctuations.

Our sales exhibit seasonal fluctuations. This reflects consumer purchasing patterns during major holiday and promotional periods when demand for confectionery increases. As a result, our results of operations may not be comparable in different periods of a given year. Moreover, if we are unable to meet this increased demand during peak periods, our revenue and financial performance may be negatively impacted.

We are exposed to the risks relating to third-party logistics solutions providers.

We engage logistics service providers to store and transport products to our customers. The services provided by our logistics service providers may be suspended or canceled due to unforeseen events, which could cause interruption to the sales or delivery of our products. In addition, delivery delays may occur for various reasons beyond our control, including improper handling by our logistics service providers, labor disputes or strikes, acts of war or terrorism, outbreaks of epidemics, earthquakes and other natural disasters.

During the Track Record Period and as of the Latest Practicable Date, all of our product transportation was provided by independent third-party logistics service providers. Disputes with or a termination of our contractual relationships with one or more of our logistics companies could result in delayed delivery of products or increased costs. There can be no assurance that we can continue or extend relationships with our current logistics companies on terms acceptable to us, or that we will be able to establish relationships with new logistics companies or expand our logistics team to ensure accurate, timely and cost-efficient delivery services. If we are unable to maintain or develop good relationships with logistics companies or expand our logistics team to cover new territories, it may inhibit our ability to offer products in sufficient quantities, on a timely basis, or at prices acceptable to our customers. In addition, as we do not have any direct control over these logistics companies, we cannot guarantee their quality of services. If there is any delay in delivery, damage to products or any other issue, our sales and brand image may be affected.

Any improper handling of our products by the logistics service providers could also result in product contamination or damage, which may in turn lead to product recalls, product liabilities, increased costs and damage to our reputation, which may in turn adversely affect our business, financial condition and results of operations.

The storage and transportation costs of our logistics service providers are subject to factors beyond our control, such as the fluctuation in the gasoline price, increases in road tolls and bridge tolls, and changes in transportation regulations. Any increase in the service costs of our logistics service providers may lead to an increase to our logistic expenses, which may in turn negatively affect our results of operations.

We may face the risk of inventory obsolescence.

As of December 31, 2023, 2024 and 2025, we had inventories of RMB103.4 million, RMB205.7 million and RMB321.8 million respectively. Our inventory turnover days in 2023, 2024 and 2025 were 51 days, 62 days and 69 days, respectively. During the Track Record Period, we made write-down of inventories of RMB5.5 million, RMB12.3 million and RMB18.1 million in 2023, 2024 and 2025, respectively. See "Financial Information — Current Assets and Liabilities." Our business relies on consumer demand for our products, which depends substantially on factors such as (i) consumer spending patterns, (ii) consumer preferences and tastes, (iii) consumer income, (iv) consumer perceptions of and confidence in our product quality and food safety, and (v) consumer lifestyle. Any change in consumer demand for our products or the occurrences of catastrophic events may have an adverse impact on our product sales, which may in turn lead to inventory obsolescence, decline in inventory value or inventory write-off.

Any unforeseen or prolonged disruption to our warehousing network could adversely affect our business operations.

In the event that there is any unforeseen and prolonged disruption in the supply of utilities, such as water or electricity, or access to the premises, due to fire or earthquake, and we cannot restore the affected warehouse or relocate to an alternative promptly, our business operations will be materially and adversely interrupted, which in turn will affect our business operations. If a significant incident occurs at any of our warehouses or our prevention measures proved inadequate in the future, we may suffer loss of stored inventory, incur substantial costs to restore or relocate to an alternative, or face regulatory violations leading to administrative penalties from relevant authorities. If such an incident causes damages to other third parties and we are determined to be partially or fully responsible, we may also be required to compensate such damages caused to third parties. Under such circumstances, our business, financial condition, and results of operations may be adversely affected. We engage third party warehousing management companies to operate our facilities, and any mismanagement by these vendors could lead to disruptions in inventory control, supply chain delays, compliance violations, and potential financial losses.

Furthermore, as most of warehouses we operate for providing logistics solutions are leased, we are exposed to risks in relation to unpredictable and increasing rental costs and relocation costs. Renegotiating lease renewals with our landlords may result in increased rental rates or more stringent payment terms, which could adversely affect our profitability and operating results. There is also a risk that we may be unable to successfully extend or renew our leases upon expiration, either on commercially reasonable terms or at all, potentially compelling us to relocate our warehouse. Such relocation may disrupt our operations and incur significant relocation costs and capital expenditures for installing warehousing facilities and technology systems and could in turn adversely affect our financial condition. Further, we cannot assure you that we will be able to relocate to suitable alternative premises in a timely manner or at all, and failure in necessarily relocating our operations could result in disruption to our business operations. We also lease out some idle warehouse space to third parties. Therefore, we are exposed to risks in relation to liability for damage or loss of stored goods, challenges in ensuring compliance with applicable regulations, and the possibility of contractual disputes arising from unclear terms or breaches of the lease agreement.

We consider the formulas of our products as important trade secrets, and our ability to compete may be impaired if such trade secrets are disclosed to third parties.

We rely on various know-how and proprietary information, including formulas for our products, and specifications of our machinery and production process, which constitute trade secrets. We have established a complete set of confidentiality system for the formulas of our products. For example, we have included confidentiality clauses in OEM contracts, which provides that information regarding our formulas should be treated strictly as confidential. Also, for external personnel who come to our Company for training, study, visits and other activities, we require that they must be accompanied by our staff at all times. Without permission, visitors are not allowed to visit our product development offices, and visitors are denied access to our R&D documents and operating computers. In addition, we have generally included confidentiality clause in the employment contract of our relevant personnel who have knowledge of our confidential information, and our employee handbook sets out the employee's obligation to keep confidential our trade secrets and know-how. We are entitled to terminate the employment of any employee who materially breaches his or her confidentiality obligations under his or her contract.

Nonetheless, as we enter into various outsourcing and procurement arrangements with third-party contract manufacturers and/or suppliers to manufacture and/or supply food products under our brands, there may be a leakage of our trade secrets or production know-how. While we use reasonable efforts, including the foregoing measures, to protect our trade secrets and know-how, our employees, contractor manufacturers, suppliers or other advisers may unintentionally or willfully disclose our trade secrets and know-how to our competitors. If our trade secrets and know-how are obtained by a competitor or another third party, we may lose our market share, and our business, results of operations and financial condition may be materially and adversely affected.

The development of online sales network and marketing activities may not meet expectations, or we may fail to manage the coordination of our offline and online sales channels, which may adversely affect our operation results.

During the Track Record Period, our revenue generated from online direct sales amounted to RMB51.7 million, RMB115.8 million and RMB140.7 million, representing 4.9%, 7.4% and 5.1% of the total revenue in the respective years. However, as online and social media platforms continue to grow in popularity, any significant growth in our sales through online sales channels in the future may give rise to competition between offline and online sale channels. If we fail to balance the marketing efforts or optimize product mix and pricing strategies among our online and offline sales channels, or otherwise fail to effectively manage the integration of these channels, the competition among these channels may adversely affect our business, financial condition and results of operations.

