*You should carefully consider all of the information set out in this document before making an investment in the H Shares, including the risks and uncertainties described below in respect of our business, our industry and the [REDACTED]. Our business, financial condition, results of operations and/or the ability to meet our financial obligations could be materially and adversely affected by any of these risks and uncertainties. The trading price of our H Shares could decline due to any of these risks (or such additional risks), and you may lose all or part of your investment.*

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

## RISKS RELATED TO OUR BUSINESS AND INDUSTRY

**Our success is tied to the business needs and performance of existing and future brand owners that we serve. If the complexities and challenges faced by brand owners seeking to sell online diminish, or if they choose to enhance their in-house e-commerce capabilities of their own accord instead of utilising our solutions, demand for our solutions could be adversely affected.**

Our success is substantially dependent upon the success of our brand owners. As we continue to expand and optimise our brand owner base, our future success will also be tied to the business needs and performance of our future brand owners. We cannot assure you that our efforts to attract new brand owners and other customers and optimise our existing brand owner base will be successful. One of the key attractions of our solutions to brand owners is our ability to help navigate the complexities and difficulties they face in the e-commerce market in China. Should their complexities lessen due to changes in the market or if our brand owners choose to enhance their in-house support capabilities of their own accord instead of utilising our digital retail solutions, our solutions may become less important or attractive to our brand owners, and demand for our solutions may decline as a result.

In addition, the retail business in China is intensely competitive. If our brand owners were to experience a significant drop in online sales due to quality or other reasons, decreased product popularity, financial difficulties, brand impairment, or any other reasons affecting profitability or demand, it could adversely affect our results of operations and hinder our growth potentials. Our business could also be adversely affected if our brand owners' product sales, marketing, brands or retail stores are not successful or if our brand owners reduce their marketing efforts.

**If brand owners conduct digital retail activities on their own rather than procuring our services, we may be exposed to the risk of disintermediation, which could adversely affect our financial condition and operating result.**

Our brand owners may choose to develop their own in-house digital retail capabilities, enabling them to market and sell products directly to end-consumers or distributors without continuing to engage our services. This strategic shift toward self-operation could significantly reduce the volume of products sold through us or via our services. We cannot assure that our brand owners will not transition toward self-operated digital retail activities in the future, and discontinue the use of external service providers like us. Moreover, certain brand owners may gradually decrease their dependence on external digital retail solutions for specific business functions. This could lead to a reduction in the scope of services they require from us, thereby limiting our capacity to offer comprehensive, end-to-end solutions. In such scenarios, our role may be reduced to providing only partial support, which may undermine the integrated value proposition we deliver. The occurrence of such disintermediation, could adversely affect our business, financial condition, and operational results.

**If we are unable to retain our existing brand owners, our results of operations could be materially and adversely affected.**

Some of our existing brand owners have had years of cooperation with us and we generated a significant portion of our revenue through (i) the sale of products in the authorised flagship stores (旗艦店) and other brand stores operated by us, and (ii) provision of our services to these brand owners, which we collectively refer to as revenue "related to" these brand owners in order to assess our overall business relationship with them. During the Track Record Period, revenue related to our top five brand owners as ranked by revenue in the aggregate comprised approximately 52.1%, 52.8% and 48.9% of our total revenue in 2023, 2024 and 2025, respectively. Similarly, the total GMV related to our top five brand owners as ranked by GMV in the aggregate comprised approximately 73.4%, 80.4% and 74.2% of our total GMV in 2023, 2024 and 2025, respectively. If any of our brand owners terminates or does not renew its business relationship with us, our revenue and GMV may be materially and adversely affected. We cannot assure you that our existing brand owners will renew their business relationships with us in the future.

We provide digital retail solutions to brand owners primarily through contractual arrangements typically with a term of one year. These contracts may not be renewed or, if renewed, may not be renewed on the same or more favourable terms for us. We may not be able to accurately predict future trends in brand owners renewals, and/or our brand owners' renewal rates may decline or fluctuate due to factors such as level of satisfaction with the solutions we offer and our fees and charges, as well as factors beyond our control, such as level of competition faced by our brand owners, their level of success in e-commerce and their spending levels. If some of our existing brand owners, in particular brand owners with years of cooperation with us, opt to terminate or do not renew their business relationships with us, or if they do so on less favourable terms or for fewer services and solutions, and we become incompetent to acquire new brand owners or otherwise grow our brand owner base, our results of operations may be materially and adversely affected.

**Non-compete provisions in contracts with brand owners pose risks to our business development and expansion, which may adversely affect our results of operations and financial condition in the future.**

A small number of our contracts with existing brand owners were based on standard forms proposed by such brand owners that contain non-compete provisions. As of 31 December 2025, we were engaged by 129 brand owners, and 5 of them included non-compete provisions in their agreements with us. In 2025, these brand owners are related to 24.7% of our total revenue in the same year. Such provisions restrict the entities of our Group entering into such contracts from selling products of, or providing similar services to, competitors of such brand owners. Our ability to diversify our offerings portfolio and engage with new brand owners may be consequentially limited, thereby constraining growth opportunities in the future. There remains a risk that our brand owners may impose increasingly stringent non-compete requirements, which may limit our ability to continue managing non-compete obligations in this manner especially when they expand their industry scope, which in turn may limit our ability to develop in other sectors. As our business further expands, we may engage in business with multiple brand owners that may compete with each other, potentially leading to conflicts with these non-compete provisions.

