An [**REDACTED**] *in our H Shares involves various risks. You should carefully consider all the information in this Document and in particular the risks and uncertainties described below before making an* [**REDACTED**] *in our H Shares. The following is a description of what we consider to be our material risks. The occurrence of any of the following risks could materially and adversely affect our business financial condition and operating results. If any of these events occurs the trading 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 "Forward-looking Statements."

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

If we fail to accurately capture market demand or rapidly develop new products to cater to consumer preferences, we may not be able to effectively meet customer needs, which could in turn affect our business performance.

The development of China's apparel market is highly dependent on consumer aesthetics, preferences and brand awareness. Any shift in consumer preferences, or a slowdown in the growth of apparel consumption in China, may adversely affect our business. Our business performance largely depends on our ability to accurately anticipate, understand and promptly adapt to these changes, as well as to continuously launch new products that appeal to consumers. As consumer expectations regarding functionality, fashion and environmental sustainability in apparel continue to rise, market demand is becoming increasingly diverse. Demand for our products may be affected by various factors, such as decline in consumer purchasing power, or the introduction of more attractive products by competitors, which may divert demand away from our existing products. If we fail to launch new products that meet market demand in a timely manner, or fail to effectively respond to changes in consumer preferences and industry trends, we may face reduced consumer demand, declining sales and loss of market share, which could have a material adverse effect on our business, financial condition and operating results.

Maintaining our brand image is critical to our success and any failure to do so could severely damage our reputation and brands, which would have a material adverse effect on our business, financial condition and operating results.

Our business is highly dependent on the strength of our brand. We consider our brands to be one of the most important assets driving the sales of our apparel products. The strength of our brand is built on a solid reputation and also relies on effective management of brand awareness, product design and presentation, store image and the accurate communication of our brand message. If we fail to effectively manage any of these key factors, or if our brand promotion activities do not further enhance the distinctiveness and market influence of our brand, our brand value and market recognition may be undermined, which in turn affects our ability to retain existing customers and attract new ones. In addition, inadequate quality control over our products may also damage our reputation and brand image. If we are unable to maintain, protect or enhance our brand recognition and image, we may face greater challenges in sustaining our current pricing levels and sales volumes, launching new products or entering new markets, which could have a material adverse effect on our business, financial performance, operating results and growth strategy.

If our products experience quality issues, it may result in customer loss and a decline in sales and expose us to product liability claims or regulatory penalties, which could materially and adversely affect our business, financial condition and operating results.

The sustainable growth of our business and the strength of our brand image are highly dependent on product quality. Any product quality problems, whether due to defects in raw materials, substandard production processes, inadequate supply chain management, or insufficient quality control measures, may lead to product returns, recalls, customer complaints, product liability claims or regulatory penalties, all of which could have a material adverse impact on our brand image, customer loyalty and market position. We cannot assure you that all potential defects or quality issues can be identified and effectively prevented by our quality control system in a timely manner. Any quality issues arising from procurement related to our products may result in claims and litigation, damage our reputation and generate negative publicity. If suppliers or partners fail to follow our standards in procurement, production, or quality control processes which leads to product quality issues, our brand image may be harmed and negative consequences may arise, even if the relevant products are not directly supplied by us. If we fail to consistently deliver high-quality products, or fail to respond to quality issues in a timely and effective manner, our business, financial condition and operating results could be materially and adversely affected.

If we fail to maintain stable relationships with our store partners or distributors, the stability and expansion of our offline store network and our business growth prospects may be affected.

In addition to directly-operated stores, we operate part of our offline store network through partner-operated stores and distributor-operated stores. As of December 31, 2025, we had 4,122 partner-operated stores and 227 distributor-operated stores. In 2023, 2024 and 2025, revenue generated from sales to store partners amounted to RMB9,436.7 million, RMB7,628.1 million and RMB6,824.8 million, respectively, accounting for 45.5%, 37.9% and 32.5% of total sales revenue for the respective years. In 2023, 2024 and 2025, revenue generated from sales to distributors amounted to RMB122.9 million, RMB139.4 million and RMB155.8 million, respectively, accounting for 0.6%, 0.7% and 0.7% of our total revenue for the respective years.

Store partners and distributors are contractually obligated to fulfill their responsibilities under the partnership or distributorship agreements. If we are unable to maintain stable and cooperative relationships with our store partners or distributors, or if a significant number of such partners or distributors choose not to continue their cooperation with us, the stability of our store network may be disrupted, which could result in customer attrition and reduced sales. Furthermore, if partnership or distributorship agreements are terminated or cannot be renewed, and we are unable to identify and engage new store partners or distributors in a timely manner, our plans to expand and optimize our store network, as well as our overall business growth prospects, may be adversely affected.

We may have difficulty securing suitable store locations.

We may not be able to secure suitable locations for new stores on commercially acceptable terms. The sales performance of new stores largely depends on the quality of their locations. When selecting sites for our stores, we take into account a range of factors, including: (i) foot traffic and visibility in commercial districts or shopping malls, (ii) demographic alignment with our target customer profile, (iii) proximity to complementary brands and anchor tenants, (iv) accessibility via public transportation and parking availability, (v) store size and layout flexibility for merchandising needs, (vi) lease terms, rental levels and cost-to-sales ratio, (vii) intensity of surrounding competition, (viii) local consumer spending power and retail consumption patterns, (ix) alignment with our brand positioning and image, and (x) operational considerations such as logistics access and storage space. Our ability to lease, acquire or renew suitable properties on reasonable terms is essential to the success of our business and expansion strategy. There is no assurance that we will be able to secure suitable sites for new stores in planned expansion areas or renew existing leases at optimal locations on comparable or commercially acceptable terms, and any failure to do so may adversely affect our business and growth prospects. In addition, we face the risk that the secured store locations may not sustain the same level of consumer traffic or commercial attractiveness, which could require us to relocate or open stores at new locations and incur additional costs. In which case, the newly-opened stores typically require a ramp-up period before reaching stable sales performance, which may affect our sales growth and overall profitability in the short run.

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

We primarily conduct online sales through e-commerce channels such as Tmall, JD.com, Douyin, Kuaishou, Xiaohongshu and WeChat. In 2023, 2024 and 2025, our revenue generated through online channels amounted to RMB3,258.1 million, RMB4,419.1 million and RMB4,434.7 million, respectively, accounting for 15.7%, 21.9% and 21.0% of our total revenue for the respective years. Accordingly, if there is any disruption to the services or operations of these platforms, or if they fail to consistently provide a satisfactory shopping experience, attract new users and retain existing users, or if our cooperation with these third-party e-commerce platforms is terminated, deteriorates, or the associated costs increase significantly, or if we fail to effectively incentivize the platforms to direct traffic to our online stores and promote our products, our business and operating results may be materially and adversely affected. Given the leading position and significant influence of these platforms in China's e-commerce industry, there is no assurance that we would be able to promptly identify or secure alternative channels on commercially acceptable terms, or at all. In addition, any negative publicity concerning these platforms, or public perception or allegations regarding the presence of non-genuine, counterfeit or defective products on these platforms, whether substantiated or not, may undermine consumer confidence in the platforms, reduce traffic and sales of our products and adversely affect our business, financial condition and operating results.

Our commercial success depends on our ability to continuously innovate in product design.

