
RISK FACTORS

An [REDACTED] in our H Shares involves a high degree of risk. You should carefully consider all of the information in this Document, including the risks and uncertainties described below, before making an [REDACTED] in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the market price 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 the section headed “Forward-Looking Statements” in this Document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business is subject to economic conditions and the level of consumer acceptance and spending in our key markets.

Our success relies significantly on our ability to identify and adapt to the evolving consumer acceptance and market demands of probiotic products, which are shaped by factors such as economic conditions, consumer lifestyles, social trends, historical traditions and cultural customs. Any changes in these factors could lead to narrowed consumer demand for probiotic products, which in turn leads to weaker demand for probiotic species and cultures. While we strive to respond swiftly and effectively, certain challenges may arise out of numerous factors that are beyond our control. We cannot assure that our initiatives will meet consumer expectations to probiotic species and cultures, gain market recognition at favorable profit margins, or effectively distinguish our products from those of competitors. Moreover, there is no guarantee that we will continue to swiftly respond to changes in consumer preferences, and failure to adapt to market changes may lead to a loss of our market share. If any of these risks materialize, our business, financial condition and results of operations could be materially and adversely affected.

We may experience intense competition and fail to compete effectively.

We face competition with international and domestic companies in the probiotic raw powder market. Certain of our competitors may have longer operating histories, stronger capital resources, larger customer bases, greater brand or name recognition and customer loyalty, greater expertise in regional markets, wider distribution networks, greater financial, technical, marketing and public relations resources and a wider range of products than we do. As a result, our competitors may be able to respond more quickly and effectively to new or changing opportunities, technologies, standards or customer requirements than we can. Furthermore, our competitors may have more advanced facilities or equipment, develop more advanced or efficient technologies, acquire more customers, have more professional staff or offer more competitive prices.

Our ability to effectively compete will depend on various factors, including the successful implementation of our development strategy and our ability to continuously develop probiotic strains, advance our technologies, expand the applications of our probiotic strains, and enhance our operational efficiency. If we are unable to stay competitive or compete successfully with our competitors, we may experience decreases in market share and sales and may have to reduce our prices or make other concessions, thereby materially and adversely affecting our business, financial condition and results of operations.

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Resources devoted to research and development may not yield new products that achieve commercial success, and failure to innovate or to introduce new products may reduce our future sales and market share, hinder our business expansion plans and impair our profitability.

We are committed to continuous R&D. Our ability to continue to achieve advancements depends on the success of our in-house research and development efforts and our collaborations with research institutes and other organizations. The research and development process can be expensive and prolonged, and entails considerable uncertainties. Our investments and efforts may not yield any successful or commercially viable results; our products currently under development or that we may develop in the future may not complete the development process; or we may be unable to obtain the relevant licenses and approvals required to market and sell such products. Even if we succeed in introducing new probiotic strains, we can give no assurance that a market will develop for any new products that we launch or that our new product offerings will meet customer requirements. If we fail to innovate or successfully bring new products to market, our business, financial condition and results of operations may be adversely affected and we may not be able to maintain our market position in the probiotic raw powder market.

Our continuing success depends in significant part on our ability to meet evolving customer demands and expectations, as well as our ability to attract and retain customers.

Our continued success is significantly dependent on our ability to innovate in response to fierce market competition and shifting demands in the probiotic raw powder industry, specifically in the domains where we operate. Despite our efforts, we may not fully meet evolving customer needs. Challenges may arise that we are slow to address, due to factors outside our control. Furthermore, not all innovations may successfully integrate with or enhance our current products and operations, and we cannot guarantee that new developments will improve our operational efficiency, competitiveness, or reduce costs as anticipated.

Part of our success also rests on attracting new customers and expanding cooperation with existing ones by offering high-quality products and services. We have expanded our product offerings to the applications in the sectors of human health, dairy, agriculture and others. While we anticipate further growth through increasing market penetration and expanding customer base, the effective and successful execution of our plans is not assured. If our marketing strategies do not yield the expected efficiency, we may face challenges in maintaining reasonable selling and marketing expenses. Moreover, if our products are not perceived as high-quality, we may encounter difficulties in attracting and retaining customers and encouraging their purchase of our products. We may also fail to diversify our service and product offerings, pursue new business opportunities, or achieve further business growth. Any of these potential failures could adversely affect our business, financial condition, and results of operations.

Failure to successfully implement our business strategies may cause our future financial results and growth prospects to suffer.

We are making significant investments and other decisions in connection with our long-term business strategies including expanding our production capacity and investing in research and development. Such initiatives and enhancements may require us to make significant capital expenditures. Additionally, in developing our business strategies, we make certain assumptions including, but not limited to, those related to customer demand and preferences, competition landscape and the economy in China and globally; and actual market, economic and other conditions may be different from our assumptions. If we are not able to successfully implement our business strategies and effectively respond to changes in market dynamics, our future financial results will suffer. We have also incurred, and may continue to incur, increased operating expenses in connection with certain changes to our business strategies. In addition, we make planning and spending decisions, including capacity

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expansion, procurement commitments, personnel needs and other resource requirements based on our estimate of customer demand. Failure to meet customer demand in a timely fashion or at all will adversely affect our business, financial condition and results of operations.

Any quality issues related to our products may damage our reputation and sales and we may also face product liability claims as a result.

The success of our business depends on our ability to consistently deliver products with high quality and reliability. Maintaining consistent product quality depends significantly on the effectiveness of our quality control measures. However, we cannot assure you that our quality control measures will prove to be effective at all times, or that our employees and other third parties involved in our operations will fully adhere to our quality control policies and guidelines, or that we will be able to identify any defects in our quality control measures and resolve the issues in a timely manner. If the quality of our products deteriorates or is perceived to be unsatisfactory for any reason, we may face customer complaints, product returns, cancellations of orders and decline in sales. Further, we cannot assure you that we will not experience any material product quality issue in the future. There is also no guarantee that consumers will not experience undesirable outcomes for reasons unrelated to our product quality, such as due to their personal health issues or improper use of our products. These incidents may lead to negative publicity and loss of consumer confidence. Moreover, if any defect or adverse effect of our products results in personal injury, we may face product liability claims or product recalls, resulting in financial losses and reputational damage. Any quality issues related to our products may have a material and adverse effect on our business, financial condition and results of operations.

Disruption of our production operations and supply chain could materially and adversely affect our business, financial condition and results of operations.