We expect to further enhance our online strategies and increase sales from our online channels. However, we may not be able to maintain a high growth rate of our online sales, and if we fail to manage the continuous development of our online sales, our business, financial condition and results of operations may be adversely affected.

We depend on a limited number of customers for a substantial portion of our revenue, and the loss of, or a significant reduction in sales to, one or more of our major customers would adversely affect our business, results of operations and financial condition.

Our operating results have been, and are expected to remain, heavily influenced by a small number of key customers for the foreseeable future. During the Track Record Period, revenue generated from our top five customers amounted to RMB339.1 million, RMB439.3 million and RMB724.0 million in 2023, 2024 and 2025, representing 31.7%, 28.0% and 26.0% of our total revenue in the respective periods. During the Track Record Period, revenues generated from our largest customer in the same periods were RMB116.3 million, RMB153.6 million, and RMB196.9 million, representing 10.9%, 9.8% and 7.1% of our revenue, respectively. For more details, please see "Business — Our Customers." We anticipate that significant customer concentration will continue in the near term. In the future, our current major customers may decide not to purchase our products, may purchase fewer of our products than they did in the past, or may alter their purchasing patterns, including as a result of a transition to products provided by our competitors, or their individual or aggregate production levels may decline due to a number of factors, including supply chain challenges and macroeconomic conditions. Any disruption in our relationships with key customers could have a negative impact on our business. The loss of one or more key customers, any restriction on our ability to sell to them, a substantial decline in order volumes, or shifts in the types of products they purchase could materially and adversely affect our financial condition and results of operations.

Reliance on third-party suppliers presents potential risks, such as supply shortages, delays or non-compliance, could harm our business.

Our suppliers during the Track Record Period primarily comprise third-party contract manufacturers, suppliers of key raw materials and packaging materials and logistics service providers. In 2023, 2024 and 2025, purchases from our five largest supplier in each year during the Track Record Period amounted to RMB141.4 million, RMB264.3 million and RMB628.4 million, representing 24.7%, 30.6% and 45.0% of our total amount of purchase during the respective years, while purchases from our largest suppliers in 2023, 2024 and 2025 amounted to RMB30.5 million, RMB81.4 million and RMB243.1 million, representing 5.3%, 9.4% and 17.4% of our total amount of purchase during the respective years. We believe that we maintain good relationships with our major suppliers. However, we cannot assure you that we will be able to maintain business relationship with our existing suppliers, or secure supply of products at competitive prices. If we cannot locate alternative suppliers for replacement in a timely manner and/or on comparable commercial terms, our business operation may be hindered, which could materially and adversely affect our profitability.

If our suppliers cease offering us favorable credit terms or shorten the existing credit period, or otherwise impose more stringent commercial terms, our liquidity condition may be materially and adversely affected.

As of December 31, 2023, 2024 and 2025, our trade payables amounted to RMB115.0 million, RMB221.9 million and RMB233.4 million, respectively, representing 39.7%, 45.6% and 21.3% of our total current liabilities, respectively, as of the same dates. We are generally granted a credit period ranging from 30 days to 90 days by our suppliers on purchases of goods. Our trade payables turnover days amounted to 75 days, 67 days and 59 days in 2023, 2024 and 2025, respectively. We cannot assure you that we will continue to successfully negotiate and obtain favorable credit terms from our suppliers, as the credit terms granted by suppliers may be influenced by a number of factors that are beyond our control, such as the financial performance of our suppliers, the raw material prices and macro-economic conditions. If our suppliers shorten the credit period granted to us, our liquidity condition may be materially and adversely affected. In addition, if our suppliers impose less favorable commercial terms or increase procurement prices, our operations and financial performance could be adversely affected.

Our information technology networks and systems may encounter malfunction, unexpected system failure, service interruptions, capacity limitations, or security breaches. Cybersecurity incidents or failure to safeguard confidential information could expose us to legal liabilities, financial losses, and reputational harm.

Our business operations and data integrity depend heavily on the continuous performance and security of our information technology systems. These systems support manufacturing processes, order management, inventory tracking, and financial data analysis, as well as communications and coordination with suppliers, customers, and logistics partners. Any IT failure, outage, or cyber incident — whether from system malfunctions, capacity issues, external attacks, or third-party service disruptions — could directly disrupt production, delay shipments, impair order fulfillment, and compromise the accuracy of inventory and operational data. Moreover, breaches involving sensitive information such as proprietary manufacturing data, supply chain details, or stakeholder information could lead to intellectual property theft, loss of confidentiality, legal liabilities, and reputational harm. Failure to promptly address such issues may result in regulatory actions, extended downtime, and lasting damage to customer trust and business continuity, thereby materially and adversely affecting our financial condition and operational results.

In addition, our systems, servers and equipment, and those of our service providers, may be vulnerable to cybersecurity incidents, which may lead to damages to our IT systems, material disruption to our business, or theft, rendering inaccessible, improper disclosure or misappropriation of our or our customers' business information, trade secrets, sensitive data and other confidential or proprietary information. Any such event could have a material adverse effect on our business even if we recover using our backup information.

If we fail to effectively implement our future expansion and acquisition plans, our business prospects may be adversely affected.

We may consider growing our business through organic growth, and investments in and/or acquisitions of companies that are complementary to our business in the future. Our ability to grow through acquisition depends upon our ability to identify, negotiate, and complete suitable acquisitions and to obtain any necessary financing for such acquisitions. We have limited experience in acquisitions. We may not be able to successfully identify appropriate potential acquisition targets, and even if we were able to do so, we may not be able to successfully execute any proposed acquisitions. If we undertake such acquisition but fail to either complete the acquisition or integrate the acquired businesses successfully into our existing operations, our [**REDACTED**], business, financial condition, results of operations and prospects may be materially and adversely affected.

We recorded share-based payment expense in the past and may continue to record such expense in the future, which may affect our profitability and results of operations and result in a dilution of shareholders' shareholding interest.

We adopted employee incentive plans to enhance our ability to attract and retain exceptionally qualified individuals and to encourage them to acquire a proprietary interest in the growth and performance of us. In 2023, 2024 and 2025, we incurred share-based payment expenses of RMB4.6 million, RMB4.2 million and RMB3.2 million, respectively. For more details, see "History, Development and Corporate Structure — Corporate Development and Major Shareholding Changes — Employee Incentive Platforms, Employee Incentive Schemes, and historical core management team incentivizations" We may continue to grant share-based compensation awards to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may affect our financial condition and results of operations. We may re-evaluate the vesting schedules, lock-up period, or other key terms applicable to the grants under the Employee Incentive Schemes from time to time. If we choose to do so, we may experience a substantial change in our share-based compensation expenses in the reporting periods following this [**REDACTED**]. Issuance of additional shares with respect to such share-based payments may also dilute the shareholding of our Shareholders.

We may be exposed to risks associated with our trade receivables and prepayments.