Continuous innovation in product design is critical to maintaining our market competitiveness and achieving commercial success. Our competitiveness and market share depend on our ability to maintain effective product design and development capabilities and to consistently introduce innovative designs that align with evolving customer preferences, product specifications and market trends. As customer preferences and market trends can change rapidly, any failure to accurately anticipate such changes may render our products obsolete. At the same time, competitors may introduce production technologies or product designs that are more advantageous in terms of cost, efficiency or quality, which could cause our technologies and capabilities to lag behind and weaken our market position. Should any of the foregoing occur, our business, financial condition and operating results could be materially and adversely affected.

Our production and operations rely on external procurement and are susceptible to uncertainties such as fluctuations in procurement prices, supply shortages, and delivery interruptions, as well as the stability, production capacity and quality control of our supply chain.

Our product procurement is primarily conducted through direct sourcing from suppliers, making us susceptible to uncertainties such as fluctuations in procurement prices, shortages of key materials and disruptions in logistics. In 2023, 2024 and 2025, our cost of finished apparel procurement amounted to RMB9,884.1 million, RMB9,322.0 million and RMB9,727.5 million, respectively, accounting for 86.9%, 84.9% and 84.4% of costs of sales for the same respective years. Accordingly, if our key suppliers face restrained production capacity, delivery delays, or fail to supply as agreed, whether due to shortages in raw materials, sudden rise in market demand, rapid changes in consumer preferences or other factors such as natural disasters or environmental risks, we may experience supply shortages or interruptions, delays in product launches or replenishment or loss of sales. Significant increases in procurement prices could also raise our costs and impact our profitability. In addition, any significant quality issues with our supplies may lead to product recalls, heightened return an replacement costs, disruption to store operations, reputational harm and adverse impact on our sales performance and profitability, which could adversely affect our business, financial condition and results of operations.

If we fail to successfully cultivate new brands, we may not achieve expected returns on investment, which could adversely affect our business performance and financial condition.

Our diversification strategy and long-term competitiveness depend in part on our ability to successfully cultivate and develop new brands. The development of new brands typically requires a lengthy incubation period and significant upfront investment in areas such as marketing, channel development and operational support, and there is inherent uncertainty as to whether such brands will achieve the anticipated market acceptance or returns on investment. In this context, we have launched and expanded new brands, including OVV, and acquired YeeHoO (英氏), to broaden our target market and consumer reach. The success of new brands depends on our ability to build brand awareness, consumer acceptance and loyalty, as well as to effectively execute strategies relating to product positioning, promotion and channel management. If we fail to accurately assess market demand or effectively implement such strategies, our new brands may underperform or incur losses. In addition, as the number of brands under our management increases, we face heightened challenges in resource allocation, management capacity and risk control. If any of the foregoing occurs, our business performance, financial condition and operating results may be materially and adversely affected.

We rely on returnable procurement arrangements with some suppliers. Disruption, modification, termination, or supplier nonperformance could materially harm our business, financial condition, and operating results.

We rely on returnable procurement arrangements with certain suppliers for specific brands and product categories, in particular for HLA, under which settlement with suppliers is based on actual sell-through and unsold products may be returned after the relevant sales seasons, subject to agreed conditions. Before returning unsold products under the returnable procurement arrangement, we require the removal of all brand tags. However, we cannot assure you that such debranding will always be implemented effectively or that there will be no unauthorized sales of our branded products by apparel OEM manufacturers or other parties, which may expose us to reputational harm. Following the return of products to apparel OEM manufacturers, we also have limited visibility and control over the downstream handling and distribution of such products. Any misconducts of our apparel OEM manufacturers when handling the off-label apparels may adversely affect our brand and market positioning. As of December 31, 2023, 2024 and 2025, our returnable goods amounted to RMB7,204.5 million, RMB8,271.4 million and RMB7,690.0 million, respectively, accounting for 77.2%, 69.0% and 71.1% of total inventory as of the same dates, respectively. During the Track Record Period, no provision or write-downs was made related to the inventory under our returnable procurement arrangements. These arrangements reduce inventory risk and improve capital efficiency but rely on suppliers' ability to absorb unsold stock and plan production from shared inventory and sales data. If suppliers face capacity constraints, liquidity issues, or decline returns due to market conditions, we may have to retain slow-moving inventory, harming profitability. Returnable programs also create risks around data sharing, return logistics, and supplier compliance. There is no guarantee we can preserve these arrangements on acceptable terms or find new suppliers willing to offer them. Failure to maintain or replace returnable procurement arrangements could materially harm our business, financial condition, and results of operations.

If our new retail initiatives do not perform as expected, they may adversely affect our business performance and financial condition.

We have launched new retail initiatives. In 2024, we developed the urban outlets retail format in partnership with JD.com, targeting value-seeking consumers in selected city clusters. See "Business — Our Offerings — Urban Outlets." These initiatives are designed to expand our reach in emerging markets and strengthen channel diversification. However, there is no assurance that these initiatives will achieve their intended objectives or generate the anticipated revenue or operating results.

Our new retail initiatives require significant investment in store development, merchandising, and operations and depend on third-party platforms and technologies such as JD.com's digital traffic and membership tools. Failure to manage store operations, inventory, or customer engagement effectively, or any disruption in our cooperation with JD.com, including changes to strategic alignment, technology integration, or commercial terms, could hurt the initiative's success. The initiatives also introduce operational and execution risks, including coordinating online and offline channels, managing cross-platform data, and maintaining a consistent brand experience. If we cannot adapt to changing consumer preferences, competitive dynamics, or local regulations where our urban outlets operate, our financial condition and operating results could be materially and adversely affected.

International sports brand cooperations form a strategic part of our business. Any changes in brand authorization terms, brand positioning or market performance could adversely affect our growth prospects and profitability.

We have established strategic collaborations with leading international sports brands, including Adidas and HEAD, to diversify our product offerings, enhance our brand matrix and capture growth opportunities in key market segments such as sportswear. These cooperations typically involve brand authorization or licensing arrangements, under which we are responsible for store operations, merchandising and localized marketing, subject to the guidelines and approvals of Adidas and HEAD, respectively. Our ability to maintain and grow these cooperations depends on various factors, including the continued strength and market relevance of the partner brands, alignment in strategic objectives and the renewal or extension of authorization terms. Any changes in the brand's global or regional positioning, pricing strategy or product roadmap may require us to adjust our operations, which could result in increased costs or reduced efficiency. In addition, if any of our international sports brand partners experience reputational issues, supply chain disruptions, or declining market performance, our associated business lines may be adversely affected.

Our ability to maintain and expand these collaborations depends on compliance with contractual terms and alignment with brand strategies. Any failure to meet performance requirements, adhere to brand standards, or obtain timely approvals could result in penalties, restrictions or termination of the agreements. Furthermore, changes in authorization scope, terms renewal or commercial conditions may adversely affect our profitability and business growth. As we continue to expand international sports brand partnerships and expand geographic coverage, we may be exposed to heightened operational complexity, brand management challenges, and dependency risks. If we are unable to effectively manage these relationships or respond to changes in brand strategies or market dynamics, our business performance and financial condition may be materially and adversely affected.

Our commercial arrangement with Adidas will expire in December, 2028. We cannot assure you that we will be able to renew our arrangement with Adidas upon its expiration, or on terms consistent with our existing arrangement. Any failure to renew such arrangement, or renewal on less favorable terms, may result in a reduction in our authorized scope of operations, less favorable commercial terms or increased operational constraints, which could materially and adversely affect our operation, profitability and growth prospects in relation to such brand.