As of the Latest Practicable Date, we had not acted in breach of any non-compete restriction and we were not aware of any notice or claim by any brand owner that we have breached any non-compete restriction in its agreement with us. See "Business — Our Brand Owners — Brand Owners" for details. However, we cannot assure you that we will not be found to be in breach of such non-compete provisions with our existing or future brand owners if any of our brand owners brings claims against us in the future. If we are found in breach, we may be subject to potential liabilities and penalties for breach of contracts, including liquidated damages and forfeiture of sales bonuses, and our brand owners may decide to terminate their contracts with us, which may cause us to lose revenue in the future.

**Our business, financial condition and results of operations may be adversely affected if we fail to meet the performance criteria for rebates from our brand owners, or if the rebate schemes are altered or discontinued.**

A portion of our gross profit is derived from rebates received from brand owners. These rebates are not automatic but are contingent upon us meeting specific performance criteria, such as achieving certain procurement volumes within a specific period of time. Our inability to consistently meet these criteria for any major brand owner could directly and adversely impact our profitability. Furthermore, these rebate programs are typically governed by agreements that brand owners can alter, reduce, or discontinue upon renewal upon negotiation with us. Any such reduction or elimination of key rebate programs, or any disputes arising from the calculation or verification of rebate amounts, could have a negative effect on our financial performance.

**If the ramp-up of operations for newly-added brand owners does not meet our expectations, our results of operations and financial condition may be materially and adversely impacted.**

We have been accelerating acquisition of new brand owners since 2024, in an effort to drive sustainable growth momentum. In 2023, 2024 and 2025, we added a net of 21, 12 and 16 new brand owners, respectively. Newly added brand owners typically require a ramp-up period before they can fully utilise our solutions. If such ramp-up takes longer than expected, or the revenue we receive from these new brands do not meet our expectations, our results of operation and financial condition may be materially and adversely impacted.

**If we fail to effectively operate on e-commerce platforms and channels or adapt ourselves to emerging e-commerce platforms and channels, or if e-commerce platforms and channels otherwise curtail or inhibit our ability to integrate our solutions with their channels, our solutions would be less appealing to existing and potential brand owners.**

We generate a substantial majority of our revenue from the solutions we provide on e-commerce platforms and channels, including online authorised flagship stores and other brand stores on major platforms like Tmall, JD.com and Pinduoduo, social media/ content-driven channels including Douyin, WeChat Mini Programmes and RED (Xiaohongshu), and O2O platforms such as Meituan and Taobao Flash Sale. These e-commerce platforms and channels have no obligation to continue doing business with us or to grant us long-term access. We have entered into standard agreements with third-party e-commerce platforms. We cannot guarantee that we will be able to maintain and renew our agreements on favourable terms, or at all. In addition, if stricter laws and regulations or other regulatory requirements on e-commerce activities are established, imposing additional compliance obligations on us, we may incur significant compliance costs. Additionally, our business on third-party e-commerce platforms and channels is governed by the policies and enforcement of these platforms. These platforms and channels may make significant changes to their respective business policies, systems or plans, which could impair or inhibit our ability or our brand owners' ability to use our solutions to sell their products on those platforms and channels. Such changes may adversely affect the amount of GMV that our brand owners can sell on those platforms and channels, or otherwise reduce the overall attractiveness of selling on them.

If we become unable to adapt to new e-commerce platforms and channels as they emerge, or if we fail to effectively operate on these channels or renew our agreements with them on favourable terms, or if regulatory requirements or policies by these channels develop in a way that may adversely affect us, our ability to provide solutions to brand owners may be curtailed or inhibited.

**Our business success is built upon the extensive and deep collaborations we have cultivated through our long-term operations on major e-commerce platforms. Any disruption to these collaborations could adversely affect our business and financial performance.**

Our business success is built upon the extensive and deep collaborations we have cultivated through our long-term operations on major e-commerce platforms, particularly Tmall, which plays a significant role in our operations. A substantial portion of our revenue is derived from the provision of digital retail solutions through these platforms. It is a reflection of broader industry dynamics and evolving consumer preferences that our reliance on any specific platform is ultimately shaped by where consumers choose to make the purchases.

We rely on continued access to the major e-commerce platforms, and their policies are subject to change. Any failure to comply with platform-specific requirements or to maintain satisfactory performance and compliance metrics could jeopardise our standing with these platforms. Major alterations in an e-commerce platform's channel strategy or commercial terms could limit our operational capacity, increase costs, or reduce the competitiveness of our offerings. Our dependency is therefore dynamic and adjusts with market dynamics. A decline in consumer engagement on one platform, coupled with a rise on another, would lead to a corresponding realignment of our business focus. If any of the major platforms' appeal to consumers and overall competitiveness erode, brand owners may reduce their demand and budget on the relevant platform, leading to an adverse effect on our business, financial condition, and results of operations.