Our ability to efficiently manufacture, market and sell products is critical to our success. The manufacture of our products is an exact and complex process, partly due to strict quality and safety requirements. In particular, certain stages of our production process must occur in sterile or temperature-controlled environments to preserve the quality of our probiotic strains as well as to reduce the risk of contamination. Problems may arise during the production process for a variety of reasons, including equipment malfunction, power outages, failure to follow specific protocols and procedures, and quality defects in raw materials, which could compromise the quality of our products. In addition, any natural disasters or other unanticipated catastrophic events could impair our operations or the operations of our suppliers, and impede our ability to manufacture and deliver our products to customers in a timely manner. We rely on the timely supply of our raw materials to carry out our production plans as scheduled. Any delays or disruptions in raw material supplies from our suppliers, may have a material and adverse impact on our ability to meet our contractual obligations to customers. Failure to take adequate steps to mitigate the likelihood or potential impact of such events, or to effectively manage such events if they occur, could materially and adversely affect our business, financial condition and results of operations.

Our results of operations could be adversely affected by our inability to obtain raw materials in a timely and cost-effective manner.

Our production depends on obtaining adequate supplies of quality raw materials on a timely basis. To efficiently manufacture our products, we must obtain sufficient quantities of high-quality raw materials at commercially acceptable prices and in a timely manner. While we maintain stringent selection processes, we cannot guarantee the consistent availability or cost-effectiveness of these materials. We may experience raw material shortages and price fluctuations of certain raw materials, and the availability and pricing of these raw materials may be beyond our control. Raw material shortages or pricing fluctuations could be material in the future. In the event of a raw material shortage, supply

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interruption or material pricing change from suppliers of these raw materials, we may not be able to develop alternate sources in a timely manner in the case of limited sources. Developing alternate sources of supply for these raw materials may be time-consuming, difficult and costly, and we may not be able to source these raw materials on terms that are acceptable to us.

We may face inadequate production capacity issue, which could hinder our capabilities to satisfy market demand and growth prospects.

As of the Latest Practicable Date, we had three production bases in the PRC. See “Business — Production — Our Production Bases.” We cannot assure you that our current production capacity will be able to meet the demand for our products in the future. As our business grows, we may need to expand our production capacity by building additional production lines, upgrading existing production lines as well as building new production plants. We cannot assure you that our production expansion plan will be successfully implemented on time or at all, or our production capacity after expansion will be adequate to cope with our potential business growth. We may face various difficulties which could delay our expansion plan or increase the relevant costs, such as: (i) failure to raise sufficient funds to establish the new production plants and maintain working capital for ongoing operation; (ii) failure to obtain regulatory approvals from the relevant government authorities according to our expected timetable or at all; (iii) failure to find suitable sites for establishing new production plants according to our expected timetable; (iv) shortage or delay in supply of building materials, machinery and equipment, or increased costs of such items; (v) shortage of workers and suitable management personnel, or increased wage levels; (vi) unforeseeable factors affecting the construction progress and resulting in delay in completion of the new production plants; and (vii) failure to accurately forecast the market demand, resulting in excessive or insufficient production capacity.

Failure to expand our production capacity could hinder our capabilities to satisfy customer demand and growth prospects. Even if we are able to expand our production capacity, any decrease in customer demand in the future could result in excess in our production capacity and adversely affect our profitability. As a result, our business, financial condition and results of operations may be materially and adversely affected.

We are subject to the risks in relation to our distributors.

During the Track Record Period, we sold our products to certain distributors to expand our sales network. As of December 31, 2023, 2024 and 2025, we had a total of 83, 67 and 61 distributors, respectively. Our success therefore partially depends on the performance of our distributors and our ability to maintain long-term relationships with them. However, we cannot assure you that we will be able to maintain our relationships with our key distributors in the future. Should any of the distributors substantially reduce their demand for our products or terminate the business relationship with us, or we fail to maintain favorable relationships or renew agreements with them on commercially acceptable terms, we may experience a decline in our sales. In addition, any significant changes in their business strategies, operational issues or decreased consumer traffic, or any significant underperformance in maintaining or sourcing additional orders may materially and adversely affect our business performance.

Furthermore, while we require our distributors to comply with distribution agreements, we cannot guarantee their strict adherence to these agreements or our prompt detection of their non-compliant activities. Our measures to manage distributors may not be effective, nor can we assure you whether our distributors will at all times comply with our sales policies and maintain sales performance. If our distributors fail to promote and sell our products successfully, or carry out actions which are inconsistent with our business strategies, our brand image and reputation may also be tarnished, and our business, financial condition and results of operations may be materially and adversely affected.

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Changes in the international trade environment, ongoing geopolitical conflicts, trade protection measures, export control and economic or trade sanctions may affect our business, financial condition and results of operations.

As of the Latest Practicable Date, our products had been sold to customers in over 60 countries and regions. Revenue generated from overseas sales amounted to RMB160.7 million, RMB201.7 million and RMB281.7 million in 2023, 2024 and 2025, respectively, representing 32.4%, 37.1% and 40.2% of our total revenue in each respective year. We expect that overseas sales will continue to account for a significant percentage of our operations. Accordingly, changes in the international trade policies, geopolitics, trade protection measures, export controls, and economic or trade sanctions, which may have an adverse effect on global economic conditions and the stability of global financial markets, could adversely affect the financial and economic conditions in the jurisdictions where we and our business partners operate.

The United States and other jurisdictions or organizations, including the European Union, the United Kingdom, the United Nations and Australia, have comprehensive or broad economic sanctions targeting certain countries, or against industry sectors, groups of companies or persons, and/or organizations within such countries. Our business and reputation could be adversely affected if the United States, the European Union, the United Kingdom, the United Nations, Australia or any governmental authorities were to determine that any of our activities constitute violations of the sanctions they impose. In addition, as sanctions programs evolve over time, new requirements or restrictions may be imposed and increase our associated risks. Furthermore, in the event that any of our customers becomes subject to economic sanctions in the future, we may have to discontinue our business with such customers due to potential economic sanctions liability risks. We cannot provide any assurance that our future business will be free of sanctions risk, or our business will conform to the expectations and requirements of the authorities of U.S. or any other jurisdictions. Our business and reputation could be adversely affected if the authorities of U.S., the European Union, the United Kingdom, the United Nations, Australia or any other jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions or export controls they impose or provides a basis for a sanctions designation of us.