If our expansion into overseas markets does not proceed as expected, or if we encounter challenges or operational management, our business development and operating results may be adversely affected.

We have initiated and expect to continue the expansion of our brand into overseas markets. As of December 31, 2025, we had 142 overseas directly-operated stores, establishing a growing international footprint. However, the successful implementation of our expansion strategies requires significant resources and management attention and exposes us to additional regulatory, economic and political risks and challenges, including (i) establishing localized operational infrastructure in a cost-effective manner, covering product design and development, marketing and sales, logistics services and customer service, while facing intensified competition from local market participants, (ii) managing fluctuations in procurement costs and potential disruptions to global supply chains, (iii) ensuring ongoing compliance with local laws and regulations in applicable jurisdictions, (iv) customizing and localizing our products to meet diverse consumer preferences across different markets while promoting our brands in a manner that resonates with local consumers, (v) securing and enforcing intellectual property protection across multiple markets and jurisdictions, (vi) navigating tariffs and other trade barriers, including quotas and local content requirements, (vii) managing exposure to currency exchange rate fluctuations and complying with foreign exchange control regulations, and (viii) responding to material changes in political, social and economic conditions that could adversely affect our overseas operations. We cannot assure you that we will successfully expand into the target markets. In addition, we may incur significant expenses as a result of our international expansion. Failure to successfully manage these risks could subject us to significant costs, which could compromise our existing competitive position and materially adversely affect our business, financial condition and operating results.

Future changes in online marketing and consumer behavior may adversely affect our sales through online channels.

The future growth of our online sales depends on our ability to continue attracting online consumers and acquiring new purchasers from various online channels, increasing traffic to major e-commerce platforms and social media platforms, as well as driving user engagement and transactions. We believe that maintaining a strong online presence helps improve our brand visibility and awareness. However, we may not be successful in any of these respects. For example, the consumer traffic on our online sales channels relies on our advertising and promotional efforts put into the e-commerce platforms, which may be costly or fail to have satisfactory outcomes. In addition, a potential decline in the popularity of online shopping in general or our failure to identify or respond to trends or consumer requirements in our online channels could result in a decreased number of online consumers and reduced attractiveness of our online channels. This in turn could materially and adversely affect our business, financial performance, operating results and prospects.

We are subject to risks associated with acquisitions and strategic partnerships, which may expose us to integration challenges, unforeseen liabilities, or other uncertainties that could adversely affect our business and financial condition.

From time to time, we may evaluate various acquisitions and strategic partnerships, including licensing or acquiring complementary brands, intellectual property rights or businesses. See "Future Plans and Use of [**REDACTED**]." Any completed, in-process or potential acquisition or strategic partnership may entail numerous risks, including (i) increased operating expenses and cash requirements, (ii) additional indebtedness or contingent or unforeseen liabilities, (iii) potential breaches of covenants under our loan agreements, (iv) challenges in assimilating the operations, intellectual property, products and personnel of acquired companies, including difficulties associated with integrating new employees, (v) diversion of management attention from our existing business, products and initiatives in pursuing such transactions, (vi) difficulties in retaining key employees, loss of key personnel and uncertainties in maintaining key business relationships, (vii) failure to complete or effectively integrate an acquisition due to risks associated with the target company, including compliance-related risks, (viii) risks and uncertainties relating to the counterparty to such transactions, including its prospects, existing products and product candidates and regulatory approvals, (ix) inability to generate sufficient revenue from acquired brands or products to achieve the objectives of the acquisition or to offset related acquisition and maintenance costs, and (x) valuation risks arising from limited information, market volatility and uncertain performance, which may result in overpayment, asset impairment or unrealized synergies and adversely affect our financial results and strategic objectives. In addition, if we undertake acquisitions, we may issue dilutive securities, assume or incur debt obligations, incur large one-time expenses and acquire intangible assets that could result in significant future amortization expenses.

If we fail to establish or maintain effective pricing strategies, or if market competition or other factors result in price reductions, our business, profitability and overall operating results may be materially and adversely affected.

Our approach to pricing our products has a significant impact on our revenue and profit margin. The selling price for each of our brand products depends primarily on the raw material costs, design complexity, seasonal attributes, local market conditions, target customers, competitive benchmarking and international trade dynamics. Our pricing strategies may not be effective in maintaining our profitability. In addition, our competitors' pricing strategies could significantly affect the results of our pricing strategies. If we fail to meet our customers' price expectations, or if we are unable to compete effectively with our competitors when they engage in aggressive pricing strategies and could not effectively adjust our cost structure due to potential downward changes in the prices of our products, it could have a material adverse effect on our business, financial performance and operating results.

If we fail to implement marketing strategies effectively or efficiently, our ability to attract and retain customers and enhance profitability may be adversely affected.

We implement a comprehensive marketing strategy that combines emotional storytelling, lifestyle engagement and digital outreach to strengthen consumer connection and brand visibility. Our initiatives include annual campaigns such as Father's Day promotions across major social media platforms. See " Business — Branding, Marketing and Pricing." These efforts are designed to deepen engagement with target consumer segments, reinforce brand identity and drive traffic across both online and offline channels. Our distribution and selling expenses in 2023, 2024 and 2025 amounted to RMB4,353.3 million, RMB4,841.3 million and RMB5,158.5 million, respectively.

However, these strategies may not achieve their intended outcomes. Campaign success depends on accurate consumer insight, timely execution, creative relevance and platform performance. Failure to adapt to changing consumer preferences, media habits or competitive dynamics can reduce campaign resonance and ROI. Misalignment between brand messaging and consumer expectations may cause reputational harm or diluted brand perception. Fluctuating marketing costs, limited analytics capabilities, or disruptions to digital platforms can hinder optimization. If our marketing does not effectively support acquisition, retention or differentiation, our business, financial condition and results may be materially and adversely affected.

If we are unable to provide satisfactory customer service, our business and reputation may be adversely affected.

Our success depends on delivering reliable, timely and consistent customer service. We prioritize customer rights and operate systems to support service quality, including free hemming at all stores, real-time satisfaction rating devices, and a structured, traceable process for handling product-quality complaints and service inquiries. See "Business — Customer Services and Product Return and Exchange — Customer Services". These measures are intended to improve the shopping experience, build loyalty and maintain consistent standards across our sales network. There is no guarantee our customer service team will consistently meet expectations or that we can recruit staff who meet our requirements. Existing monitoring and complaint-resolution systems may not fully address complex or subjective issues, ensure uniform execution across locations, or prevent delays. Inadequate follow-up, miscommunication, or failure to meet expectations can lead to negative customer experiences. If we fail to provide satisfactory service, our brand, customer loyalty and market share may be materially and adversely affected, and negative publicity could further harm our reputation.

Our business is subject to seasonality.

We experience seasonality in our apparel sales, with revenue typically concentrated in the first and fourth quarters. These peaks are primarily driven by colder weather, holiday shopping periods and promotional campaigns that stimulate purchases of winter collections and new product launches. See "Business — Seasonality." Seasonality may present challenges in demand forecasting, inventory management and cash flow planning. If we fail to anticipate these patterns, or if external factors such as abnormal weather conditions, changes in consumer spending habits, or shifts in holiday behavior disrupt expected buying cycles, our operating results could be adversely affected. In addition, deviations from historical trends may necessitate higher levels of discounting or inventory write-downs, which could negatively impact our profit margins.