In line with the industry practices, we grant 30 to 90 days of credit terms for certain customers. As of December 31, 2023, 2024 and 2025, our trade receivables were RMB99.4 million, RMB278.7 million and RMB365.9 million, respectively. We cannot assure you that our customers or other parties could make payments to us in a timely manner. Prolonged process of payment of such entities may cause an adverse effect on our liquidity position and working capital efficiency, which may in turn increase our finance costs and adversely affect our business operation and financial performance.

Our trade receivables turnover days were 37 days, 44 days and 42 days in 2023, 2024 and 2025, respectively. As we plan to continue expanding the scale of our business, we cannot guarantee that they will not continue to increase in the future, which will make it more challenging for us to manage our working capital effectively, and our results of operations, financial condition and liquidity may be materially and adversely affected.

In addition, our prepayments may involve significant uncertainties. During the Track Record Period, we made prepayments primarily for purchasing raw materials. As of December 31, 2023, 2024 and 2025, the balance of our prepayments to suppliers was RMB13.0 million, RMB16.0 million and RMB55.3 million, respectively. However, there is no guarantee that the suppliers and service providers will perform their obligations in a timely manner. If our suppliers fail to provide raw materials and services to us in a timely manner or at all, we may be exposed to prepayment default and impairment loss risk in relation to the prepayments, which may in turn materially and adversely affect our business and financial position. While we did not experience any material impairment loss during the Track Record Period, we cannot assure you that we will not incur any material impairment losses in the future.

We are exposed to changes in the fair value of financial assets measured at fair value through profit or loss and valuation uncertainties.

As of December 31, 2023, 2024 and 2025, our financial assets at fair value through profit or loss, primarily related to our investment in wealth management products and structured deposits, were RMB80.3 million, RMB59.5 million and RMB442.8 million, respectively. Our financial assets are measured at fair value, and the changes in their fair values are recorded under other gains or losses in the consolidated statements of profit or loss, which will directly affect our profit and results of operations. We cannot assure you that we will generate any fair value gain in the future. If our investments incur a fair value loss, our results of operations and financial condition may be adversely affected.

During the Track Record Period, the fair value of our financial assets at fair value through profit or loss was determined by reference to the price of the underlying investments using a valuation pricing model and is classified as a Level 2 fair value measurement, changes of which will affect the estimated fair value of our financial assets at the end of each financial reporting period. Given the inherent uncertainty in the fair value of financial assets at fair value through profit or loss, any significant and adverse changes in fair value could have an adverse effect on our financial position and results of operations.

If we are unable to perform our contracts, our results of operations and financial condition may be adversely affected.

As of December 31, 2023, 2024 and 2025, we had contract liabilities of RMB28.8 million, RMB29.7 million and RMB60.5 million, respectively. Our contract liabilities are primarily advance payments from customers. If we fail to honor our obligations under our contracts with customers, we may not be able to convert such contract liabilities into revenue, and our customers may also require us to refund the prepayments they have made, which may in turn adversely affect our financial condition. In addition, if we fail to honor our obligations under our contracts with customers, it may also adversely affect our relationship with such customers, which may in turn affect our results of operations in the future.

We are subject to associated risks relating to the Third-Party Payment Arrangements.

During the Track Record Period, we accepted payments made by third parties to settle the amounts that certain customers owed to us in connection with their purchases of our products (the "**Third-Party Payment Arrangements**"). In 2023, 2024 and 2025, our risk exposure to the Third-Party Payment Arrangements, represented by the aggregate amounts settled through such Third-Party Payment Arrangements were RMB13.8 million, RMB9.5 million and RMB13.3 million, respectively, representing 1.3%, 0.6% and 0.5% of our total revenue for the corresponding periods, respectively. See "Business — Third-party Payment Arrangements" for more details.

We are subject to various risks relating to such Third-Party Payment Arrangements during the Track Record Period, including possible claims from third-party payers for return of funds as some of them were not contractually indebted to us, and possible claims from liquidators of third-party payers. As of the date of this Document, we have ceased or rectified the large majority of such arrangement. During the Track Record Period and up to the Latest Practicable Date, we did not receive any claims arising from third-party payers. In the event of any claims from third-party payers or their liquidators, or legal proceedings instituted or brought against us in respect of the historical Third-Party Payment Arrangements, we may have to spend significant financial and managerial resources to defend against such claims and legal proceedings, and our financial condition and results of operations may, as a result, be adversely affected.

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

Under the laws and regulations in the countries and regions where we operate, arrangements and transactions among intergroup companies may be subject to audit or challenge by the relevant tax authorities. During the Track Record Period, we carried out our operations mainly in Chinese Mainland, North America and Europe. We follow the fundamental principle that intercompany transactions must be conducted on an arm's length basis, and we have engaged the Independent Transfer Pricing Consultant to review the intercompany transactions. Our Independent Transfer Pricing Consultant reviewed the intercompany transactions and was of the view that the transaction arrangements aligned with the arm's length principle during the Track Record Period. Nevertheless, we could face material and adverse tax consequences if the relevant tax authorities determine that certain intercompany transactions of ours do not represent arm's length negotiations and consequently adjust any of those entities' income in the form of a transfer pricing adjustment. For detailed discussion on the transfer pricing arrangements, see "Business — Transfer Pricing Arrangements." A transfer pricing adjustment could, among other things, increase our tax liabilities. If we fail to rectify such incident within the limited timeframe required by the relevant tax authorities, the relevant tax authorities may impose late payment interest or surcharge and other penalties on us for any unpaid taxes. Our business, financial condition and results of operations may therefore be adversely affected.

Our success depends on the continuing efforts of our senior management team and key personnel and our business may be harmed if we lose their services and cannot timely find proper candidates for substitution.

Our current business performance and future success depend substantially on the abilities and contributions of our senior management members and other key personnel with industry expertise, know-how or experience in areas such as research and development, manufacturing, sales, marketing, financial management, human resources and risk management. If any member of our senior management is unable or ceases to serve in his or her present position, we may not be able to find replacement in a timely basis due to local conditions. As a result, our business may be disrupted, our management quality may deteriorate and our results of operations may be materially and adversely affected. In addition, if any member of our senior management team joins a competitor or forms a competing business, we may lose trade secrets and business know-how as a result. Competition for experienced management in our industry is intense, and the pool of qualified candidates is limited. We may not be able to retain the services of our senior management or attract and retain additional high quality senior executives in the future.

Moreover, our ability to constantly produce high-quality products is partially attributable to a large number of skilled employees who are familiar with and adept at our processing technologies. We also rely on our sales personnel, including regional operational managers, to effectively manage our sales and distribution network. As we expand our operations, we may not be able to retain such skilled processing and sales personnel at a reasonable cost and our business and results of operations may be materially and adversely affected.

Our performance depends on favorable labor relations with our employees, and any deterioration in labor relations, shortage of labor or material increase in wages may have an adverse effect on our results of operation.

The production and sale of confectionery products is labor intensive, and our success depends on our ability to hire, train, retain and motivate our employees. We consider favorable labor relations as a significant factor that can affect our performance, and any deterioration of our labor relations could cause labor disputes, which could result in disruption of production and operations. In addition, as average labor wages are expected to increase, we may need to increase our total compensations to attract and retain experienced personnel to achieve our business objectives. Any material increase in our labor costs may have an adverse effect on our results of operations.