Moreover, the intensifying geopolitical tension among major economies could lead to heightened tariffs or other tightened restrictive measures, which could cause increased costs for our product sales and adversely affect our financial condition and results of operations. Any economic downturn or slowdown or negative business sentiment could have an indirect potential impact on our business.

We are subject to a variety of risks associated with global operations and expansion.

Our success depends upon our ability to expand in overseas markets. As of the Latest Practicable Date, our products had been sold to customers in over 60 countries and regions, covering major markets including the PRC, North America and Europe. We have also established four overseas offices, gradually building a broad and responsive international sales and service network, which provides a solid foundation for the continued expansion of our global business. As part of our global strategy, we are further exploring the opportunities in overseas markets. To further promote our brand and generate demand for our products in international markets, we expect to spend significantly more on marketing and promotion than we do in our existing markets. Furthermore, we may fail to anticipate competitive conditions in new markets that are different from those in our existing markets. These competitive conditions may make it challenging or impossible for us to operate effectively in these markets. If our expansion efforts in overseas markets are unsuccessful, our profitability and prospects would be materially and adversely affected. We are exposed to other risks associated with international operations, including, among others: (i) changes in a specific country or region’s political and cultural climate or

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economic condition; (ii) foreign investment restrictions under applicable local laws; (iii) our ability to develop and maintain relationships with customers, suppliers and other local stakeholders; (iv) our ability to provide sufficient levels of technical support in different locations; (v) economic instability and inflation, recession or interest rate fluctuations; (vi) our ability to effectively manage and coordinate our employees across different geographic locations; (vii) our ability to comply with different regulatory requirements and standards; (viii) variations and changes in laws and regulations applicable to our operations in different jurisdictions, including enforceability of intellectual property and contractual rights; (ix) trade restrictions, sanctions, political changes, disruptions in financial markets, and deterioration of economic conditions; (x) customs regulations and the regulation of import and export of goods; (xi) restrictions on our ability to transmit data internationally; (xii) our ability to obtain and renew licenses and other governmental authorizations that may be needed in international locations to support operations; and (xiii) changes in tariffs, taxes and foreign currency exchange rates.

Our profitability and ability to implement business strategies, maintain market share and compete successfully in all major markets we operate may be compromised if we are unable to manage the foregoing and other risks related to regional or global operations successfully.

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

We rely on a combination of patents, trademarks, domain name registrations and confidentiality agreements to protect our intellectual property rights. We also possess a number of know-how or trade secrets in relation to technologies and production processes, which we believe are material to our operations and which are not covered by patents. We rely on various protective measures to safeguard such unpatented proprietary information, including entering into confidentiality agreements with our relevant employees and third parties. However, we cannot assure you that our protective measures will be sufficient to protect our trade secrets, know-how or other proprietary information against any unauthorized use, misappropriation or disclosure. We also cannot guarantee that we will be successful in enforcing confidentiality provisions or undertaking enforcement proceedings in the event that there is any unauthorized use of our intellectual property. If we fail to effectively protect our intellectual property from inappropriate or unauthorized use by third parties in ways that adversely affect our brand name, our reputation could suffer, which in turn could adversely affect our business, financial condition and results of operations. Furthermore, any litigation to protect our intellectual property would be time-consuming and costly, and may divert the attention of our senior management and key personnel from our business operations.

We may be subject to intellectual property infringement or claims, which could adversely affect our business, financial condition and results of operations.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate patents, copyrights or other intellectual property rights held by third parties. We may, from time to time, be subject to claims from competitors or third parties alleging intellectual property infringement in our ordinary course of business. There could also be existing patents of which we are not aware that our services or products may inadvertently infringe. We cannot assure you that holders of patents purportedly relating to some aspects of our technology platform or business, if any such holders exist, would not seek to enforce such patents against us in China or any other jurisdictions. Further, the application and interpretation of the patent laws and the procedures and standards for granting patents in the jurisdictions where we operate are still evolving and are uncertain, and we cannot assure you that the relevant courts or regulatory authorities would agree with our analysis. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur

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licensing fees or be forced to develop alternatives of our own. In addition, we may incur significant expenses, and may be forced to divert management’s time and other resources from our business and operations to defend against these third-party infringement claims, regardless of their merits. Successful infringement or licensing claims made against us may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question.

If we fail to effectively manage our future growth and implement our development plans, our business, financial condition and results of operations may be adversely affected.

We experienced rapid revenue growth during the Track Record Period. In 2023, 2024 and 2025, our revenue was RMB495.9 million, RMB544.1 million and RMB701.5 million, respectively. However, future revenue growth may strain our operational and management resources. Scaling up our product and service capabilities while maintaining consistent product and service quality and brand reputation, requires robust management systems and processes. Failure to efficiently allocate resources, recruit and retain qualified personnel, or maintain operational effectiveness could affect our ability to meet growing customer demand or respond to market dynamics.

Moreover, our historical performance may not be indicative of our future performance. The sustainability of our growth depends on a number of factors, many of which are beyond our control. If we are not able to effectively manage our business growth and further expand our operations as needed, we may not be able to successfully implement the strategies necessary to further our business prospects on schedule or within our budget. Any failure to manage our future growth effectively may adversely affect our business operations and prospects.

Furthermore, expansion into new geographic markets and new sales network present operating and marketing challenges that are different from those we currently face in our existing markets and sales network. Customers in new markets and sales network are likely to be unfamiliar with our brands and services and we may need to build or increase our brand awareness in the relevant markets and sales network by increasing investments in advertising and promotional activities. As our markets and sales network expand, our marketing expenditures are expected to grow accordingly, which could affect our profit margin in new markets and thereby impact the overall profitability of our 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 systems on a timely basis and to expand, train, motivate and manage our workforce. Failure to effectively manage our expansion may lead to increased costs and reduced profitability and may adversely affect our growth prospects.

We are subject to risks relating to warehousing issues.

Our raw materials, work in progress and finished products are stored in warehouses before they are used for production or delivered to our customers. The viability and efficacy of our inventories are highly sensitive to storage conditions, particularly temperature control. If our inventories are not properly stored at suitable conditions, their quality and viability may be adversely affected, which may result in inventory obsolescence or defective products, and in turn we may suffer damage to our reputation and face product liability. Any deviation from required temperature ranges during storage may lead to loss of potency and subsequent write-offs. We may sustain loss and damage of inventories due to unpredictable factors, such as theft, fire and flood. We cannot assure you that our warehouses will not face any disruptions. Any inadequate supervision or management of our warehouses could adversely affect our business, financial condition and results of operations.