We rely on third-party logistics service providers for product distribution. Any delivery delays, service interruptions, or increases in costs by such providers may adversely affect our business operations, customer experience and financial condition.

We engage third-party logistics service providers for our product delivery. See "Business — Supply Chain Management — Warehousing and Logistics." Any failure by these service providers to meet our requirements, whether due to operational inefficiencies, labor shortages, strikes, accidents, natural disasters or other unforeseen events, could result in delivery delays or product damage. In addition, any significant increase in transportation costs, or changes in the terms of our arrangements with these providers, could increase our operating expenses. If we are unable to secure alternative logistics arrangements on commercially reasonable terms in a timely manner, our business, financial condition and operating results could be materially and adversely affected.

If we fail to comply with applicable advertising laws and regulations in the course of product promotion, we may face legal liabilities and penalties. In addition, evolving regulations in China regarding KOL marketing activities may adversely affect our marketing activities.

We advertise our brands and products through various online and offline channels, which are subject to applicable PRC laws and regulations. Under PRC advertising laws and regulations, we are required to ensure that the contents of our advertisements are in full compliance with applicable laws and regulations. For example, the advertisements shall not present any false, inaccurate or misleading information about the products. See "Regulatory Overview — Laws and Regulations on Online Celebrities — Advertisement." If we are found to be in violation of any of such laws and regulations in the future, we may face administrative penalties, including fines, revocation of our business licenses and discontinuance of our advertising activities. Moreover, governmental actions and civil claims may be filed against us for misleading or inaccurate advertising or other illegal acts violating advertising laws or consumer rights.

We may face increased compliance risks as regulations on KOL marketing are evolving, especially in requirements on content authenticity, disclosure of commercial relationships and brand responsibility. As a result, we may need to adjust our marketing strategies, incur higher compliance costs or limit our use of KOLs. Furthermore, if our store partners, employees or the third-party service providers we engage fail to comply with such laws and regulations, or the relevant government authorities, who have the legal right to exercise discretions in interpreting the laws and regulations, ultimately take a view that is inconsistent with our understanding in the process of administrative law enforcement, we may be subject to potential risks and penalties. We may have to spend significant resources in defending against such actions, and these actions may damage our reputation, result in reduced revenue and negatively affect our operating results.

We may not be able to effectively prevent third parties from counterfeiting, imitating or infringing our intellectual property rights. If such infringements cannot be promptly addressed, our brand value, business and operations may be adversely affected.

We rely on intellectual property laws in China and other jurisdictions to protect our brand and intellectual properties. As of the Latest Practicable Date, we had 10,925 registered trademarks, 577 copyrights, 395 patents and 79 domain names in Chinese mainland, and 1,519 trademarks and 27 domain names overseas. However, we cannot assure you that we can successfully renew the trademark registration beyond expiration of our trademarks or continue to maintain the effectiveness of our registered trademarks. In such event, we may no longer be able to use such trademarks in our business or become prohibited from manufacturing or selling products under such trademarks and our business, financial performance and operating results will be materially and adversely affected.

Despite rigorous protective measures, copycat products and imitation brands that closely resemble ours may be manufactured and marketed. We may not be able to detect or promptly stop such infringements. Unauthorized disclosure of design details before launches could enable pre-emptive copycat marketing and materially reduce our sales and profitability. Any legal or administrative action to enforce our rights or address infringements would entail significant expenses and could divert management's attention and resources from our core business. We may be unable to recover enforcement costs from infringing parties, and even favorable judgments may be difficult to enforce in practice. Concerns about the quality of counterfeit products and difficulties distinguishing them from our authentic products may impair consumer trust and damage our reputation. As a result, our business, financial performance and operating results may be materially and adversely affected.

We may face claims or litigation for alleged infringement of third-party intellectual property rights, which may require significant defense costs and disrupt our normal business operations.

We cannot assure you that any aspects of our operations or business do not or will not infringe upon or otherwise violate trademarks, patents, copyrights, software copyrights, domain names, or other intellectual property rights held by third parties. We may be subject to legal proceedings and claims relating to the intellectual property rights of others. There could also be existing intellectual property rights of which we are not aware that our products may inadvertently infringe upon. The risk of being subject to intellectual property infringement claims or disputes may heighten as we continue to expand our product offering. We cannot assure you that holders of intellectual property rights purportedly relating to some aspect of our business or products, if any such holders exist, would refrain from seeking such intellectual property rights against us. If we are found to have infringed the intellectual property rights of others, we may be subject to liability for the infringement activities or may be prohibited from using such intellectual property. In addition, we may incur significant expenses and may be forced to divert our management's time and other resources from our core business and operations to address these infringement claims, regardless of their validity or merits. Furthermore, successful infringement claims against us may result in significant liabilities, which may materially and adversely affect our business, financial performance and operating results.

We may experience increases in labor costs, shortage of labor or deterioration in labor relations, as well as potential non-compliance with labor-related laws and regulations in the PRC, all of which could adversely affect our business, financial condition and operating results.

Our relationship with employees is key to our sustainable growth. There can be no assurance that we will not encounter any major labor problems in the future. If our employees were to engage in a strike or other work stoppage, we could experience significant disruption of our operations and/or higher ongoing labor costs, which may have an adverse effect on our business, financial condition and operating results. In addition, labor costs in regions where we operate have been increasing in recent years and could potentially continue to increase, which may further increase our manufacturing costs. Additionally, regulatory changes or enhanced employee benefits mandated by law could further increase these costs. The competition for skilled labor in our industry is intense and we may be required to offer more attractive compensation packages to retain and attract qualified personnel.

Furthermore, we are subject to PRC labor laws and regulations that require contributions to various employee social welfare schemes, including housing provident fund, pension insurance, medical insurance, unemployment insurance, maternity insurance and job-related injury insurance. The implementation of these requirements may vary across different regions in China due to differences in local economic development and enforcement practices. Non-compliance with these requirements may expose us to administrative penalties. During the Track Record Period and up to the Latest Practicable Date, we did not make full contributions to the social insurance and housing provident fund with respect to our employees as required by the relevant PRC laws and regulations. As a result, we may be required to make additional contributions to the social insurance fund and/or housing provident fund and pay late payments and fines under PRC laws and regulations. As advised by our PRC Legal Advisor, under the premise that there are no significant changes to current PRC policies and regulations or to the enforcement and supervision requirements of local governments, and assuming no employee complaints are filed, the likelihood that we would be subject to material administrative penalties or concentrated recovery actions by the relevant authorities for our past shortfall due to our failure to provide full social insurance and housing provident fund contributions is remote. However, we cannot assure you that we will not be subject to any order to rectify this in the future, nor can we assure you that there are no, or will not be any, relevant employee complaints against us. Any such order may adversely affect our business, financial condition and operating results.