Our employees are subject to risks of injury caused by the use of production equipment and machinery.

We use machinery and equipment which are potentially dangerous and may cause accidents and personal injury to our employees. Any significant accident caused by the use of such equipment or machinery could interrupt our production and result in legal and regulatory liabilities. Insurance coverage related to accidents resulting from the use of our equipment or machinery may be inadequate to offset losses arising from claims related to such accidents. We cannot assure you that accidents will not happen in the future.

In addition, potential industrial accidents leading to significant property loss or personal injury may subject us to claims and lawsuits, and we may be liable for medical expenses and other payments to the employees and their families as well as fines or penalties. As a result, our reputation, brands, results of operations and financial condition may be materially and adversely affected.

We may not be able to detect or prevent fraud, bribery, or other misconduct committed by our customers or other third parties.

We may be exposed to fraud, bribery, or other misconduct committed by our customers or other third parties, which could subject us to financial losses and penalties from governmental authorities. Although we maintain rigorous standards in selecting our business partners, we cannot eliminate the risk of incurring liabilities or suffering losses arising from any non-compliance by third parties. Such non-compliance may lead to regulatory penalties for the third parties involved, which may, directly or indirectly, affect our business operations. We cannot be certain whether such third-party has infringed or will infringe any other parties' legal rights or violate any regulatory requirements. We cannot assure you that we will be able to identify irregularities or non-compliances in the business practices of our business partners or other third parties, or that such irregularities or non-compliance will be corrected in a prompt and proper manner. Legal liabilities and regulatory actions involving our business partners or other third parties may affect our business activities and reputation, which may in turn affect our results of operations.

We are subject to evolving privacy and data protection regulations, and we may incur extra costs to adjust our operations to ensure compliance, which may have an adverse impact on our business and results of operations.

We collect and store business and transaction data generated during or related to our operations when necessary, including records of interactions, transactions and employment managements with customers, business partners and employees. Safeguarding this data through secure storage and maintenance is critically important. We process such data in compliance with applicable legal requirements to ensure its security. To uphold these standards, we have adopted various measures to ensure legal compliance. See "Business — Data Privacy and Information Technology Systems" for more information. However, the laws and regulations regarding privacy and data protection across different jurisdictions where we operate are generally complex and continue to evolve. As such, we cannot guarantee that our privacy and data protection measures will always be considered as sufficient under applicable laws and regulations. If we are unable to comply with the applicable laws and regulations, or to address any privacy and data protection concerns, such actual or alleged failure could damage our reputation, deter current and potential customers from using our solutions and could subject us to adverse legal, financial and operational consequences.

The legal and regulatory developments with respect to data protection may keep evolving, which may affect how we design our IT systems, how we operate our business, how we and our business partners process data, which in turn could affect demand for our products. We may incur substantial costs to comply with such laws and regulations, to meet the demands of our customers relating to their own compliance with applicable laws and regulations and to establish and maintain internal compliance policies.

Failure to maintain effective pricing strategies may have a material adverse effect on our business and results of operations.

Our pricing strategy has significantly influenced and may continue to shape our revenue and profit margin across different geographic markets. However, our competitors' pricing strategies are beyond our control and could significantly affect the results of our pricing strategies. Failure to align with our customers' price expectations, coupled with an inability to compete against rivals employing aggressive pricing tactics, poses dual risks. Furthermore, if we cannot adjust our cost structure to accommodate potential declines in our product prices, our business, financial condition, and results of operations could be materially and adversely affected. In addition, adopting an aggressive pricing strategy to capture or defend market shares may undermine our long-term profitability and sustainability.

Fluctuations in exchange rates may adversely affect our results of operations.

The value of RMB against the U.S. dollar, the Hong Kong dollar, and other currencies fluctuates, is subject to changes resulting from relevant governments' policies and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between the RMB and the U.S. dollar, the Hong Kong dollar, and other currencies in the future.

During the Track Record Period, we received a substantial portion of payments in foreign currencies such as U.S. dollars, and we expect this to continue for the foreseeable future. As a result, any depreciation of such foreign currencies against the RMB may result in exchange losses and negatively impact our operating results. Conversely, any depreciation of the RMB against the Hong Kong dollars may adversely affect the value of, and any dividends payable on, the Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. All of these factors could have a material and adverse impact on our business, financial condition, and results of operations.

Title defects and failure to register the lease agreement regarding some of our leased properties may affect our interests in such properties.

As of the Latest Practicable Date, six of our leased properties, the lessors with whom we enter into lease agreements did not provide valid property ownership certificates or sufficient documentation to prove their rights to lease the properties to us for our intended use. Therefore, we cannot ensure that they have the rights to lease or sublease such properties to us for our intended use or that such properties will not be subject to potential demolition risks. As advised by our PRC Legal Adviser, we may not be able to continue to lease such properties if the lease was challenged by a third party or relevant government authorities or if such properties are subject to demolition.

Furthermore, according to applicable PRC laws and regulations, the lessor and the lessee to a lease agreement are required to file the lease agreement with relevant government authorities within 30 days after the execution of the lease agreement. As of the Latest Practicable Date, we had not filed our lease agreements for 11 of our leased properties we leased with the local housing administration authorities as required under PRC laws and regulations. As advised by our PRC Legal Adviser, if we and the lessors fail to handle filing for such lease registration as required by the relevant competent authorities, we may be subject to a fine of RMB1,000 to RMB10,000 for each of the unregistered lease agreements.

If we are challenged by third parties or government authorities upon any of the circumstances stated above or the properties are subject to demolition, we may be forced to relocate or may be subject to fines, as the case may be, and, as a result, our business, financial condition, results of operations, and prospects may be adversely affected. For details, please see "Business — Properties."

Litigation or legal proceedings could expose us to liability, divert our management's attention and negatively impact our reputation.

We may periodically be subject to various litigation, legal or contractual disputes, claims or administrative proceedings in the ordinary course of our business, including, but not limited to, disputes or claims from our suppliers, customers, business partners and other third parties. Ongoing or threatened legal actions may divert our management's attention and other resources. Furthermore, any litigation, legal or contractual disputes, claims or administrative proceedings which are initially deemed immaterial may escalate in significance due to a variety of factors such as the subject matter of the disputes, the likelihood of loss, the financial exposure, and the parties involved. Adverse verdicts, judgments, awards, or settlement with third parties may require us to pay substantial monetary damages or assume other liabilities. In addition, negative publicity stemming from such proceedings could damage our reputation, harm our brand and product image, which may materially and adversely affect our business.

Our existing insurance coverage may be inadequate to fully address losses and liabilities arising from various operational risks and hazards, including potential product liability claims.