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We are subject to risks relating to third-party service providers.

We cooperate with third parties, including suppliers of raw materials and logistics services and other business partners, to support critical aspects of our operations. Any interruption, discontinuation, or deterioration in these relationships could adversely affect our business, financial condition and results of operations. Such disruptions may arise from various factors, including interruptions to our partners’ operations, their inability to support our fast-growing business needs, termination or suspension of agreements, changes in cooperation terms, or disputes with these partners.

Our third-party service providers and business partners may fail to fulfill their commitments and responsibilities on time or in compliance with agreed terms or applicable laws. If we are unable to effectively manage these relationships or if our partners fail to meet their obligations, our business, financial condition and results of operations could be adversely impacted. Additionally, when existing contracts with third parties expire, we may face challenges in renewing them on commercially favorable terms or securing suitable replacements promptly, which could further adversely affect our business, financial condition and results of operations.

Our success depends on our ability to retain our management team and to attract, retain and motivate other key personnel.

Our future success is significantly dependent upon the continued service of our management team and other key personnel with experiences in the research and development, manufacturing and sales of probiotic strains. If we lose the service of any management member or key personnel, we may face difficulties in finding suitable or qualified replacements and may incur additional expenses to recruit and train new personnel, which could severely disrupt our business and growth. Furthermore, as we expect to continue to expand our operations and develop new products, we will need to continue attracting and retaining experienced management and key personnel. Competition for talents with required background and experiences is intense, and the availability of suitable and qualified candidates could be limited. Competition for these individuals could cause us to offer higher compensation and other benefits in order to attract and retain them, which could materially and adversely affect our business, financial condition and results of operations. We may be unable to attract or retain the personnel required to achieve our business objectives and failure to do so could severely disrupt our business and growth.

Our operations require various approvals, licenses and permits, and any failure to obtain or renew these approvals, licenses and permits may adversely affect our business, financial condition and results of operations.

Pursuant to the relevant laws and regulations, we are required to obtain and maintain various approvals, licenses, permits and certificates from relevant authorities to operate our business. Failure to obtain, maintain or renew any of these in a timely manner may lead to operational disruptions, which could adversely affect our business. In addition, as the regulatory environment governing our operations continues to evolve, compliance requirements may become increasingly onerous. Any non-compliance may expose us to penalties, require us to incur additional costs and management resources to rectify deficiencies, and result in negative publicity. These factors may adversely affect our business, financial condition and results of operations.

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Any major changes in relation to food safety regulations and relevant policies may affect our business, financial condition and results of operations.

We are subject to applicable food safety laws and regulations. These food safety laws and regulations 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 particular, the PRC Government has been strengthening the supervision of food safety. The revised Food Safety Law of the PRC (《中華人民共和國食品安全法》) and the Regulation on the Implementation of 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. Any failure to comply with the 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. See “Regulatory Overview — PRC Laws and Regulations — Laws and Regulations on Manufacturing and Sales of Foods” for details. In the event that the government authorities make further changes to food safety regulation, our production costs and cost of sales may increase, which could adversely affect our business, financial condition and results of operations.

Our business depends on market recognition of our brand. Any damage to our reputation or brand may materially and adversely affect our business, financial condition and results of operations.

Our success depends on our ability to maintain, protect, and enhance the recognition of our brand and our overall corporate reputation. Failure to achieve this could undermine our brand value and image, materially and adversely affecting our business, financial condition, and results of operations. Any claims or allegations regarding product safety, quality, effectiveness, or environmental impact, even if false or unfounded, could tarnish the image of our brand. Such incidents may lead consumers to choose alternative products, significantly reducing demand for our products. Customer demand for our products could also significantly diminish if we or our employees, suppliers, distribution partners, service providers or other business partners fail to preserve the quality of our products, act or are perceived to act in an unethical, illegal or socially irresponsible manner, including with respect to the production or sale of our products and treatment of our customers.

The long-term success of our brand also relies on maintaining its relevance and appeal amid evolving market trends, consumer preferences, and competitive pressure. Our established brand image may become less attractive or outdated if we fail to innovate, refresh our brand image, or effectively communicate our value proposition.

We are subject to environmental protection and health and safety laws and regulations.

Our operations are subject to national, provincial and local laws with respect to environmental protection, health and safety. During the Track Record Period, our production lines were primarily used for the manufacturing of probiotic raw powder, probiotic formula and agricultural beneficial microbial raw powder. As such production activities will generate wastewater, chemical contaminant, and waste gas, we cannot fully eliminate the risk of accidental contamination, biological or chemical hazards or personal injury at or in the vicinity of our manufacturing facilities during the process of our operations.

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As the requirements imposed by environmental protection and health and safety laws and regulations may change and more stringent laws or regulations may be adopted, we may not be able to comply with, or accurately predict any potential substantial cost of complying with, these laws and regulations.

Any fraud, bribery, money laundering or other misconduct committed by our employees, customers or other third parties may subject us to financial losses and adverse publicity.

We may be exposed to fraud, bribery, money laundering or other misconduct committed by our employees, customers or other third parties, which could subject us to financial losses and penalties from governmental authorities. Our risk management systems and internal control capabilities are limited by the information and risk management tools or technologies available to us. Our ability to implement and maintain stringent internal control may be affected by our expansion in business scale and business scope. If any such misconduct of our employees, customers or other third parties committed against our interests occurs, we may suffer from negative publicity and reputational damage, or even become subject to litigation and other proceedings, as well as administrative or criminal penalties for such misconduct, thereby adversely affecting our business, financial condition and results of operations.

We may become subject to legal proceedings and claims during the ordinary course of our business.

From time to time, we may be involved in legal or administrative proceedings and claims in our ordinary course of business, including matters relating to contracts, employment, intellectual property, antitrust and environmental issues. If we fail in defending ourselves against any such claims, we may be subject to substantial damages to compensate the claimants. Any claims, disputes or legal proceedings initiated by us, or brought against us, with or without merit, may result in substantial costs and diversion of resources and may materially harm our reputation. Furthermore, some claims may arise from defective supplies provided by our suppliers, who may not be able to indemnify us in a timely manner or at all. Any of these events may materially and adversely affect our business, financial condition and results of operations.

We may require additional financing to support our further developments or adapt to changes in business conditions, but we may not be able to obtain additional financing on favorable terms or at all.