**We face challenges in adapting to e-commerce channel changes and driving technological innovation.**

We face the challenges of keeping pace with rapid technological changes and frequent updates to rules, specifications and other requirements for our brand owners while also driving technological innovation. To achieve market acceptance for our solutions, we must effectively anticipate and offer solutions that meet frequently changing channel requirements in a timely manner. If we fail to do so, our ability to renew our contracts with existing brand owners and increase demand for our solutions will be impaired.

Our investments in innovations and new technologies, which may be significant, may not enhance our competitiveness or generate financial returns in the short term, or at all. We may also become unsuccessful in adopting and implementing new technologies, such as AI, big data and data technologies, to tackle competition in the market effectively. The changes and developments taking place in our industry may also require us to re-evaluate our business model and adopt significant changes to our long-term strategies and business plans. Our failure to innovate and adapt to these changes and developments would have a material adverse effect on our business, financial condition and results of operations. For example, we might become unsuccessful in implementing innovative solutions to help our brand owners devise and execute O2O and new retail strategies to integrate their offline and online channels to provide seamless shopping experience for consumers. Even if we timely innovate and adopt changes in our strategies and plans, we may nevertheless fail to realise the anticipated benefits of such changes or generate lower levels of revenue as a result.

**If the digital retail market in China does not grow, or grows more slowly than we expect, demand for our solutions could be adversely affected.**

The digital retail market in China is subject to uncertainties that may affect demand for our solutions. Continued demand from our existing and potential future brand owners to use our solutions depends on whether digital retail commerce will continue to be widely accepted. Factors affecting the development of the digital retail industry in China include: (i) the growth of internet, broadband, personal computer and mobile penetration and usage in China, and the rate of any such growth; (ii) the trust and confidence level of digital retail consumers in China, as well as changes in consumers' demographics, tastes and preferences; (iii) whether alternative digital retail channels or business models that better address the needs of consumers emerge in China; and (iv) the development of fulfilment, payment and other ancillary services associated with online and multi-channel retail.

If consumer utilisation of digital retail channels in China does not grow or grows more slowly than we expect, demand for our solutions would be adversely affected, our revenue would be negatively impacted and our ability to pursue our growth strategy would be compromised.

**We may become unable to compete successfully against current and future competitors.**

We face intense competition in the market for brand digital retail solutions, and we expect competition to continue to intensify in the future. For instance, while our brand owners may grant us exclusive selling rights within specific channels, our contracts with our brand owners are generally non-exclusive on an overall basis and we generally do not have contractual rights to exclusively sell the products of our brand owners on all channels. Increased competition may result in reduced pricing or service scope for our solutions or a decrease in our market share, any of which could negatively affect our ability to retain existing brand owners and attract new brand owners .

A number of competitive factors could cause us to lose potential sales or to sell our solutions at lower prices or at reduced profitability, including:(i)potential brand owners may choose to use or develop applications or build e-commerce teams or infrastructures in-house, rather than pay for our solutions and services;(ii)the e-commerce platforms and channels themselves, which typically offer, often free, software tools that allow brand owners to connect to the e-commerce channels, may decide to compete more vigorously with us;(iii)competitors may adopt more aggressive pricing policies and offer more attractive sales terms, adapt more quickly to new technologies and changes in brand owners' requirements, and/or devote greater resources to the promotion and sales of their products and services than we can; and(iv)software vendors could bundle channel management solutions with other solutions or offer such products at a lower price as part of a larger product sale.

In addition, competition may intensify as our competitors raise additional capital and as established companies in other market segments or geographic markets expand into our market segments or geographic markets. If we become unable to compete successfully against our competitors, our business and our operating and financial results could be adversely affected.

**We have limited control over the practice and manner of sales by our brand owners, and we may not have sufficient measures to minimise the risk of cannibalisation brought by other digital retail solutions partners or our brand owners to us.**

Since our inception, we have served more than 200 brands, including over 100 international brands. During the Track Record Period, the number of our brand owners was 101, 113 and 129 in 2023, 2024 and 2025, respectively. Due to the number of our brand owners and size of the market, it is difficult to monitor all aspects of our brand owners' practices thoroughly and substantively, in particular the risks of cannibalisation brought by other digital retail solutions partners or our brand owners.

Our brand owners may simultaneously engage different service providers to deliver similar services on various channels, and our competitors may offer similar types of services that appeal to specific needs of our brand owners, such as flexible and efficient supply chain systems or niche marketing capabilities. These may erode our profit margin, as brand owners may compare homogeneous services provided by our competitors and demand for lower prices which could have been offered by our competitors. Furthermore, our brand owners may engage different service providers for different services within the same channel. The provision of a single and isolated service may hamper the demonstration of our comprehensive digital retail solution capabilities. Moreover, since there are more competitors who may be able to offer similar single and isolated services, there may be an increased competition in the market and we may have to offer lower prices to attract or retain brand owners. To stay ahead of competitors in this dynamic and saturated market, we must consistently innovate and prove our superior integration and value proposition.