Our business is subject to a variety of operational risks, including but not limited to operational errors, power outages, environmental or industrial accidents, and catastrophic incidents such as fires, earthquakes, explosions, floods or other natural disasters. In addition, as we operate in overseas markets, we are exposed to risks related to geopolitical tensions, policy changes and intellectual property and technology protection. These aforementioned risks may result in, including but not limited to, personal injury or casualties, environmental damage, monetary loss, and legal liability. The occurrence of any of these events may result in disruption of our operations and cause us to suffer substantial losses or incur significant liabilities. During the Track Record Period, we maintain general liability insurance, employee insurance, and production accident insurance for our business operations. There is no assurance that our insurance will be adequate to cover our exposure to the foregoing risks. If we incur material losses or liabilities, and insurance is not adequate to cover such losses or liabilities, our business, financial condition, and results of operations may be materially and adversely affected.

We may not be able to adequately protect or enforce our patents, trade secrets and other intellectual property rights throughout the world, and our efforts to do so may be costly.

Our business relies significantly on our ability to protect and defend our IP rights. We seek to protect the technologies that we consider commercially important by filing patent applications in the PRC and other jurisdictions, relying on patent or trade secrets or employing a combination of these methods. For further information on our patent portfolio, see "Business — Intellectual Property." The patent prosecution process is expensive, time consuming and complex, and we may not be able to file, prosecute, maintain, defend, enforce or license all necessary or desirable patents and patent applications at a reasonable cost or in a timely manner in all desirable jurisdictions. In addition, the laws of some countries do not protect our IP rights as fully as do the laws of other countries, and our ability to protect our IP rights will differ per jurisdiction. As a result, we may not be able to prevent competitors or other third parties from developing and commercializing competitive products and technologies in all such fields and jurisdictions.

Even if our IP applications are granted, the granted protection may not fully shield us from competitive pressures, given the inherent limitations on both the duration of patent protection and the scope of coverage. For instance, in China, the validity periods for invention patents and utility model patents are 20 years and 10 years from the filing date, respectively, and the approved products or solutions face competition after the patent protection expired.

In addition, we face significant risks related to IP rights enforcement and protection. Legal actions initiated by us against third parties IP infringement, while necessary to defend our rights, can be costly, time-intensive, and may ultimately weaken our IP position. Such litigation could result in the invalidation or unenforceability of our IP rights, or create other negative business impacts. Conversely, we may also be targeted by claims alleging our infringement of others' IP rights. Even when we pursue legal action against alleged infringers, these suits can adversely affect our operations. The resolution of such disputes typically demands substantial time and financial resources, diverting management's focus from core business activities.

Additionally, monitoring unauthorized use and disclosures of our proprietary technology, IP, and confidential information can be difficult and expensive. We cannot be sure that the steps we have taken will prevent misappropriation, infringement and violation of our IP or proprietary rights. If we are unable to adequately protect, establish, maintain or enforce our IP or other proprietary rights, our business, financial condition, and results of operations may be adversely affected.

Our commercial success depends significantly on our ability to operate without infringing upon, misappropriating or otherwise violating the IP rights of third parties.

We operate in markets shaped by rapid technological change and intense intellectual property litigation. Our competitors may have far greater resources to build strong patent portfolios and develop competing technologies. They could obtain patents that hinder our ability to make, use, or sell our solutions. Many third-party patents exist in our technology fields, and identifying all relevant rights is challenging. Some patent applications remain confidential, so we may be unaware of potential conflicts until after they are granted. If issued, such patents could block our use of key technologies. Failure to secure necessary licenses could harm our business, finances, and operations and expose us to litigation.

Even with our own IP protections, third parties may allege infringement and pursue injunctions or other equitable relief, potentially halting our product development, service offerings, or regulatory approvals. Defending such claims, regardless of outcome, could be costly, distract management, and consume significant resources. Adverse rulings or perceptions could negatively impact our cash position and [**REDACTED**]. In addition, IP litigation entails extensive discovery, raising the risk of exposing confidential information. Publicity around hearings or rulings may also affect investor sentiment and share value. We may lack the financial resources to sustain prolonged litigation, especially against competitors with deeper pockets and stronger IP portfolios.

Any of these events could increase operating costs, divert resources from R&D or commercialization, and materially harm our business, financial condition, and results of operations.

We face risks related to instances of food-borne illnesses, health epidemics, natural disasters and other catastrophic events. The outbreak of any severe contagious diseases, if uncontrolled, could adversely affect our business and results of operation.

Our business is susceptible to food-borne illnesses, health epidemics and other outbreaks. We cannot guarantee that our internal controls and trainings will be fully effective in preventing all food-borne illnesses. Furthermore, we rely on third-party raw material suppliers in our operations, which may increase such risk. New illnesses resistant to any precautions or diseases with long incubation periods could arise on a retroactive basis. Reports in the media of instances of food-borne illnesses could, if highly publicized, negatively affect our industry and us. This risk exists even if it were later determined that the illness in fact were not spread by our products.

We also face risks related to health epidemics. Past occurrences of epidemics or pandemics, depending on their scale of occurrence, have caused different degrees of damage to the national and local economies in China. An outbreak of any epidemics or pandemics in China may adversely affect the local economy and willingness to spend in local areas and result in a decrease in the number of our customers in such areas. Any of the above may cause material disruptions to our operations, which in turn may materially and adversely affect our financial condition and results of operations. Our operations are also vulnerable to natural disasters and other catastrophic events, including wars, terrorist attacks, earthquakes, typhoons, fires, floods, extreme high temperature events, power failures and shortages, water shortages, information system failures, and similar events that may or may not be foreseeable.

In addition, if any of our employees is infected or affected by any severe infectious diseases, it could adversely affect or disrupt our production at the relevant production facility and adversely affect our business operations as we may be required to close our production facilities to prevent the spread of the disease. If any of such diseases occur, our ability to operate our facilities may be restricted and we may have to incur substantial additional expenses for the well-being of our employees. The spread of any severe infections disease in jurisdictions where we operate may also affect the operations of our suppliers, distributors and customers, causing delivery disruptions, which could in turn adversely affect our operating results.

RISKS RELATING TO THE JURISDICTIONS IN WHICH WE OPERATE OUR BUSINESS

Changes in Chinese economic, political and social conditions, as well as government policies, laws and regulations, and industry practice guidelines could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Substantially all of our business assets are located in China. Accordingly, our results, financial position and prospects are subject, to a significant degree, to the economic, political and legal developments of China. Political and economic policies of the Chinese government could affect our business and financial performance and may result in our being unable to sustain our growth. In recent years, the Chinese government implemented a series of laws, regulations and policies which imposed stricter standards with respect to, among other things, quality and safety control, and supervision and inspection of enterprises operating in our industry. See "Regulatory Overview." If the Chinese government continues to impose stricter regulations on our industry, we could face higher costs in order to comply with those regulations, which may impact our profitability.