In addition, under Article 19(1) of 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**") promulgated on July 31, 2025 and effective from September 1, 2025, any agreement or undertaking between an employer and employee to waive the payment of social insurance contributions shall be deemed invalid by PRC courts. Where an employer fails to make social insurance contributions as required by law, the employee is entitled to seek to terminate the employment contract and claim economic compensation pursuant to Article 38(3) of the PRC Labor Contract Law. As a result, we may be exposed to legal claims from employees for contract termination and economic compensation, which could result in increased labor costs, potential litigation, administrative penalties and reputational risks. We are advised by our PRC Legal Advisor that the New Judicial Interpretation does not repeal or amend the existing PRC social insurance laws and regulations currently in force and is not expected to result in any additional social insurance liabilities for us. However, if the relevant PRC authorities hold a different view from us and determine that we are not in compliance with the New Judicial Interpretation, our business, financial condition and operating results would be adversely affected.

Any litigation, disputes, or administrative proceedings may require significant financial and time resources. If our Directors, management, key employees or store partners are involved in legal disputes, our reputation may also be adversely affected.

We may from time to time face contractual disputes, legal claims or regulatory enforcement actions arising in the ordinary course of business. Defending such matters can be costly and time-consuming; adverse outcomes could require payment of damages, fines or other remedies, divert management attention, and cause regulatory consequences. Matters that initially appear immaterial can escalate and become material because of changes in facts, increased exposure, or the parties involved. Our current or former directors, senior management, employees and store partners may also be subject to claims or investigations,, shareholder disputes, insolvency, consumer liability, environmental issues, contract breaches, employment matters or intellectual property. Even meritless claims can generate significant legal expenses, distract management and produce negative publicity. Litigation or regulatory problems involving partner-operated stores may likewise become associated with our brand and damage our reputation, customer trust and financial condition.

Our business success depends on the continued efforts of our management team and key employees. The loss of their services may adversely affect our business.

Our future success is significantly dependent upon the continued service of our senior management team as well as experienced and capable personnel. If we lose the services of any member of the senior management team, we may not be able to locate suitable or qualified replacements and may incur additional expenses to recruit and train new staff, which could severely disrupt our business and growth. If any of our senior management team joins a competitor or forms a competing business, we may lose business opportunities, know-how and key professionals and staff members.

Our rapid growth also requires us to hire, train, retain and motivate a wide range of talents who can adapt to a dynamic, competitive and challenging business environment. We may need to offer attractive compensation and other benefits packages, including share-based compensation, to attract and retain them. To cater to our evolving strategies and changing business environment, we may constantly optimize our organizational structure. These adjustments may cause additional costs and expenses and temporary disruptions to our operations and we cannot guarantee that they will always lead to our desirable results. Occurrence of any of the foregoing could severely disrupt our business and growth, negatively affect our reputation, or cause other adverse consequences.

If we are unable to accurately anticipate market demand, we may experience slow-moving inventory, which may have a material and adverse effect on our business.

Our inventories primarily consist of (i) finished goods, including returnable goods under returnable arrangements with suppliers, and non-returnable goods; and (ii) raw materials, mainly including store fixtures and fabrics and accessories used in apparel production. We had inventories of RMB9,336.8 million, RMB11,987.0 million and RMB10,818.9 million as of December 31, 2023, 2024 and 2025, respectively, and our inventory turnover days were 326 days, 379 days and 390 days in 2023, 2024 and 2025, respectively. We rely on demand forecasts for procurement, production planning and inventory management, but demand can change significantly between ordering/manufacturing and planned sale due to seasonality, new product launches, pricing and discounts, shifts in consumer spending or tastes, and other factors. If we cannot manage inventory effectively, we may incur excessive warehousing costs, face higher risks of obsolescence, experience declines in inventory value and record significant write-offs, any of which could materially harm our operating results and financial performance. Conversely, underestimating demand or supplier failures to deliver quality materials on time may cause stock shortages and lost sales, which would also adversely affect our results, financial condition and liquidity.‘

Our historical operating results may not be indicative of future performance.

We experienced stable financial performance during the Track Record Period. Our revenue amounted to RMB20,754.4 million, RMB20,162.1 million and RMB21,061.7 million in 2023, 2024 and 2025, respectively. However, we may not be able to sustain the same level of growth, or our revenue, gross profit margin and profit before tax may decline for reasons such as decreased consumer demand for our products, cost fluctuations of input materials, supply chain disruptions, increased competition in the industry, or damage to our reputation or brand image. We may also encounter unforeseen difficulties in operations. Failure to address these risks and challenges may affect our growth and profitability. You should therefore not rely on our historical operating results as indicative of our future performance.

We may be required to recognize additional impairment losses on our assets including intangible assets and goodwill, which could materially and adversely affect our financial condition and results of operations.

We recorded impairment losses of intangible assets of RMB119.3 million in 2023, impairment losses of goodwill of RMB75.8 million in 2024 and impairment losses of goodwill of RMB69.4 million and impairment losses of intangible assets of RMB1.2 million in 2025. Our impairment losses on goodwill were mainly attributable to our YeeHoO business, which was affected by the uncertain market contraction and weakened consumer demand. Impairment losses on intangible assets primarily reflected the underperformance of certain brands and business units. See "Financial Information — Description of Major Components of Our Results of Operations — Other Gains and

Losses, Net." As we continue to operate in the normal course of business, any adverse changes in our business outlook may result in impairment charges on intangible assets and goodwill, which could negatively affect our operating results. We cannot guarantee that we will not incur impairment losses on intangible assets and goodwill in the future, and such losses may be higher in amount. If we record significant impairment charges on intangible assets and goodwill, it could materially and adversely affect our business, financial condition and operating results.

We are subject to counterparty and credit risks which could adversely affect our liquidity and financial condition.

We are exposed to counterparty and credit risks arising from our customers' payment delays, defaults and payment arrangements. We recorded trade and bills receivables of RMB1,040.4 million, RMB1,249.4 million and RMB1,440.1 million as of December 31, 2023, 2024 and 2025, respectively. We may not be able to collect all trade and bills receivables due to a variety of factors including adverse market conditions and deterioration in our customers' defaults, payment delays or payment arrangements, which may subject us to potential claims and disputes, as well as counterparty, credit or compliance risks.

Our stores and related businesses are required to obtain various approvals, licenses and permits.

We primarily operate our business in China. In accordance with the laws and regulations of the PRC, we are required to maintain various approvals, licenses and permits to operate business and stores in the PRC. See "Regulatory Overview." These approvals, licenses, and permits are typically subject to periodic renewal and ongoing compliance requirements. Any failure or delay in obtaining, renewing, or maintaining such approvals, licenses and permits, or in complying with new or revised regulatory standards, could result in similar adverse consequences.

Some of our directly-operated stores had not completed the necessary record filing of fire safety acceptance check or the fire safety inspection.

As of the Latest Practicable Date, some of our directly-operated stores had not completed the necessary record filing of fire safety acceptance check or the fire safety inspection. As advised by our PRC Legal Advisor, such incidents may result in administrative penalties, including fines, orders to rectify within a prescribed period, or orders to suspend operations. We have engaged a fire safety consultant to conduct fire safety evaluations on each of the relevant properties, who have issued the relevant fire safety reports. on See "Business — Licenses, Permits and Approvals — Fire Safety." However, we cannot guarantee that authorities will not impose fines or require operational suspensions. If severe penalties or fire safety incidents arise, our business, financial condition and results of operations may be materially and adversely affected. As advised by our PRC Legal Advisor, for the stores operated by our store partners and distributors, the responsibility for obtaining and maintaining all requisite approvals, licenses and registrations for these stores rests with the respective store partners and distributors. In addition, under their respective agreements with us, both store partners and distributors are required to ensure the continued validity and effectiveness of these approvals, licences and permits. While we require store partners and distributors to obtain and maintain all necessary approvals, licenses and permits, we may have limited ability to monitor or enforce compliance. Any non-compliance by these third parties could expose us to reputational harm, restrictions on our ability to expand or operate certain stores, financial losses or other negative impacts, regardless of whether we are directly at fault. Any of the foregoing could have material adverse effect on our business, financial condition and results of operations.