We may require additional financing for future growth and development of our business. If our financing is insufficient to satisfy our cash requirements, we may seek to issue additional equity or debt securities or obtain new or expanded credit facilities. Our ability to obtain external financing in the future is subject to a variety of uncertainties. In addition, incurring indebtedness would subject us to increased debt service obligations and could result in operating and financing covenants that would restrict our operations. There can be no assurance that financing would be available in a timely manner or in amounts or on terms favorable to us, or at all. Any failure to raise needed funds on terms favorable to us, or at all, could severely restrict our liquidity and have a material adverse effect on our business, financial condition and results of operations.

We are subject to various risks relating to third-party payment.

Historically, certain of our customers (individually or collectively, the “**Relevant Customer(s)**”) settled transactions through the accounts of third parties other than the contractual counterparties under the corresponding sales agreements (the “**Arrangements**”). In 2023, 2024 and 2025, the number of Relevant Customers was 49, 40 and 58, respectively, and the aggregate amount of payment made under

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the Arrangements was RMB17.4 million, RMB18.3 million and RMB9.3 million, respectively, representing 3.5%, 3.4% and 1.3% of the total revenue for the same periods, respectively. No individual Relevant Customer had made a material contribution to our revenue during the Track Record Period.

We may be subject to various risks relating to the Arrangements during the Track Record Period, such as (i) possible claims from third-party payers designated by Relevant Customers for return of funds as they were not contractually indebted to us and possible claims from liquidators of third-party payers designated by Relevant Customers and (ii) potential risks arising from our limited understanding of the source and use of funds by third-party payers designated by Relevant Customers. In the event of any claims from third-party payers designated by Relevant Customers or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us to demand return of the relevant payment or for violation or noncompliance of laws and regulations, we may need to allocate additional financial and managerial resources to defend against such claims and legal proceedings, and we may be forced to comply with the court ruling and return the payment for the products that we sold, which could adversely affect our business, financial condition and results of operations. See “Business — Customers — Third-Party Settlement Arrangements” for details.

We may face risks relating to labor relations, labor disputes, labor shortages and increases in labor costs.

Our success depends on our ability to hire, train, retain and motivate our employees. Any deterioration in labor relations with our employees could lead to labor disputes, which may disrupt our production and operations, adversely affecting our business and financial performance. Despite our efforts to provide a safe working environment to avoid occupational injuries, we may still face liability claims, negative publicity and government investigations related to workplace safety or employee injuries. Such incidents could result in a deterioration of our labor relations with employees and damage our reputation. Additionally, with the growth of the economy, average wages of our employees are expected to increase. Any significant increase in labor costs could adversely affect our profitability, business and financial performance.

Companies operating in the PRC have to participate in various employee benefit plans required by the government, including certain social insurance and housing provident funds. The requirement and implementation of employee benefit plans may vary considering the different levels of economic development in different locations in the PRC, employers who fail to make adequate payments as required by the local competent authorities may be ordered to make up the payments within a prescribed time limit and may be further subject to late payment fees, fines and/or other penalties. During the Track Record Period and up to the Latest Practicable Date, we had not received any material administrative penalty imposed by the relevant regulatory authorities regarding PRC social insurance and housing provident funds. Any new laws and regulations, or more stringent interpretation and implementation of existing and new laws and regulations may lead to extra employee benefit plan costs, which may adversely affect our results of operations and financial condition.

Our legal right to certain leased properties may be challenged.

There might be defects in the leasehold interest of certain of our leased properties. As of the Latest Practicable Date, the registration of all the lease agreements within the prescribed time pursuant to the applicable PRC laws and regulations had not yet been completed. Although we will take steps to request the lessors of the aforementioned and future leased properties to cooperate with us to complete the registration in a timely manner, we cannot assure you that such lessors will agree to cooperate. As advised by our PRC Legal Adviser, failure to complete the lease registration will not affect the validity of the lease agreements according to PRC law, but we may be imposed with a maximum penalty of RMB10,000 for each non-registered lease if the registration of any of our lease agreements is not

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completed after being requested to do so by the competent PRC government authorities. We cannot assure you that we will not be subject to any penalties arising from the non-registration of our lease agreements and any disputes arising out of our leased properties in the future. In addition, there are uncertainties to the continuous operation of some of our leased properties and we may be forced to relocate our affected operations. We cannot assure you that the lessors of such properties are entitled to lease the relevant real properties to us. If the lessors are not entitled to lease the properties and the owners decline to ratify relevant agreements, our lease rights may be unenforceable and we may be forced to vacate the relevant properties and relocate our offices. Our business, financial condition and the results of operations may be negatively affected. As of the Latest Practicable Date, we were not aware of any claim or challenge brought by any third parties concerning the use of our leased properties without obtaining proper ownership proof.

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

Valuations of our selected property interest as of February 28, 2026 prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer, are set forth in the valuation report set out as Appendix III to this Document. The valuations are made based on assumptions which, by their nature, are subjective and uncertain and may differ from actual results. In addition, unforeseeable changes in general and local economic conditions or other factors beyond our control may affect the value of our properties. As a result, the valuation of our properties may differ materially from the price we could receive in an actual sale of the properties in the market and should not be taken as their actual realizable value or an estimation of their realizable value.

Our insurance coverage may be insufficient to cover our potential liabilities or losses.

Pursuant to PRC regulations, we provide social insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees based in China. In addition, we maintain commercial insurance coverage to mitigate potential losses arising from transportation incidents, workplace injuries, product defects, property damage and third-party claims. Our insurances may not provide adequate coverage for all the risks in connection with our business operations. If we were to incur substantial losses and liabilities that are not covered by our insurance policies, we may be required to bear our losses to the extent that our insurance coverage is insufficient. As a result, we could suffer significant costs, which could have an adverse effect on our business, financial condition and results of operations.

Security breaches and attacks against our system and network, and any failure to protect confidential and proprietary information, could damage our reputation and adversely affect our business, financial condition and results of operations.

Our internal computer systems and IT infrastructure may be subject to cyberattacks, unauthorized access and disruptions. A successful breach or prolonged system outage could disrupt business operations, and incur additional costs to repair. We manage confidential information, including technological know-how, commercial and financial records, certain information of employees, suppliers and customers and their designated contacts, and the information of other business partners during our daily operations. A significant outage from hacking, phishing, malware, power failures or cyberattacks could undermine our ability to operate, while we continuously assess potential threats and respond to such threats through appropriate measures. Our data redundancy and disaster recovery plans may not be sufficient to prevent losses. In addition, we cannot ensure that our efforts can prevent employees, contractors and IT vendors from misusing, leaking, falsifying, or losing data, intentionally or

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accidentally, which may result in breach of confidential information. External parties may also exploit system vulnerabilities or use deceptive tactics to access confidential information, thereby damaging market trust in our brand.