The economy of China differs from the economies of most developed countries in a number of respects, including the extent of government involvement, level of development, growth rate, and control of foreign exchange. China has been reforming the Chinese economic system, and has also begun reforming the government structure in recent years. Although these reforms have resulted in significant economic growth and social progress, we cannot predict whether changes in Chinese political, economic and social conditions, laws, regulations and policies will have any adverse effect on our future business, results or financial condition. Moreover, the Chinese government continues to play a significant role in regulating industrial development. It also exercises significant control over China's economic growth through the allocation of resources, controlling payment of foreign currency denominated obligations, setting monetary policies and providing preferential treatments to particular industries or companies. All of these factors could affect the economic conditions in China and, in turn, our industry and our Company.

Our manufacturing operations are subject to a variety of food safety, environmental protection, health, fire safety and other safety laws and regulations.

As a manufacturer of confectionery products, we are subject to extensive government laws and regulations in relation to food safety in China, and we are required to maintain various licenses and permits in order to operate our business. For example, the Food Safety Law of the PRC (中華人民共和國食品安全法) requires all enterprises engaged in food production to obtain food production license. It also sets out stringent safety standards with respect to food and food additives, packaging and information to be disclosed on packaging, as well as safety requirements for food production and sites, facilities and equipment used for the transportation and sale of food. In addition, relevant government authorities are empowered to conduct random testing of food. Further, relevant administrative authorities in relation to food safety and quality supervision are empowered to enter into production facilities to conduct on-site inspection, sample testing of food, food additives and food-related products being produced.

Failure to comply with food safety laws or other legal requirements applicable to our business may result in fines, suspension of operations, loss of licenses, and in more extreme cases, criminal proceedings against us and our management. Any of these events will have an adverse impact on our business, results of operations and financial condition.

In addition, we are subject to a variety of laws and regulations imposed by the Chinese government relating to environmental protection, health, fire safety and other safety. Compliance with existing and future environmental protection, health, fire safety and other safety laws could subject us to costs or liabilities, including monetary damages and fines; impact our production capabilities; result in suspension of our business operations; and general impact our financial performance. If we are held liable for damages in the event of any pollution, injury or other violation of applicable environmental protection, health, fire safety or other safety laws, we may also be subject to adverse publicity and our financial condition and results of operations could be materially and adversely affected.

Further, there is no assurance that the Chinese government will not impose additional or more stringent laws or regulations on food safety, environmental protection, health, fire safety or otherwise related to our business in the future, the compliance of which may require us to incur significant capital expenditure.

The relevant laws and regulations may be subject to further interpretation and enforcement, which may affect the legal protections available to our business and our shareholders.

Our subsidiaries in Chinese Mainland are subject to various laws and regulations generally applicable to companies in China. The PRC legal system is a civil law system based on written statutes. There is a limited volume of published court decisions, which may be cited for reference but are not binding on subsequent cases and have limited precedential value unless the Supreme People's Court otherwise provides. However, since some of these laws and regulations are relatively new, the relevant laws, regulations and rules may be subject to further interpretation and enforcement, which may materially affect our business and our ability to continue our operations, and may further affect the legal remedies and protections available to [**REDACTED**], which may, in turn, affect the value of your [**REDACTED**].

The laws and regulations concerning the confectionery industry are developing and evolving. Although we have taken measures to comply with the laws and regulations that are applicable to our business operations, and to avoid conducting any noncompliant activities under the applicable laws and regulations, the relevant government authorities may promulgate new laws and regulations regulating the confectionery industry in the future. As these laws and regulations are continually evolving in response to changing economic and other conditions, these laws and regulations may be subject to further interpretation and enforcement. Changes in current laws or regulations, or the imposition of new laws and regulations regarding our industries in our geographic markets may adversely affect our industries and our financial condition and results of operations. In addition, we cannot assure you that our practice would not be deemed to violate any new laws or regulations relating to internet information service. Moreover, developments in the confectionery industry may lead to further legal or regulatory scrutiny on the industries where we operate in the future, or in the interpretation and application of existing laws, regulations and policies that may affect confectionery industry, which could materially affect our business and operations.

Any major changes in relation to food safety regulations and relevant policies may affect our business.

Manufacturers within the confectionery industry in China must comply with Chinese food safety laws and regulations. These food safety laws and regulations require all enterprises engaged in the production of food to obtain the food production permits. They also set out safety standards with respect to food and food additives, packaging and containers, information to be disclosed on packaging as well as requirements for food production and sites, facilities and equipment used for the transportation and sale of food. In recent years, the Chinese government has been strengthening the supervision of food safety. The newly revised Food Safety Law of the People's Republic of China (中華人民共和國食品安全法) and the Implementation Regulations for the Food Safety Law of the PRC (中華人民共和國食品安全法實施條例) stipulate that businesses engaged in food production should conduct their production and operation activities according to the applicable laws and regulations and food safety standards, establish a comprehensive food safety management system, and take effective measures to prevent and control food safety related risks to ensure the safety of the food produced. This may increase the compliance costs of

Chinese confectionery companies, including us. Any failure to comply with Chinese food safety related laws and regulations may result in order of rectification, fines, confiscation of illegal gains, order of suspension of operations, revocation of food production and operating permits and, in more extreme cases, prosecution for criminal liabilities. Although we are in compliance with current food safety laws and regulations, in the event that the Chinese government further makes changes on food safety regulation, our production, sales and distribution costs may increase, and we may be unable to successfully pass on these additional costs, which could adversely affect our business, financial condition and development prospects.

According to relevant regulation on food safety, the national standards on food safety shall be uniformly implemented in all provinces of China. For local food specialties with no applicable national standard, the provincial authorities may develop and publish local food safety standards. At the same time, the state encourages food production enterprises to develop standards more stringent than the national or local food safety standards, and such standards shall be submitted to the provincial health administrative department for recordation. However, unclear or ununified food safety standards may pose risks to our business. The lack of a clear categorization led to inconsistent regulatory standards across different provinces.

We have now adopted more stringent enterprise standards for our main products than the current national standards and applicable local standards, if any. However, we cannot assure you that inconsistencies in the application of regulatory standards will not recur in the future. As we continue to upgrade existing products and introduce new products, local authorities may consider that our enterprise standards for new products conflict with new or existing national standards or local standards, if any. In such events, we may fail food inspections, which could adversely affect our business, financial condition and development prospects.

We may be subject to regulatory requirements relating to laws and regulations in connection with our capital raising activities issued by PRC government authorities.

On February 17, 2023, the CSRC issued 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**"), which came into effect on March 31, 2023, and five supporting guidelines (which came into effect on February 17, 2023) (the "**Overseas Listing Regulations**"). The Overseas Listing Regulations are applicable to overseas securities offer and list conducted by issuers who are (i) companies incorporated in the PRC ("**PRC domestic companies**") and (ii) companies incorporated overseas with substantial operations in the PRC. The Overseas Listing Regulations lay out the arrangements for regulatory filings for both direct and indirect overseas offerings, and clarify the determination criteria for indirect overseas offerings in overseas markets. The Overseas Listing Regulations stipulate that such issuer shall submit the filing to the CSRC within three working days after it makes an application for offering and listing in an overseas stock market. According to the Overseas Listing Regulations, we, as a PRC domestic company seeking to [**REDACTED**] and [**REDACTED**] securities in overseas markets, are required to submit the filing to the CSRC within three working days after submitting the [**REDACTED**] documents to the overseas supervisory authorities and report relevant information.