E-commerce platforms may have developed and integrated many efficient and targeted tools, which are suitable for our brand owners at different stages of development to build their brand and promote products. Furthermore, the competition between e-commerce platforms may further erode the profit margin and bargaining power of brand owners. New requirements or activities introduced by e-commerce platforms may necessitate significant resource allocation and financial investment from brand owners. These participations and compliance efforts may substantially increase our brand owners' operating expenses.

Additionally, our non-exclusive contracts also expose us to cannibalisation risk from brand owners developing their own in-house digital retail capabilities, which can lead to direct competition with our services, especially if brand owners conduct digital retail activities entirely on their own and terminate the collaboration with us.

See "Business — Our Business Model — Our Solutions — Sales of Goods — Sale of Goods: to-B model — (d) Payment and Credit Term" for details of our measures to minimise the risk of cannibalisation. However, based on the foregoing, we may not have sufficient measures in place to minimise the risk of cannibalisation between our brand owners and our Group and/or among our brand owners .

**Our expansion into new product categories may expose us to new challenges and more risks.**

Our brand owners cover food & beverage, beauty & personal care, baby & kids, pop toys, pets, health and outdoor sports industries as well as chain enterprises. In the future, we may provide services to brand owners in new product categories in which we have limited experience and operating history. Our product mix also affects our revenue mix and profitability. This may make predicting our future results of operations more difficult than it otherwise would be. Therefore, our past results of operations should not be taken as indicative of our future performance. If we cannot successfully manage our product mix, address new challenges or compete effectively, we may not be able to recover costs of our investments and eventually achieve profitability .

**We may fail to expand effectively our global business and establish overseas market service capabilities.**

We plan to expand our global business, establish overseas market service capabilities, and collaborate with international ecommerce platforms to serve Chinese brands in global retail ecosystem. See "Business — Our Strategies — Continue to Build Capabilities to Serve Overseas Market to Empower the Globalisation of Chinese Brands". Our subsidiaries are located in the United States, Japan, Hong Kong, Singapore and Spain, most of which were initially set up to support existing cross-border importing business. We will also continue to explore potential opportunity of establishing strategic partnerships with suitable partners to share resources with other companies and brands, expand market channels and enhance our global competitiveness. Our expansion plan may cause our business to be susceptible to international business risks and challenges.

International operations are subject to many special risks and challenges that could adversely affect our business, including but not limited to: (i) compliance with a complex web of local laws and regulations, including those related to corporate establishment, taxation, data privacy, and e-commerce; (ii) operational difficulties related to successfully establishing overseas entities, hiring and integrating local talent, and adapting our digital solutions and core business systems to meet local needs; (iii) risks brought by regional economic volatility, fluctuations in currency exchange rates, and potential political instability. Furthermore, we may become subject to trade restrictions, import tariffs, or other cross-border trade barriers, which could increase supply chain costs, disrupt logistics, and make our service offerings less competitive.

We cannot assure you that our various international expansion efforts will be completed as planned or achieve the intended results. Any negative impact from our international business efforts could also negatively us. In addition, we may face additional competition from local companies in countries other than China. Local companies may have a substantial competitive advantage because of their greater understanding of, and focus on, local customers.

**Changes in international trade policies between the PRC and other countries or regions, particularly regarding tariffs and trade barriers, may adversely affect our export-related business operations.**

Our future expansion of global reach may involve distributing in the distribution of goods and rendering services in the global retail expert network. See "Business — Our Strategies — Continue to Build Capabilities to Serve Overseas Market to Empower the Globalisation of Chinese Brands". In that case, we may be subject to evolving international trade and investment regulations, which may expose our export and relevant businesses to risks arising from changing economic, regulatory, and social conditions. This includes shifts in international laws, tariffs, trade agreements, and taxation policies, as well as challenges in managing or overseeing export operations beyond the PRC.

The United States government has implemented and continues to consider measures restricting trade in certain goods imported from the PRC, including imposing new or higher tariffs on specified products. These tariff policies have heightened tensions in international relations and may directly impact our future cross-border e-commerce logistics services to the United States. As a result, we may face reduced business opportunities and operational challenges due to increased costs and regulatory complexities associated with tariffs. Moreover, the ongoing global economic instability may further exacerbate these export-related risks, negatively influencing our business performance.

**Any failure to maintain the proper functioning and satisfactory performance of our information technology systems could adversely affect our business and reputation.**

The satisfactory performance, reliability and availability of our technology platform are critical to our success and our ability to attract and retain brand owners and provide quality customer services. See "Business — Information Technology Systems" for details. Any system interruptions caused by telecommunications failures, errors encountered during system upgrades or system expansions, computer viruses, hacking or other attempts to harm our systems that result in the unavailability or slowdown of our technology platform, degraded order fulfilment performance, or additional shipping and handling costs may, individually or collectively, adversely affect our results of operations.

In addition, any system failure or interruption could cause damage to our reputation and brand image if our systems are perceived to be insecure or unreliable. Our servers may also be vulnerable to computer viruses, physical or electronic break-ins and similar disruptions, which could lead to system interruptions, website slowdown or unavailability, delays or errors in transaction processing, loss of data or the inability to accept and fulfil consumers' orders. Security breaches, computer viruses and hacking attacks have become more prevalent in our industry. We have experienced in the past and may experience in the future such attacks and unexpected interruptions. We can provide no assurance that our current security mechanisms will be sufficient to protect our IT systems from any third-party intrusions, viruses or hacker attacks, information or data theft or other similar activities.