Where the information systems and IT infrastructures that we rely on did not operate normally and we failed to fix such malfunction timely and effectively, it may trigger a material data breach or system failure that might lead to regulatory actions, legal claims or reputational harm. Failure to address these risks could adversely affect our business, financial condition and results of operations.

Compliance with applicable data-related laws and regulations could require additional expenditures and consequently affect our business, financial condition and results of operations.

We are subject to various PRC cybersecurity, data security and personal information protection laws and regulations, including but not limited to the Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》), the Personal Information Protection Law of the People’s Republic of China (《中華人民共和國個人信息保護法》), and Measures for Cybersecurity Review (《網絡安全審查辦法》). See “Regulatory Overview — PRC Laws and Regulations — Regulations on Cybersecurity, Data Security, and Privacy Protection” for details.

Changes and developments in the enforcement of cybersecurity, data security and personal information protection laws and regulations present challenges in ensuring comprehensive compliance and increasing our operational costs, as we must allocate time and resources to address various compliance requirements. While we have implemented rigorous and comprehensive policies regarding the collection, processing, sharing, authorization and protection of data usage and privacy, and have taken necessary measures to comply with applicable cybersecurity, data security and personal information protection laws and regulations, given the evolving legal and regulatory landscape, we cannot guarantee that these policies and measures implemented by us will continue to comply with all legal and regulatory requirements. Any non-compliance or perceived non-compliance by us with any applicable cybersecurity, data security or personal information protection regulations, any such non-compliance by our business partners, or any failure or perceived failure by our employees to adhere to our internal control measures, may result in negative publicity against us, as well as legal proceedings or regulatory actions. Such outcomes could lead to the imposition of fines, revocation of licenses, suspension of relevant operations, or other legal or administrative penalties, which may damage our reputation, deter existing and potential customers, and expose us to fines and damages. Consequently, these matters could have a material adverse effect on our business, financial condition and results of operations.

Negative publicity, including negative internet postings, about us, our brand, management, business partners and product offerings may have a material adverse effect on our business and reputation.

We believe our brand image and corporate reputation are critical to enhancing our competitiveness and maintaining business growth. Many factors, some of which are beyond our control, may adversely affect our brand image and corporate reputation if not properly managed. Any actual or perceived deterioration of our product quality, which is based on an array of factors, could subject us to damages such as loss of important customers. Any negative publicity against us, our products and services, operations, directors, senior management, employees, business partners or our peers could adversely affect customer perception of our brand, cause damages to our corporate reputation and result in decreased demand for our products and services. If we are unable to promote our brand image and protect our corporate reputation, we may not be able to maintain and grow our customer base, and our business and growth prospects may be adversely affected.

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Any significant reduction of government grants, termination of preferential tax treatment or change in the relevant policies may adversely affect our financial performance and results of operations.

In 2023, 2024 and 2025, we recognized government grants of RMB13.8 million, RMB16.6 million and RMB18.0 million, respectively. Not all of those grants and subsidies are recurring in nature. Meanwhile, during the Track Record Period, certain of our subsidiaries enjoyed preferential EIT tax rate of 15% as they were qualified high and new technology enterprises. See Note 12 to the Accountants' Report included in Appendix I to this Document for details. Preferential tax treatments and other incentives granted to us by PRC governmental authorities are subject to review and renewal and may be adjusted or revoked in the future. We cannot guarantee you that the preferential tax treatments and other incentives to which our PRC subsidiaries are currently entitled would be kept valid or successfully renewed. There can be no assurance that the local tax authorities will not, in the future, change their position and discontinue any of our current tax treatments. The discontinuation of any of our current tax treatments could materially increase our tax obligations and adversely affect our net income.

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

We may not be able to effectively manage our inventory levels.

Our inventories primarily comprised of (i) raw materials; (ii) work in progress; and (iii) finished goods. As of December 31, 2023, 2024 and 2025, we had inventories of RMB55.8 million, RMB84.1 million and RMB89.1 million, respectively. In 2023, 2024 and 2025, our inventory turnover days were 84 days, 91 days and 86 days, respectively. It may be difficult for us to accurately forecast demand and determine appropriate levels of inventory we maintain. In the case of overestimation of consumer demand, we may be subject to overstock, resale of the inventories at less favorable terms, or even write-downs of inventories. In the case of underestimation of customer demand, we may not be able to maximize our revenue. In addition, if we are required to lower sale prices in order to reduce inventory level, our profit margins might be negatively affected. Any of the above may materially and adversely affect our business, financial condition and results of operations.

Our results of operations and financial condition may be adversely affected by the recoverability of our trade receivables.

Our trade and bills receivables primarily represent the receivables from our sales of products and services. As of December 31, 2023 and 2024 and 2025, our trade and bills receivables were RMB49.0 million, RMB73.8 million and RMB76.6 million, respectively. Our trading terms with some of our customers are on credit. We generally grant a credit period of seven to 90 days to our customers. Trade and bills receivables are generally settled in accordance with the terms of the respective contracts. In

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2023, 2024 and 2025, our trade and bills receivables turnover days were 31 days, 41 days and 39 days. Credit risk for trade and bills receivables arises when our customers default on their contractual obligations resulting in our financial losses. We cannot assure you that we are or will be able to accurately assess the creditworthiness of each of our customers before entering into agreements or extending credit terms, neither can we guarantee that each of these customers will be able to strictly follow and enforce the payment schedules provided in the agreements. Any inability of our customers to pay us in a timely manner may adversely affect our liquidity and cash flows, which in turn has a material adverse effect on our business, financial condition and results of operations.

We are exposed to risks in connection with our investment in wealth management products.

During the Track Record Period, we purchased structured deposits issued by banks in Chinese Mainland. Accordingly, we have recorded financial assets at FVPL that were classified as current assets of nil, RMB114.2 million and RMB23.0 million as of December 31, 2023, 2024 and 2025, respectively. We plan to continue to invest in these and other wealth management products when we believe that we have sufficient cash and the potential investment returns are reasonable. We have put in place certain internal control procedures for reducing risks in relation to these investments. However, we cannot assure you that these procedures will be effective and adequate. We cannot assure you that we will not experience losses with respect to these investments in the future or that such losses or other potentially adverse effects will not have a material adverse effect on our business, financial condition and results of operations.