We are required to comply with the filing procedures of the CSRC under the Overseas Listing Trial Measures, the failure of which may restrict our ability to complete future overseas capital raising activities. We may be subject to approval, filing or other requirements by other PRC government authorities under the PRC laws in the future, and we cannot assure you that we will be able to get clearance of our filing procedures for any of our capital raising activities under the Overseas Listing Regulations on a timely basis, or at all. Any failure on our part to fully comply with the new regulatory requirements may have an adverse effect on our capital raising activities or significantly limit or completely hinder our ability to continue 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.

Our Company is a PRC enterprise and is subject to PRC tax on our global income, and any gains on the sales of our H Shares by [REDACTED] and dividends paid to [REDACTED] on our H Shares may be subject to PRC tax.

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

Non-PRC individuals are generally subject to PRC individual income tax under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) with respect to PRC source income or gains at a rate of 20%. We are required to withhold related tax from dividend payments paid to non-PRC resident individuals, unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) dated June 28, 2011, issued by the SAT, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides as well as the tax arrangement between the PRC and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us.

Considering the situations, non-resident individual holders of our H Shares should be aware that they may be obligated to pay PRC income tax on dividend and bonuses income realized from the H Shares.

According to the Circular Declaring that Individual Income Tax Continues to Be Exempted over Individual Income from Transfer of Shares issued by the MOF and the STA (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) effective as of March 30, 1998, income from individuals' transfer of stocks of listed companies continued to be temporarily exempted from individual income tax. As of the Latest Practicable Date, no aforesaid provisions had expressly provided whether individual income tax shall be levied from non-PRC individuals on the transfer of shares in PRC enterprises listed on overseas stock exchanges, but there is no assurance that the PRC tax authorities will not change these practices, which could result in levying income tax on non-PRC individuals on gains from the sale of our H shares.

For non-PRC enterprises that do not have establishments or premises in China, and for those that have establishments or premises in China but whose income is not related to such establishments or premises, under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of our H Shares are subject to PRC enterprise income tax at a 10% rate. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) issued by STA on November 6, 2008, the withholding tax rate for dividends payable to non-PRC enterprise holders of H Shares will be 10% and we intend to withhold tax at a rate of 10% from dividends paid to non-PRC enterprise holders of our H Shares (including [**REDACTED**]). Non-PRC 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.

Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations by the competent tax authorities will be in accordance with the then effective laws and regulations and may change, and new taxes may be imposed, which in either case may adversely affect the value of your [**REDACTED**] in our H Shares.

We could be subject to changes in our tax rates, the adoption of new overseas tax legislation or exposure to additional tax liabilities.

We operate in countries and regions overseas and are subject to various taxes. See "Financial Information — Description of Major Components of Our Results of Operations — Income Tax Expenses." Due to the fact that the tax environment can be different in different jurisdictions and that the regulations regarding various taxes, including but not limited to corporate income tax, are complex, our overseas operations may expose us to risks associated with the overseas tax policy changes. Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change. Our effective tax rate could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities or changes in tax laws or their interpretation. Dealing with such regulatory complexities and changes may require us to divert more managerial and financial resources, which in turn could affect our results of operations.

We are also subject to the examination of our tax returns and other tax matters by local and overseas tax authorities and governmental bodies. The tax treatments of our transaction arrangements may be subject to interpretation by the respective tax authorities, and there can be no assurance as to the outcome of these examinations. If our weighted average effective tax rate was to increase, or if the ultimate determination of our taxes owed is for an amount in excess of amounts previously accrued, our financial condition, operating results and cash flows could be adversely affected.

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

We are subject to various laws and regulations in the PRC and other jurisdictions in which we operate and are required to comply with all relevant requirements and standards. For example, we are required to contribute to a number of social insurance funds, including funds for pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, maternity insurance and housing provident fund on behalf of our employees in Chinese Mainland. According to the Regulation on the Management of Housing Provident Funds (《住房公積金管理條例》), a Chinese Mainland enterprise is required to set up housing provident fund accounts and pay the housing provident fund in time and in full for its employees. According to the PRC Social Insurance Law (《中華人民共和國社會保險法》), a Chinese Mainland enterprise is required to complete social insurance registration for its employees and to pay the social insurance contributions in time and in full. Moreover, the Interpretation II of the Supreme People's Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the "**New Judicial Interpretation**") was enacted by the Supreme People's Court on July 31, 2025 and effective as of September 1, 2025. According to the New Judicial Interpretation, if the employer and its employee agree or the employee undertakes that social insurance contributions need not be paid, the People's Court shall deem such agreement or undertaking invalid. Furthermore, where the employer fails to pay social insurance contributions in accordance with the applicable laws, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to the Labor Contract Law of the PRC, the People's Court shall support such claims.

During the Track Record Period, we did not make full social insurance and housing provident fund contributions for our employees, as required by relevant laws and regulations. During the Track Record Period, the shortfall amount of social insurance and housing fund were RMB13.4 million, RMB16.3 million and RMB28.4 million in 2023, 2024 and 2025. Our Directors are of the view that the amount of shortfall was immaterial, and will not have a material adverse impact on our operations or financial performance. As of the Latest Practicable Date, we had not received any notice or been subject to any administrative penalties or other disciplinary actions from the relevant governmental authorities in relation to the above-mentioned arrangements as to our social insurance and housing provident funds contribution. As advised by our PRC Legal Adviser, based on the current laws, regulations and supervisory requirements and in light of the absence of any material proceedings or complaints, the risk we would be required to pay all historical shortfalls or be subject to material administrative penalties is considered remote. Accordingly, we did not make any provision. However, we cannot assure you that the relevant governmental authorities will not require us to pay the shortfall amount and impose late fees or fines, pecuniary penalties or other administrative actions on us. If the relevant PRC authorities determine that we shall make supplemental social insurance and housing fund contributions or that we are subject to fines, penalties, and compulsory execution in relation to our failure to make social insurance and housing fund contributions in full for our employees, our business, financial condition and results of operations may be adversely affected.

It may be difficult to effect service of process upon us or our Directors or executive officers who reside in the PRC or to enforce against them in the PRC any judgments obtained from non-Chinese courts.

We are a company incorporated under the laws of the PRC. The majority 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. As a result, it may not be possible to affect service of process upon most of our Directors and senior management outside the PRC. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts in the United States, the United Kingdom or Japan. However, judgments rendered by Hong Kong courts may be recognized and enforced in the PRC if the requirements set forth by the Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) are met. Therefore, recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions other than Hong Kong in relation to any matter not subject to binding arbitration provisions may be difficult or impossible.

Although we will be subject to the Listing Rules and the Codes on Takeovers and Mergers and Share Repurchases of Hong Kong upon the [**REDACTED**] of our H Shares on the Stock Exchange, the holders of H Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. The Listing Rules and the Codes on Takeovers and Mergers and Share Repurchases of Hong Kong do not have the force of law in Hong Kong.