Additionally, we must continue to upgrade and improve our technology platform to support our business growth, and failure to do so could impede our growth. However, we cannot assure you that we will be successful in executing these system upgrades and improvement strategies. In particular, our systems may experience interruptions during upgrades, and the new technologies or infrastructures may not be fully integrated with the existing systems on a timely basis, or at all. If our existing or future technology platform does not function properly, it could cause system disruptions and slow response times, affecting data transmission .

We also rely on technologies that we license from third parties. These licenses may not continue to be available to us on commercially reasonable terms or at all in the future. As a result, we may be required to obtain substitute technologies. There is no assurance that we will be able to obtain such substitute technologies on commercially reasonable terms, or at all .

**We may not be able to recoup the capital expenditures we incur to strengthen our technology and innovation capabilities and upgrade our technology platform.**

We have invested and will continue to expend financial resources to strengthen our technology and innovation capabilities and upgrade our technology platform, in order to serve a wider variety of brand owners and other customers with a broader array of services. For example, we have invested in the establishment of a multi-layer microservices technical architecture, four self-developed core business systems, as well as developed some other data analysis and risk management systems and tools to support our business operation and help our brand owners optimise their offerings to end consumers. During the Track Record Period, our R&D expenses amounted to RMB14.4 million, RMB11.3 million and RMB11.4

million in 2023, 2024 and 2025, respectively. If we are unable to strengthen our technology and innovation capabilities and upgrade our technology platform successfully in a timely manner, or if we become unable to generate ideal results from our research and development, there may be a waste of capital and human resources, and our business operations might be affected.

Technological changes are rapid, and we may become unable to keep abreast of the latest development; as a result, our technology systems may become obsolete. We may encounter practical difficulties in deploying or commercialising our technology and innovations. As a result, we may not be able to recover the expenditures associated with these investments, and any recovery of such expenses may take longer than expected. There is no guarantee that our investments in technology initiatives will generate sufficient returns or that they will have the expected effects on our business operations.

**We experienced decrease in gross profit and gross profit margin during the Track Record Period.**

We recorded decrease in gross profit at RMB394.8 million and RMB370.2 million in 2023 and 2024, respectively. We also recorded decrease in gross profit margin at 22.9% and 21.8% in 2023 and 2024, respectively. See "Financial Information — Year to Year Comparison of Results of Operations — Gross Profit and Gross Profit Margin" for details regarding the changes in our gross profit and gross profit margin. There can be no assurance that our gross profit margin will not be lower than the levels recorded during the Track Record Period or our gross profit and/or gross profit margin will not continue to further fluctuate in the future. Our gross profit and/or gross profit margin may decline for reasons beyond our control, such as decreasing needs by brand owners, increasing competition and changes in government policies or general economic conditions. If there is any decline in our gross profit and/or gross profit margin in the future, our profitability and financial condition may be materially and adversely affected.

**If we fail to manage our inventory effectively, our results of operations, financial condition and liquidity may be materially and adversely affected.**

Our inventories during the Track Record Period consisted of finished goods. Our inventories decreased from RMB470.0 million as of 31 December 2023 to RMB451.0 million as of 31 December 2024, and further decreased to RMB413.9 million as of 31 December 2025. Such decrease reflected our optimised strategic inventory management which reduced absolute inventory levels despite an increasing brand assortment. Our inventory turnover days were 142.1 days in 2023, 139.6 days in 2024 and 128.5 days in 2025. Our inventory level is subject to various factors which are beyond our control. Failure to forecast consumer demand or any unexpected event affecting the sales of our products could result in increased inventory obsolescence, a decline in inventory value or inventory write-downs. Demand may be affected by seasonality, new product launches, fashion trends, changes in product cycles and pricing, product defects, changes in consumer spending patterns and habits, changes in consumer tastes with respect to our products and other factors. In addition, when we begin help brand owners to sell a new product, it may be difficult to determine appropriate product selection and accurately forecast demand. Any increase in inventory may adversely affect our costs. If we cannot manage our inventory level efficiently in the future, our liquidity and cash flow may be adversely affected. As our business expands, our inventory level increases, and our inventory obsolescence risk may also increase along with the increased purchases of inventories. Therefore, any unexpected change in the economic condition or degree of economic activities of our customers may render our inventory obsolete. There can be no assurance that we will be able to maintain optimal inventory level, and any such failure may have a material adverse effect on our business, financial condition and results of operations.

We assume inventory ownership under the business line of sales of goods and thus are subject to inventory risk. We deploy different strategies to deal with non-seasonal and seasonal demands and make adjustments to our procurement plan in order to minimise the chance of excess unsold inventory and manage our product costs. Demand for products, however, can change significantly between the time the good is ordered and the date by which we target to sell it.