Fair value change on other financial instruments granted to investors and related valuation uncertainty may materially affect our financial condition and results of operations.

Our Company has historically issued ordinary shares with mandatory distribution rights to investors. Such instruments shall cease to be effective and be discontinued upon the [REDACTED]. The special rights were recorded as other financial instruments on a fair value basis. We had fair value change on other financial instruments of RMB28.4 million, RMB1.8 million and RMB37.0 million in 2023, 2024 and 2025, respectively. As of December 31, 2023, 2024 and 2025, we recorded other financial instruments of RMB239.1 million, RMB240.9 million and RMB277.9 million, respectively.

The estimated changes in fair value involve the exercise of professional judgment and the use of certain bases, assumptions and unobservable inputs, which, by their nature, are subjective and uncertain. For more details, please refer to Note 3.3 to the Accountants’ Report in Appendix I to this Document. The assessment of fair value of our other financial instruments requires the use of unobservable inputs including long-term average growth rate, discount rate and possibilities of [REDACTED]. As such, fair-value changes have been, and will continue to be, subject to uncertainties in accounting estimation, which may not reflect actual fair value of these other financial instruments and result in significant fluctuations in profit or loss from period to period. Changes of these unobservable inputs will change the fair value change on other financial instruments, which leads to uncertainty in our financial results. Any of these factors, as well as others, could cause our estimates to vary from actual results and cause the fair value of our other financial instruments to fluctuate substantially.

Our financial and operating performance may be adversely affected by epidemics, adverse weather conditions, natural disasters and other catastrophes.

Our business is subject to risks related to outbreaks of a widespread health epidemic or pandemic, such as avian influenza, swine influenza, severe acute respiratory syndrome (SARS), Middle East respiratory syndrome coronavirus, or COVID-19, or other events, such as wars, acts of terrorism, environmental accidents, power shortage or communication interruptions. In the event of a major disruption caused by a natural disaster or man-made problem, we may be unable to continue our

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operations and may endure lengthy interruptions in our operations, reputational harm, breaches of data security and loss of critical data, any of which could adversely affect our business, financial condition and results of operations.

RISKS RELATING TO DOING BUSINESS IN JURISDICTIONS WHERE WE OPERATE

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

During the Track Record Period, we generated a majority of our revenue from our business operation in China. In addition, we operate our businesses in other geographic markets globally. Accordingly, our business, financial condition and results of operations could also be influenced by political, economic and social conditions in these markets. Economic growth in each of our geographic markets has been uneven, both geographically and among various sectors within any one of the relevant economies. Any economic downturn, whether actual or perceived, further decrease in economic growth rates or an otherwise uncertain economic outlook in our geographic markets or any other market in which we may operate could affect our business, financial condition and results of operations. Changes in the economic or political environment could increase our costs, increase our exposure to legal and business risks, disrupt our operations and affect our results of operations.

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

Our operations span across various geographic markets, each with its unique legal system. We acknowledge the inherent uncertainties within the legal frameworks of some of the markets we operate. Newly enacted laws and regulations may not comprehensively address all facets of economic activities in these markets. The interpretation and enforcement of such laws and regulations are often subject to future implementations, and their applicability to our business operations remains unsettled. Given that local administrative and court authorities are empowered to interpret and implement statutory provisions and contractual terms, it can be challenging to predict the outcomes of administrative and court proceedings, and to ascertain the extent of legal protection we possess in these markets. It is also worth noting that local courts may exercise discretion in refusing to enforce foreign or arbitration awards. These uncertainties could potentially impact our understanding of legal requirements and our capacity to enforce our contractual rights or claims. Moreover, these regulatory uncertainties may be leveraged through unmerited or frivolous legal actions, claims concerning third party conduct, or threats aimed at extracting payments or benefits from us.

Additionally, many of the legal systems in our operational markets are influenced by their respective government policies and internal rules. Some of these policies and rules may not be published promptly or at all, and could have retroactive effects. There are instances where key regulatory definitions are ambiguous, imprecise, or absent, or where regulatory interpretations diverge from court interpretations in analogous cases. Consequently, we may inadvertently violate certain policies or rules, only becoming aware of such violations after the fact. Furthermore, administrative and court proceedings in some of our markets may be prolonged, leading to significant costs and diversion of resources and management attention.

We recognize the possibility of new laws and regulations being adopted or interpreted as applicable to us in our geographic markets and elsewhere, which could adversely affect our businesses and operations. The industries in which we operate may face increased scrutiny and regulation, necessitating the allocation of additional legal and other resources to comply with these regulations.

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Changes in existing laws or regulations, or the introduction of new laws and regulations in our markets, could potentially impede the growth of the industry where we operate and affect our business, financial condition, and results of operations.

Our operations are subject to tax laws and regulations in jurisdictions where we operate.

We are subject to periodic examinations on fulfillment of our tax obligation under the tax laws and regulations by applicable tax authorities. We may be subject to additional tax or duty liabilities as a result of any unfavorable decisions made by such relevant tax authorities, which may materially and adversely affect our business, financial condition and results of operations. Such regulatory actions may also divert our management’s attention and other resources, especially if they are not resolved in a timely manner. Although we believe that in the past, we have acted in compliance with the requirements under the relevant tax laws and regulations in all material aspects and established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by tax authorities would not result in fines, other penalties or action that could adversely affect our business, financial condition and results of operations.

Holders of our H Shares may be subject to PRC income tax obligations.

Under the IIT Law and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to a 20% PRC income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws. 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》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號) 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. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF of the PRC and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. In addition, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167) which states that individuals’ income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70). As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges. However, there is no assurance as to whether further implemented laws, regulations, or practices in the future would result in levying income tax on non-PRC resident individuals on gains from the sale of H shares.

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For non-PRC resident 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 EIT Law and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are subject to PRC EIT 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》) (GuoShuiHan[2008]No. 897) issued by SAT on November 6, 2008, the withholding tax rate for dividends payable to non-PRC resident 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 resident enterprise holders of our H Shares (including [REDACTED]). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities’ approval. Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations by the competent tax authorities shall be in accordance with the then effective laws and regulations, and new taxes may be imposed which may adversely affect the value of your [REDACTED] in our H Shares.