Geopolitical instability and economic slowdown in the Middle East could adversely affect our overseas expansion and operating results.

Recent geopolitical tensions and macroeconomic uncertainty in the Middle East may negatively affect economic conditions, consumer sentiment and retail demand in the region. We plan to expand our proprietary brands into the Middle East, including the United Arab Emirates. Any escalation of geopolitical instability, security incidents or a prolonged economic slowdown could delay or constrain our expansion plans, disrupt store operations and supply chains, increase operating, logistics and compliance costs, and reduce sales performance and profitability. As our presence and investment in the region increase, our exposure to geopolitical and economic developments there will also increase. Any adverse developments may materially and adversely affect our business, financial condition and results of operations.

Failure to complete lease registration for properties may expose us to administrative penalties, additional compliance costs and potential operational disruptions.

Our ability to maintain and renew lease agreements for stores on commercially acceptable terms is critical to our operations. If we fail to renew leases or if any lease is terminated before expiry, we may need to relocate stores, which could result in business disruption, additional costs, and potential store closures. There is no assurance that we can secure alternative premises in a timely manner on acceptable terms. Disputes with landlords may also lead to early termination and legal proceedings, adversely affecting our business and financial condition.

In addition, certain of our major leased properties in China had not completed the required lease registration with government authorities as of the Latest Practicable Date. As advised by our PRC Legal Advisors, the lack of registration of lease filing does not affect the validity of the lease agreements, or result in us being required to vacate these leased properties, but we may be ordered by the relevant competent authorities to complete the registration within a prescribed time period, and may be subject to fines from RMB1,000 to RMB10,000 for each lease agreement that we fail to register within the time period. In addition, the landlord of three of our major leased properties had not provided us with the complete and valid property ownership certificate as of the Latest Practicable Date. Without valid property ownership certificates from the relevant lessor or property owner, there is possibility that our entitlement to use this leased property may be challenged by third parties if there arises any potential title defects. If incomplete registration or title defects lead to challenges to our leasehold rights or prevent lease renewal, we may be forced to relocate and incur significant expenses, which could materially and adversely affect our operations.

Any failure to comply with data privacy and security laws, or concerns regarding our practices or policies in the collection, use, storage, transmission, or other processing of data, may expose us to potential liability.

Our business operations involve the collection, use, storage, transmission and other processing of data. See "Business — Data Privacy and Security." Accordingly, our business operations are subject to various data privacy and security laws, such as Data Security Law of the PRC, Cybersecurity Law of the People's republic of China, Personal Information Protection Law of the PRC. See "Regulatory Overview — Laws and Regulations on Cybersecurity, Data Security and Personal Information Protection." Laws, regulations and standards regarding data security and data protection in the PRC are constantly evolving, of which the interpretation and application are also evolving and subject to change that may affect us. In addition, relevant regulatory authorities in the PRC continue to monitor websites, mini-programs and other network products or services in relation to the protection of personal information, privacy and information security, and may impose additional requirements from time to time. We cannot assure you that our data privacy and protection measures are, or will continue to be, deemed sufficient under applicable laws and regulations. As our business continues to expand, we may also become subject to additional regulatory requirements regarding data protection and data privacy, which may necessitate adjustments to our data security and privacy practices and other business activities and incur additional costs. Any failure or perceived failure to comply with data privacy and security laws, or other concerns about our practices or policies with respect to the collection, use, storage, transmission and other processing of data and cybersecurity, could subject us to potential liabilities, reputational damage and loss of customer trust.

Any misconduct or non-compliance with relevant laws and regulations by our employees, suppliers or other business partners may expose us to potential liability and negative publicity.

Our business operations and reputation may be influenced by the conduct of our Directors, management, employees, suppliers or other business partners. It may not always be possible to prevent or detect misconduct by all third parties with whom we have business relationships. If acts of misconduct or non-compliance by such parties are not identified in a timely manner, our reputation, business, financial condition and operating results may be adversely affected. Furthermore, any misconduct by these parties, including fraudulent activities, non-compliance with laws and regulations, unethical business practices, or any other actions that are inconsistent with our corporate policies and values, could result in legal proceedings, regulatory and other penalties, further damaging our reputation, eroding consumer trust and leading to loss of business.

Our insurance coverage may not be sufficient to cover all claims related to our business operations.

Our principal insurance policies include social insurance for our employees, property all-risk insurance and logistics insurance. In the future, we may be unable to renew our insurance policies or obtain new insurance policies without increases in cost or decreases in coverage levels. We may also encounter disputes with insurance providers regarding payments of claims that we believe are covered under our policies. Furthermore, if we are held liable for amounts and claims exceeding the limits of our insurance coverage or outside the scope of our insurance coverage, our reputation, financial performance and operating results may be materially and adversely affected.

Certain equity interests of one of our Controlling Shareholder, Heilan Group, are charged as security interests

As of the Latest Practicable Date, Heilan Group had pledged an aggregate of 875,000,000 A Shares of our Company, representing approximately 18.22% of our total issued share capital, as security for its loans and credit facilities with certain PRC banks. While Heilan Group maintains adequate liquidity and financing channels and, to the best knowledge of our Directors, has no adverse credit records, the share pledge arrangement may still pose risks. If Heilan Group fails to meet its repayment obligations and the pledged shares are enforced, Heilan Group may no longer be able to maintain the current level of interest in our Company, which could adversely affect its influence over us.

Our business may be materially and adversely affected by force majeure events, natural disasters or outbreaks of infectious diseases.

Our business could be materially and adversely affected by natural disasters, acts of war, terrorism or other force majeure events, which may disrupt our supply chain, damage infrastructure and hinder workforce productivity. Natural disasters such as snowstorms, earthquakes, fires and floods can cause physical damage to our production facilities, equipment and inventory which could result in production delays, inventory shortages and obsolete, which could increase our impairment and costs for repairs and replacements. Additionally, these events can lead to power outages, communication interruptions and transportation disruptions, further hampering business operations. Widespread health epidemics, such as SARS, Ebola, Zika or the COVID-19, can impact our supply chain, particularly in terms of the procurement of raw materials, warehousing and delivery. Restrictions on travel and trade imposed during such events can disrupt the flow of goods and materials, leading to delays in receiving essential inputs for production. This can result in inventory shortages, production bottlenecks and increased costs for alternative suppliers or pay higher prices for scarce materials, which may materially and adversely affect our business, financial condition and operating results.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

Any downturn in the regional or global economy or deterioration of the geopolitical environment could adversely effect upon our business, financial condition and operating results.

The regional and global economy has experienced a deceleration in growth in recent years and it remains uncertain how long this economic downturn will persist. There are significant uncertainties surrounding the long-term effects of the monetary and fiscal policies implemented by the central banks and financial authorities of some of the world's leading economies. Any economic downturn or slowdown or negative business sentiment could have an indirect potential impact on our industry. In addition, continued turbulence in the international markets may adversely affect our ability to access capital markets to meet liquidity needs. Consequently, these factors could have an adverse effect on our business operations and financial performance.