RISKS RELATING TO THE [REDACTED]

There has been no prior [REDACTED] for our H Shares and an active [REDACTED] market for our H Shares may not develop or be sustained.

There was no [**REDACTED**] for our H Shares prior to the [**REDACTED**]. There can be no guarantee that a [**REDACTED**] for our H Shares with adequate liquidity and [**REDACTED**] volume will develop and be sustained following the completion of the [**REDACTED**]. In addition, the initial [**REDACTED**] of our H Shares is expected to be fixed by agreement between the Overall Coordinators (for itself and on behalf of the [**REDACTED**]) and us, which may not be indicative of the [**REDACTED**] of our H Shares following the completion of 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 may be materially and adversely affected.

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

The [**REDACTED**] volume and [**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, Chinese Mainland, the United States and elsewhere in the world. In particular, the performance and fluctuation of the trading volume and market price 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 price of and [**REDACTED**] volumes for our H Shares. A number of Chinese Mainland-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines and trading volume fluctuation after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards Chinese Mainland-based companies listed in Hong Kong and consequently may impact the [**REDACTED**] performance of our H Shares. These factors may significantly affect the [**REDACTED**] and volatility of our H Shares, regardless of our actual operating performance.

You will incur immediate and significant dilution and may face further dilution if we issue additional Shares in the future.

The [**REDACTED**] of our [**REDACTED**] is higher than the net tangible asset value per Share immediately prior to the [**REDACTED**]. Therefore, purchasers of our [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution. Existing Shareholders will receive an increase in the [**REDACTED**] adjusted consolidated net tangible assets value per share of their shares. See Unaudited [**REDACTED**] Financial Information in Appendix II to this Document.

Our Controlling Shareholders have significant influence over us and their interests may not always be aligned with the interest of our other Shareholders.

Immediately upon the completion of the [**REDACTED**], without taking into account any Shares which may be issued pursuant to the exercise of the [**REDACTED**], our Controlling Shareholders, will control [**REDACTED**]% of our total issued Shares. Our Controlling Shareholders will, through their voting power at the Shareholders' meetings and their delegates or positions on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional Shares or other equity securities, timing and amount of dividend payments, and our management. Our Controlling Shareholders may not act in the best interests of our minority Shareholders. In addition, without the approval of our Controlling Shareholders, we could be prevented from entering into transactions that could be beneficial to us. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as a part of a sale of our Company and may significantly reduce the price of our H Shares.

We cannot assure you that we will declare and distribute any dividends in the future. If we do not pay dividends in the foreseeable future after the [REDACTED], you must rely on price appreciation of our H Shares for a return on your [REDACTED].

There is no assurance that dividends of any amount will be declared or distributed by us in the future after the [**REDACTED**]. Dividend proposal will be made by the Board which will be subject to the shareholder approval, and our ability to pay dividends or make other distributions to our Shareholders is subject to various factors, including our business and financial performance, capital and regulatory requirements and general business conditions. We may not be able to have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. As a result of the above, we cannot assure you that we will make/can make dividend payments on our H Shares in the future. For details, see "Financial Information — Dividends."

Even if we decide to declare and pay dividends, the timing, number and form of future dividends, if any, will depend on our future results of operations and cash flow, our financial condition, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions and other factors deemed relevant by our Board. Accordingly, the return on your [**REDACTED**] in our H Shares will likely depend entirely upon any future price appreciation of our H Shares. There is no guarantee that our H Shares will appreciate in value after the [**REDACTED**] or even maintain the price at which you purchased the H Shares. You may not realize a return on your [**REDACTED**] in our H Shares and you may even lose your entire [**REDACTED**] in our H Shares.

A future or perceived significant increase in the supply of our Shares in [REDACTED] could cause the [REDACTED] of our H Shares to decrease significantly, and dilute shareholdings of holders of H Shares.

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 offerings, 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 in their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

Our future financing may cause dilution of your shareholding or impose restrictions on our operations.

In order to raise capital and expand our business, we may consider [**REDACTED**] and issuing additional shares or other securities convertible into or exchangeable for our shares in the future other than on a pro rata basis to our then existing Shareholders. As a result, the equity interest of those Shareholders may experience dilution in net asset value per Share. If additional funds are to be raised through debt financing, certain restrictions may be imposed on our business operations, which may further limit our ability or discretion to pay dividends, increase our risks in adverse economic conditions, adversely affect our cash flows or limit our flexibility in business development and strategic plans.

Future sales or perceived sales of substantial amount of our H Shares in the [REDACTED], especially by our Directors, executive officers, Controlling Shareholders and substantial Shareholders, could materially and adversely affect the prevailing [REDACTED] of our H Shares.

Future sales of a substantial number of our H Shares, especially by our Directors, executive officers, controlling shareholders and substantial Shareholders, or the perception or anticipation that such sales might occur, could negatively impact the [**REDACTED**] of our H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate. All H Shares controlled by our existing Shareholders are subject to certain lock-up periods beginning on the date on which [**REDACTED**] in our H Shares commences on the Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their H Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any H Shares they may own now or in the future. Market sale of H Shares by such Shareholders and the availability of these H Shares for future sale may have a negative impact on the [**REDACTED**] of our H Shares.

Certain facts, forecasts and statistics derived from official government sources contained in this Document have not been independently verified and the market opportunity estimates may not be accurate.

We have derived certain facts and other statistics in this Document, particularly those relating to the general economy and the industry, from information provided by official government sources and other third-party sources. We have not independently verified information and statistics from official government sources, and there can be no assurance as to the accuracy and reliability of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other data problems, the statistics herein may be inaccurate. You should consider carefully how much weight or importance you should attach to or place on such facts or statistics.

Market opportunity estimates included in this Document, including our ability to capture a meaningful share of the relevant markets, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The variables that go into the calculation of our market opportunity are subject to change over time, and there can be no assurance that our market opportunity estimates will materialize as anticipated. Any expansion in our market depends on a number of factors, including the cost, performance, and perceived value associated with our business and those of our competitors. Even if the market in which we compete meets the size estimates and growth forecasted in this Document, our business could fail to grow at similar rates, if at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is inherently subject to certain risks and uncertainties.

[REDACTED] should read the entire Document carefully and should not consider any particular statements in this Document or in published media reports without carefully considering the risks and other information contained in this Document.

The [**REDACTED**] is being made solely on the basis of the information and representations contained in this Document, which are true and accurate to the best of our knowledge and belief. Any information not contained in this Document should not be relied upon in making an [**REDACTED**] decision with respect to the securities being [**REDACTED**]. Prior to the publication of this Document, there has been coverage in the media regarding us and the [**REDACTED**], which may have contained, among other things, certain financial information, projections, valuations and other forward-looking information about us and the [**REDACTED**]. [**REDACTED**] should be aware that information and opinions published by third-party sources may have been based on outdated, incomplete, or inaccurate information. These sources may also have conflicts of interest, and their opinions may not be independent or objective. The media's coverage of our Company and the [**REDACTED**] may be influenced by a wide range of factors, including the bias of individual journalists, the preferences of media outlets, and the demand of advertisers.