We cannot assure you that we will be able to effectively manage our inventories and product costs. The amount and turnover days of our inventories may increase in the future, which will make it more challenging for us to manage our working capital effectively. If we fail to manage our inventory effectively, we may be subject to a heightened risk of inventory obsolescence, a decline in inventory values, and significant inventory write-downs or write-offs. Our inventory may also be damaged due to natural disasters or accidents, such as fire accidents. In addition, we may be required to lower sale prices in order to reduce inventory level, which may lead to lower margins. Any of the above may materially and adversely affect our results of operations and financial condition.

On the other hand, if we underestimate demand for our products, or if our brand owners fail to supply quality products in a timely manner, we may experience inventory shortages. This could result in missed sales, diminished brand loyalty and lost revenue, any of which could harm our business and reputation.

**If we fail to continue the digitalisation of our supply chain management systems or adopt automated equipment, our business, financial condition and results of operations may be adversely affected.**

We operate in a highly competitive e-commerce landscape where efficient supply chain management is critical to maintaining our competitiveness. Our ability to meet customer expectations for prompt delivery and product availability hinges on the continuous enhancement in the digitalisation of our supply chain management systems and the adoption of further or new automated equipment for our prototyping, logistics and warehousing.

Most of our warehouses in the PRC use our proprietarily-developed warehouse management system ("**WMS**") for warehouse management. For other larger warehouses in the PRC with more mature management systems, we allow them to keep their own management systems and require such systems to be integrated with our dynamic management system for improved control over inventory and orders. Failure to advance our digitalisation efforts, in particular, the failure to further expand or enhance the digitalisation, including the use and improvement on our WMS system, or failure to adopt further automated equipment, may lead to inefficiencies in tracking inventory levels as well as delays or inaccuracies in order fulfilment due to manual handling processes.

**Any suspension or termination of our cooperation with third-party logistics providers, or any disruption to the services they provide, may have an adverse effect on our business and results of operation.**

A proportion of our warehousing services are delivered under our warehousing service cooperation agreement with third-party logistics providers. Our collaboration with third-party logistics providers could expose us to potential service disruptions or inefficiencies. If these providers fail to meet their service obligations due to operational issues, financial difficulties or other unforeseen circumstances, our ability to deliver products to customers in a timely and cost-effective manner may be affected . In addition, improper handling of our products by the logistics providers could also result in product damage . Furthermore, fluctuations in the logistics service costs solutions affect our ability to provide cost-effective products to our brand owners . All such events could potentially lead to product liabilities or claims, decline in product sales, and damage to our brand image and reputation.

In addition, we rely on third-party logistics service providers to deliver products to designated places of platforms or end consumers, and any major interruptions to or failures in these third-party logistics services could prevent the timely or successful delivery of products. If products are not delivered on time or are delivered in a damaged state, consumers may refuse to accept products and may claim refund from us or our brand owners, and brand owners and consumers may have less confidence in our solutions. As a result, we may lose brand owners, and our financial condition and reputation could suffer.

**Failure to effectively manage our warehouse capacity and utilisation could have a material adverse effect on our business and results of operation.**

Our warehouses comprise domestic warehouses, which are either self-operated or outsourced; as well as bonded and overseas warehouses, which are operated by Cainiao Logistics and other third-party logistics providers. As of 31 December 2025, we directly operated two warehouses with an aggregate gross floor area of approximately 16,216 sq.m. in Jiashan and Jinshan in the PRC. As of 31 December 2025, 17 of our domestic warehouses were outsourced, most of which were located in Shanghai, Tianjin, Guangdong, Hubei and Sichuan. Among all of our 19 domestic warehouses, there were nine cold chain warehouses.

In addition, our operations team had been collaborating with Cainiao Logistics and other third-party logistics providers, with goods being stored in one overseas warehouse situated in the U.S. and 34 bonded warehouses primarily in Guangzhou, Hong Kong, Ningbo and Jinhua as of 31 December 2025. The operations of these outsourced bonded and overseas warehouses rely on the management systems of third-party logistics providers, and we are not directly involved in the daily operations of these warehouses.

Managing our warehouses and collaborating with Cainiao Logistics and other third-party logistics providers might present to be complex and our ability to successfully manage our warehouse capacity and utilisation is important to our profitability. We may not be able to effectively manage or utilise the self-operated or outsourced warehouses. If we under-utilise our warehouse facilities, our costs as a percentage of revenue could increase. On the contrary, if we have insufficient warehouse capacity, our revenue may fall short of our expectations. There can be no assurance that failure to manage our warehouse capacity and utilisation will not have a material adverse effect on our business and results of operation.

In the event that there is any unexpected and prolonged disruption in the supply of utilities, or access to the premises, and we cannot restore the affected warehouse, or relocate to another suitable location promptly with well-equipped facilities, our business operations will be materially and adversely interrupted, which in turn will affect our results of operations. If any of our warehouses experiences a material incident, which might not be handled in a timely manner, or our prevention measures are not adequately implemented in the future, we may lose the goods stored therein, incur significant costs and expenses to restore or to relocate such warehouses, or be determined by the relevant authorities to be in violation of applicable laws and regulations and subject to relevant administrative penalties. If such an incident causes damages to other third parties, we may also be required to compensate if we are determined to be partially or fully responsible for such incident.