Our business is subject to the laws and regulations of China and relevant jurisdictions. Any amendments to the applicable regulatory regime may restrict our ability to provide products and services, which could materially and adversely affect our business, financial condition and operating results.

Our business is subject to various compliance and operational requirements under applicable laws and regulations. Compliance with such laws, rules and regulations may require the allocation of significant resources and any material non-compliance could expose us to liability or penalties. We may also suffer negative publicity as a result of non-compliance with government regulations, which could adversely affect our brand and reputation. In addition, some of these approvals, permits, licenses and certificates are subject to periodic renewal and reassessment by relevant authorities and the standards for such renewals and reassessments may change in the future. We cannot guarantee that we will be able to successfully maintain or renew our existing permits, licenses, or other regulatory approvals, or obtain the necessary permits, licenses, or other approvals required for our future business operations in a timely manner. If at any time we fail to obtain the necessary renewals or otherwise maintain all approvals, licenses, permits and certificates required for our business, our operations may be severely disrupted, which could materially and adversely affect our business, financial condition and operating results. We cannot assure you that the government authorities with jurisdiction over our business activities will not revoke or substantially alter our licenses, permits or approvals, nor can we assure you that our licenses, permits or approvals will not be challenged or questioned in the future.

Our business is subject to PRC tax laws and regulations. Changes in tax policies or our failure to comply with tax filing requirements may result in additional tax liabilities, fines, or other adverse consequences.

The EIT Law imposes a tax rate of 25% on business enterprises. Some of our subsidiaries are entitled to preferential tax treatment. See Note 11 to the Accountants' Report in Appendix I in this Document. To the extent there are any changes in the laws and regulations governing preferential tax treatment or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. In addition, the PRC government may amend or restate regulations on income, withholding, value-added and other taxes. Non-compliance with the tax laws and regulations in the Chinese mainland may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to tax laws and regulations in the Chinese mainland and tax penalties or fines could affect our businesses, financial condition and operating results.

Non-PRC resident holders of our H Shares may be subject to Chinese mainland income tax obligations.

Under the EIT Law and its implementation rules, and subject to any applicable tax treaty or similar arrangement that provides otherwise, Chinese mainland withholding tax at 10% normally applies to dividends from Chinese mainland sources paid to non-PRC resident enterprises that do not have an establishment or place of business in the Chinese mainland, or that have such an establishment but the relevant income is not effectively connected with it. Gains realized on the transfer of shares by such investors are generally subject to Chinese mainland income tax at 10% unless a treaty or similar arrangement provides otherwise.

Under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from Chinese mainland sources paid to foreign individual investors who are not PRC resident individuals are generally subject to withholding tax at 20%, and gains from Chinese mainland sources realized by such investors on the transfer of shares are generally subject to income tax at 20%, in each case subject to reductions or exemptions under applicable tax treaties and PRC law. Pursuant to the SAT 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) dated June 28, 2011, dividends paid to non-PRC resident individual holders of H Shares are generally subject to PRC individual income tax at a withholding rate of 10%, depending on any applicable tax treaty between the PRC and the investor's jurisdiction of residence and the tax arrangement between the Chinese mainland and Hong Kong.

Non-PRC-resident individual holders who reside in jurisdictions that have not entered into tax treaties with Chinese mainland 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 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, these provisions do not expressly require collection of individual income tax from non-PRC-resident individuals on sales of shares of PRC resident enterprises listed overseas. If PRC tax is imposed on gains from transfers of our H Shares or on dividends paid to non-PRC-resident investors, the value of your [**REDACTED**] may be affected. Shareholders whose jurisdictions have tax treaties or arrangements with the Chinese mainland may nonetheless not qualify for treaty benefits.

Policies and regulations regarding foreign currency exchange may affect our foreign exchange transactions, including our ability to pay dividends to our shareholders and to obtain financing in foreign currencies.

The conversion of RMB into foreign currencies should be in compliance with relevant laws and regulations. We receive substantially all of our revenue in RMB and we also receive foreign currencies during routine operations. Under current PRC foreign exchange rules, payments for current account items, including profit distributions, interest and trade- or service-related transactions, may be made in foreign currencies without prior SAFE approval if procedural requirements are met. However, foreign exchange laws, regulations and policies are complex and evolving. If we cannot obtain sufficient foreign currency through the PRC foreign exchange system, we may be unable to pay dividends in foreign currencies to our Shareholders. Foreign exchange transactions under the capital account remain subject to relevant regulations and may require SAFE approval. These rules could affect our ability to obtain foreign currency for equity financing or capital expenditures.

Changes in international trade policies, geopolitical factors, trade protection measures, export controls, tariffs, investment restrictions or economic or trade sanctions may affect our business, financial condition and results of operation.

Changes in international trade policies and rising geopolitical tensions — particularly between the United States and China, but also as a result of the war in Ukraine and sanctions on Russia — have created a complex and evolving global business landscape. Tensions between China and the United States have been especially pronounced since the COVID-19 pandemic, due to several developments, including the implementation of the Hong Kong National Security Law by the PRC National People's Congress, sanctions imposed by the U.S. Department of the Treasury (the "**Treasury**") on certain officials of the Hong Kong Special Administrative Region and the PRC central government, U.S. export control laws administered by the Bureau of Industry and Security and executive orders issued by the U.S. President in August 2020 that prohibit certain transactions with select China-based companies and their subsidiaries.

These developments increase uncertainty and risk for international trade, cross-border investment, and supply chain stability. Tariffs, export controls, sanctions, and heightened regulatory scrutiny of Chinese firms by the U.S. and other authorities could disrupt our supply chain and limit our international operations. Additional or expanded sanctions, trade restrictions, or regulatory measures, whether from new laws, executive orders, or shifting geopolitics, could further harm our operations, financial condition, and results of operations. Heightened scrutiny of Chinese companies, including potential U.S. delisting, tighter oversight of cross-border investments, and restrictions on dealings with Chinese entities, could reduce our access to international capital markets and hinder financing or strategic partnerships. Given the unpredictable nature of these developments, further changes in trade policy or geopolitical tensions could materially and adversely affect our business.

Certain judgments obtained against us by our shareholders may be difficult to enforce.

We are a company incorporated under the laws of the PRC and nearly all of our assets and subsidiaries are located in the PRC. The majority of our Directors and senior management reside within the PRC. Judgments rendered by Hong Kong courts may be recognized and enforced in the PRC if the requirements set forth by 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》) are met. It may be difficult to effect service of process in Hong Kong on us or these persons or to bring or enforce actions in Hong Kong against us or them if you believe your rights under applicable securities or other laws have been infringed. It may also be difficult to bring an original action in a PRC court against us or our PRC resident officers and Directors based on liability provisions of non PRC securities laws. Although upon [**REDACTED**] we will be subject to the Listing Rules and the Codes on Takeovers and Mergers and Share Repurchases in Hong Kong, holders of H Shares cannot bring actions directly under the Listing Rules and must rely on the Stock Exchange to enforce them because those rules do not have the force of law.

RISKS RELATING TO THE [REDACTED]

We will be currently subject to PRC and Hong Kong [REDACTED] and regulatory requirements.