If the PRC income tax is imposed on gains realized from the transfer of our H Shares or on dividends paid to our non-PRC resident investors, the value of your [REDACTED] in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with the PRC may not qualify for benefits under such tax treaties or arrangements.

We are subject to the currency exchange control system.

The conversion of RMB is subject to applicable laws and regulations in the PRC. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business.

Under existing foreign exchange regulations, following the completion of the [REDACTED], we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, there is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to Shareholders or to satisfy any other foreign exchange requirements, or to capitalize our capital expenditure plans, and even our business, financial condition and results of operations, may be affected.

Fluctuations in the value of the Renminbi and other currencies may have an adverse effect on your [REDACTED].

During the Track Record Period, a substantial portion of our revenue and expenditures were denominated in Renminbi, while the [REDACTED] from the [REDACTED] will be in Hong Kong dollars. Fluctuations in the exchange rate between the Renminbi and the Hong Kong dollar will affect the relative purchasing power in Renminbi in terms of the [REDACTED] from the [REDACTED]. Fluctuations in the exchange rate may also cause us to incur foreign exchange losses and affect the relative value of any dividend issued by our PRC subsidiaries. In addition, appreciation or depreciation

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in the value of the Renminbi relative to the Hong Kong dollar or U.S. dollar would affect our financial results in Hong Kong dollar or U.S. dollar terms without giving effect to any underlying change in our business or results of operations.

It may be difficult to effect service of process upon us or our directors or officers or to enforce foreign court judgments against them.

We are a company incorporated under the laws of the PRC, and substantially all of our assets and senior management are located in China. Similar to the difficulties faced by most of the countries around the world on effecting service of process and enforcing judgments obtained from foreign countries, it may be difficult for investors outside the PRC to effect service of process upon us or our Directors or senior management within or outside the PRC, or to enforce judgments obtained in jurisdictions outside the PRC against us or them.

Although the Supreme People’s Court of the PRC and the government of the Hong Kong Special Administrative Region have entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), it does not apply to certain judgments of civil and commercial matters. Consequently, investors may face difficulties in seeking to enforce judgments against us or our management in China.

We may be subject to additional regulatory requirements relating to new laws and regulations in connection with overseas securities offering and listing issued by PRC government authorities.

On February 17, 2023, the CSRC issued the Overseas Listing Trial Measures and five supporting guidelines, which had become effective on March 31, 2023 (the “**Overseas Listing Regulations**”). The Overseas Listing Regulations are applicable to overseas securities offering and listing conducted by issuers who are (i) companies incorporated in the PRC 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. See “Regulatory Overview — PRC Laws and Regulations — Regulations on Overseas Listing” for details. The Overseas Listing Regulations, or any pertinent rules or regulations promulgated in the future, may subject us, or our financing activities, to additional compliance requirements in the future. Any failure on our part to fully comply with the new regulatory requirements may significantly limit or completely hinder our future financing activities.

RISKS RELATING TO THE [REDACTED]

There has been no public [REDACTED] market for our H Shares, an active [REDACTED] market for our H Shares may not develop, and their [REDACTED] price may fluctuate significantly.

Prior to the [REDACTED], there was no public market for our H Shares. The [REDACTED] for our H Shares to the public will be the result of negotiations, and the [REDACTED] may differ significantly from the market price of the H Shares following the [REDACTED]. We have applied to the Stock Exchange for the [REDACTED] of, and permission to deal in, the H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity will develop and be sustained following the completion of [REDACTED]. The price and [REDACTED] volume of our H Shares may be volatile, due to general market conditions and the performance of peer companies, and other factors specific to our business. Moreover, shares of other companies [REDACTED] on the Stock Exchange with significant operations and assets in the PRC have experienced price volatility in the past, and our H Shares may be similarly affected.

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

There can be no assurance that we will declare and pay dividends because the declaration, payment and amount of dividends are subject to the discretion of our Directors, depending on, among other considerations, our operations, cash flows and financial position, and other factors as it may deem relevant at such time. Furthermore, under PRC law and regulations, the payment of dividends may be subject to certain limitations. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution, and subject to approval at our Shareholders’ meeting.

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

The [REDACTED] of the [REDACTED] is higher than the net tangible asset value per H Share immediately prior to the [REDACTED]. Therefore, purchasers of the [REDACTED] in the [REDACTED] will experience an immediate dilution in [REDACTED] consolidated net tangible asset value. In order to expand our business, we may consider [REDACTED] and issuing additional Shares in the future. Purchasers of the [REDACTED] may experience dilution in the net tangible asset value per H Share of their H Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per H Share at that time. Furthermore, we may issue Shares pursuant to any existing or future share incentive scheme, which would further dilute our Shareholders’ interests in our Company.

Future sales or perceived sales of substantial amounts of our Shares in the public market could materially and adversely affect the prevailing market price of our H Shares and our ability to raise additional capital in the future, or may result in the dilution of your shareholding.

Prior to the [REDACTED], there has not been a public market for our H Shares. After certain regulatory restrictions lapse or are waived, future sales or conversions by our Shareholders or the perception they may occur, could significantly decrease the market price and our ability to raise additional capital. In addition, future issuances may result in the dilution of our Shareholder’s holding or confer rights and privileges that take priority over those H Shares.

Our Single Largest Group of Shareholders may have substantial influence over us and their interests may not be aligned with the interests of other Shareholders.

Our Single Largest Group of Shareholders may have substantial influence over our business, including matters relating to our management, policies and decisions regarding mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of Directors and other significant corporate actions. Immediately following the completion of the [REDACTED], our Single Largest Group of Shareholders will be entitled to exercise approximately [REDACTED]% of the voting rights of our Company. This ownership may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their H Shares and might reduce the price of our H Shares. These events may occur even if they are opposed by our other Shareholders. It is possible that our Single Largest Group of Shareholders may take actions or make decisions that conflict with the best interests of our other Shareholders.

We cannot assure you of the accuracy or completeness of certain industry facts, statistics, and forecasts that were obtained from various official publications contained in this Document.

Certain industry facts, forecasts and statistics in this Document are obtained from various government sources. Such information from official government sources has not been independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the

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[REDACTED], the [REDACTED], the [REDACTED], any of their respective directors, employees, or any other party involved in the [REDACTED], and no representation is given as to its accuracy. Furthermore, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, you should consider carefully and not place undue reliance on such facts or statistics.

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

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