**If we are unable to provide high-quality customer service, our business and results of operations may be materially and adversely affected.**

We depend on our online customer service representatives in our customer service centre to provide live assistance to online shoppers. If our online customer service representatives fail to satisfy the individual needs of consumers, our brand owners' sales could be negatively affected, and we may lose potential or existing brand owners, which could have a material adverse effect on our business, financial condition and results of operations. In addition, in the normal course of our business, we generate and process a large amount of data, and the improper use or disclosure of such data could harm our reputation as well as have a material adverse effect on our business and prospects.

**We rely on our ability to enter into marketing and promotional arrangements with e-commerce platforms to drive visibility for our brand owners through targeted advertisement placement, media procurement, and advertisement creative design. If we cannot establish or effectively manage these arrangements, our ability to generate revenue could be adversely affected.**

We have entered into marketing and promotional arrangements with e-commerce platforms to drive visibility traffic for our brand owners through targeted advertisement placement, media procurement, and advertisement creative design. We expect these arrangements to be significant sources of traffic for our brand owners' e-commerce businesses. If we become unable to maintain these relationships or enter into new arrangements on acceptable terms, our ability to attract new brand owners and new customers could be harmed.

Further, the e-commerce platforms with which we may have online advertising arrangements provide advertising services for other marketers of goods as well. As a result, it is possible that the advertisement placement and other marketing and promotional arrangements we place for our brand owners may not always achieve the best outcome. Failure to achieve sufficient traffic or generate sufficient revenue from purchases originating from third parties may limit our brand owners' and our ability to maintain market share and revenue and affect our profitability. Moreover, if we become unable to manage and conduct marketing and promotional activities for brand owners cost-effectively, they may turn to other alternatives, reducing our revenue and potentially materially adversely affecting our business and reputation.

**Failure by us or our brand owners to adequately anticipate consumer preferences, develop suitable products, or maintain product quality and reputation may materially and adversely affect our business operations and financial performance.**

Our success depends, in part, upon our ability and our brand owners' ability to anticipate and respond to consumer trends with respect to products sold through authorised flagship stores and other brand stores of our brand owners operated by us. This includes maintaining high standards of product quality and customer service, as negative publicity or reputational damage affecting our brand owners could similarly impact consumers' perceptions and loyally towards our solutions. The consumer preferences and market demand may change from time to time subject to factors beyond our control, such as changes in consumption willingness, purchasing power and evolving consumer demographics. Constantly changing consumer preferences have influenced and will continue to affect the online retail industry. We must stay informed about emerging consumer preferences and anticipate product trends that will appeal to existing and potential consumers. In order to be successful, we and our brand owners must accurately predict consumers' tastes and avoid overstocking or understocking products.

Additionally, any product quality failures, after-sales service issues, or public controversies involving our brand owners may erode trust in us and reduce demand for affected products. We must also monitor our brand owners' compliance with quality and service standards, as failures in these areas could lead to reputational harm even for unrelated products that we sell. If we become unable to predict and promptly respond to consumer preferences or market demand, or if our brand owners suffer reputational damage due to quality or service issues, we may fail to continuously develop products with wide market acceptance, capture emerging growth opportunities, adopt competitive sales strategies or properly manage our inventory. If we or our brand owners fail to identify and respond to changes in merchandising and consumer preferences, or if brand owners' products or solutions generate negative publicity, sales on our brand owners' e-commerce businesses could suffer and we or our brand owners could be required to mark down unsold inventory, which could negatively impact our financial results.

**We rely on the continuous and smooth operation of certain e-commerce platforms such as Douyin, Meituan and Tmall.**

A substantial portion of our GMV is derived from goods sold or solutions rendered on Douyin, Meituan and Tmall. As such, our business operations are inherently tied to the uninterrupted functionality of these third-party e-commerce platforms. While we maintain our own operational protocols and contingency measures, we ultimately have limited control over the underlying technological infrastructure and operational continuity of these external platforms. The stability of these systems can be affected by various technical and operational factors beyond our control, including but not limited to periodic maintenance requirements, unexpected system outages, telecommunications disruptions, cybersecurity incidents, or other technological failures that may temporarily impair platform accessibility or functionality.

Any such disruptions, even if temporary, could create operational challenges for our business, potentially affecting our ability to maintain normal sales activities, fulfil service obligations tobrand owners, or sustain expected transaction volumes. Any material channel downtime or disruption could prevent us from providing solutions to our brand owners and reduce sales in stores operated by us. If one or more of the e-commerce platforms we operate on experience downtime or disruption, the adverse effects of such downtime and disruption could be significant to our operations as a whole.

**If inferior products are sold in the stores we operate or the platforms we operated, our reputation and financial results could be adversely affected.**

We represent reputable brands, and we source goods from our brand owners directly or through the distributors authorised by our brand owners. However, quality control measures for products sold through e-commerce channels may not always be adequate, which could lead to decrease in sales and reputational harm.