As we are listed on the Shanghai Stock Exchange and will be [**REDACTED**] on the Main Board in Hong Kong, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available or a waiver has been obtained. Accordingly, we may incur additional costs and resources in complying with both sets of listing rules in the two jurisdictions.

The characteristics of the A Shares and H Shares markets may differ in certain respects.

Our A Shares are listed on the Shanghai Stock Exchange and, following the [**REDACTED**], our H Shares will be [**REDACTED**] on the Stock Exchange. Under current PRC laws and regulations, H Shares and A Shares are not interchangeable or fungible without regulatory approval, and there is no trading or settlement link between the two markets. The two markets have different trading characteristics, including divergent trading volumes, liquidity and investor bases, and different levels of retail and institutional participation. Consequently, the trading performance of our H Shares and A Shares may not be comparable. Fluctuations in the price of one class of shares may adversely affect the price of the other. Because of these differences, the historical prices of our A Shares may not be indicative of the performance of our H Shares, and you should not place undue reliance on A Share trading history when evaluating an [**REDACTED**] in our H Shares.

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

Prior to the [**REDACTED**], there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity and trading volume will develop and maintain following completion of the [**REDACTED**]. In addition, the [**REDACTED**] of our H Shares is expected to be fixed by agreement between the [**REDACTED**] (on behalf of the [**REDACTED**]) and us and may not be an indication of the market price of our H Shares following completion of the [**REDACTED**]. If an active public market for our H Shares does not develop following completion of the [**REDACTED**], the market price and liquidity of our H Shares may be materially and adversely affected.

The price and trading volume of our H Shares may be volatile, which could materially and adversely affect the market price of our H Shares.

The price and trading volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions for securities in Hong Kong and elsewhere in the world. The Stock Exchange and other securities markets have, from time to time, experienced significant price and trading volume volatility that are not related to the operating performance of any particular company. The business and performance and the market price of the shares of other companies engaging in similar business may also affect the price and trading volume of our H Shares. In addition to market and industry factors, the price and trading volume of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel or actions taken by competitors. Moreover, the shares of other companies listed on the Stock Exchange have experienced price volatility in the past and the price of our H Shares may change that is not directly related to our performance.

Any future sale or anticipated sale of a substantial number of H shares in the public market may have a material adverse effect on the prevailing market price of our H shares and our ability to raise additional capital in the future, or may dilute your shareholding.

Future or perceived future sales of a substantial number of our H Shares or related securities, particularly by our Directors, executive officers or Controlling Shareholders, or the issuance of additional shares or share-linked securities could materially reduce the market price of our H Shares and impair our ability to raise equity capital on favorable terms. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. Furthermore, we may issue H Shares pursuant to any existing or future share option incentive schemes, which would further dilute our Shareholders' interests in our Company. 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. Certain amount of the Shares controlled by our Controlling Shareholders are subject to certain lock-up periods beginning on the date on which [**REDACTED**] in our H Shares commences on the Stock Exchange. However, we cannot assure you they will not sell H Shares after those periods expire. In addition, some subscribers in the [**REDACTED**] may have arrangements to dispose of part or all of their H Shares immediately or within a short period after the [**REDACTED**] for legal, regulatory, business, market or other reasons. Any such sales could materially depress the market price of our H Shares and increase trading volatility. Market sales by these Shareholders, and the availability of those Shares for sale, may further depress the market price.

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

The trading market of our H Shares may be influenced by research reports that industry or securities analysts publish about us or our business. If one or more analysts who cover us downgrade our H Shares or publish negative opinions about us, the market price of our H Shares would likely decline regardless of the accuracy of the information. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume of our H Shares to decline.

The interests of our Controlling Shareholders Group may not be aligned with the interests of other Shareholders.

Our Controlling Shareholders have significant influence in determining the outcome of any corporate transaction or other matter submitted to the Shareholders for approval, including but not limited to mergers, privatizations, consolidations and the sale of all, or substantially all, of our assets, election of Directors and other significant corporate actions. Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [**REDACTED**]), our Controlling Shareholders Group will control approximately [**REDACTED**]% of our enlarged share capital. The interests of our Controlling Shareholders Group might differ from the interests of our other shareholders. In the event that our Controlling Shareholders Group cause us to pursue strategic objectives that conflict with the interests of our other Shareholders, our other Shareholders could be disadvantaged and their interests could be damaged. Any conflict of interest between our Controlling Shareholders Group and our other Shareholders may also materially and adversely affect aspects such as the decision and implementation of our business plans, which may in turn affect our operating results.

Our historical dividends may not be indicative of our future dividend policy and there can be no assurance whether and when we will pay dividends in the future.

Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. Distribution of dividends shall be decided by our Board of Directors at their discretion and will be subject to the approval of the general meeting. A decision to declare or to pay dividends and the amount thereof depend on various factors, including but not limited to our operating results, cash flows and financial position, operating and capital expenditure requirements, distributable profits, our Articles of Association and other constitutional documents, the PRC Company Law and any other applicable PRC laws and regulations, market conditions, our strategy and projection for our business, contractual restrictions and obligations, taxation, regulatory restrictions and any other factors from time to time deemed by our Board of Directors as relevant to the declaration or suspension of dividends. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. Subject to any of the above constraints, we may not be able to pay dividends in accordance with our dividend policy. See "Financial Information — Dividends and Dividend Policy."

You should not place any reliance on any information released by us in connection with the listings on the Shanghai Stock Exchange.

As a company listed on the Shanghai Stock Exchange, we have been subject to periodic reporting and disclosure requirements under PRC securities rules, industry standards and market practices, which differ from those applicable to the [**REDACTED**]. Financial and operational information disclosed on the Shanghai Stock Exchange or other media for the Track Record Period may not be directly comparable to the information in this Document. Prospective investors in our H Shares should rely only on the financial, operating and other information contained in this Document. By applying to purchase our H Shares in the [**REDACTED**], you will be deemed to have agreed that you will not rely on any information other than that contained in this Document and any formal announcements made by us in Hong Kong with respect to the [**REDACTED**].

Certain facts, forecasts and other statistics in the Business and Industry Overview sections obtained from official governmental publications have not been independently verified and may not be reliable.

Certain facts, forecast and statistics contained in the Business and Industry Overview sections relating to China, the PRC economy and the industry in which we operate have been derived from various official government publications. Such information was not prepared or independently verified by us, the Sole Sponsor, [**REDACTED**], [**REDACTED**] or the [**REDACTED**], and we make no representation as to its accuracy. Due to possible flaws in collection methods or differences between published information and market practice, these statistics may be inaccurate or not comparable to statistics for other economies, or may not be stated or compiled on the same basis or with the same degree of accuracy. Investors should consider the weight to place on such facts, forecasts and statistics.

The forward-looking statements contained in this Document involve risks and uncertainties.

This Document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain [**REDACTED**] information and other matters. The words "aim," "anticipate," "believe," "could," "predict," "potential," "continue," "expect," "intend," "may," "might," "plan," "seek," "will," "would," "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These statements, including those about our prospects, capital expenditures, cash flows, working capital, liquidity and capital resources, reflect the best judgment of our Directors and management and involve risks and uncertainties that could cause actual results to differ materially. Accordingly, such statements are not guarantees of future performance and investors should not place undue reliance on them.

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

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