We may face regulatory scrutiny if inferior products are found in our sales, potentially resulting in corrective actions, compensation claims, or administrative penalties depending on the severity of the issue. Inferior products may not meet quality standards or pose potential safety concerns to consumers. If consumers encounter problems with the products sold through the stores we operate or the platform we operated, we may be subject to lawsuits, severe administrative penalties and criminal liability. We believe our reputation is extremely important to our success and our competitive position. The discovery of inferior products sold through the stores we operate or the platform we operate may severely damage our reputation among brand owners, and they may refrain from adopting our solutions in the future, which would materially and adversely affect our business operations and financial results.

**If we fail to manage our trade receivables effectively or fail to collect our trade receivables, our results of operations, financial condition and liquidity may be materially and adversely affected.**

We generate revenue under two business lines, namely, sales of goods and provision of services. See "Business — Our Business Model" for details. As of 31 December 2023, 2024 and 2025, our trade and other receivables amounted to RMB366.5 million, RMB443.9 million and RMB428.4 million, respectively. The increase in trade and other receivables from 31 December 2023 to 31 December 2024 primarily resulted from collaborations with additional brand owners and sales channels, which created more business scenarios that required advances we paid on behalf of brand owners recorded as trade receivables. Our trade receivables turnover days were 37.5 days, 32.7 days and 27.8 days in 2023, 2024 and 2025, respectively. The amount and turnover days of our trade receivables may increase in the future, which will make it more challenging for us to manage our working capital effectively, and our results of operations, financial conditions and liquidity may be materially and adversely affected.

**When we provide e-commerce store operation services to brand owners, a variable portion of the revenue we generate from certain brand owners is based upon the amount of GMV, and any change to such pricing mechanism may adversely affect our financial results.**

A negotiated portion of the revenue we generate from certain brand owners when we provide e-commerce store operation services to them is variable based on GMV generated through such brand owners' authorised flagship stores and other brand stores that we operate. If that GMV were to decline, does not grow as expected, or if our brand owners demand pricing terms that do not provide for variability based on the value of purchases transacted and settled on the stores operated by us, our revenue, profitability and business prospects may be adversely affected. In addition, the ratio of our revenue as a percentage of GMV generated through brand owners' authorised flagship stores and other brand stores that we operate could vary as their bargaining power increases or our solutions scope reduces, which could adversely affect our financial results. There is no guarantee that we will successfully achieve a higher ratio of our revenue as a percentage of GMV generated through the brand owner's authorised flagship stores and other brand stores that we operate, and our failure to do so could adversely affect our financial results.

**We are subject to the risk of exposure to fair value changes for our financial assets at fair value through profit or loss ("FVTPL") and valuation uncertainties due to the use of unobservable inputs.**

The fair value of our financial assets at FVTPL are estimated by using valuation techniques and on the basis of observable and unobservable inputs. As of 31 December 2023, 2024 and 2025, we recorded financial assets at FVTPL of RMB116.5 million, RMB152.7 million and RMB149.1 million, respectively. Our financial assets at FVTPL recorded as current assets primarily represent structured deposits and banking financial products, i.e. the investment products we purchase at major commercial banks.

The valuation of these financial assets can be uncertain, especially when unobservable inputs are used in valuation models. These inputs may not accurately reflect actual market conditions or could be based on assumptions that may not materialize, leading to potential discrepancies between the recorded fair value and the price we might obtain in an actual transaction. We may also record other financial assets of which the fair value is determined with a higher level of judgment and/or is more susceptible to market conditions. Changes in financial assets at FVTPL or equity investments designated at FVOCI may cause volatility in or materially and adversely affect our period-to-period earnings, results of operations and financial performance.

**Any failure to comply with the laws and regulations relating to cybersecurity, data security and personal information protection may subject us to legal or administrative proceedings, which may materially and adversely affect our reputation and business operations.**

Our business operations are subject to various data security and personal information protection laws and regulations. While we do not directly handle personal information of the customers, in limited circumstances when we need access to certain types of personal information of the customers, such as their telephone numbers when we conduct our after-sale services. All such activities are conducted under strictly controlled conditions with comprehensive oversight measures in place. See "Business — Data Privacy and Protection". The PRC government has enacted a series of laws, regulations and governmental policies for the protection of cybersecurity, data security and personal information in the past few years. See "Regulation Overview — Regulation on Cyber Security and Personal Information Protection". Our PRC Legal Advisers conducted a telephonic consultation (the "**Consultation**") on 8 April 2025 with the China Cybersecurity Review, Certification and Market Regulation Big Data Centre (中國網絡安全審查認證和市場監管大數據中心). See "Business — Data Privacy and Protection" for details of the Consultation.

During the Track Record Period and up to the Latest Practicable Date, we had complied with applicable data security and personal information protection laws and regulations in the jurisdictions where we operate in all material aspects. See "Business — Data Privacy and Protection". Nevertheless, there might be changes from time to time regarding the interpretation and application of the laws and regulations regarding data privacy and protection. In addition, we may be subject to additional regulatory requirements regarding data privacy and protection, which may necessitate adjustments to our data management framework and incur additional costs. Any concerns about our practices or policies with respect to the collection, use, storage, retention, transfer, disclosure and other processing of data and cybersecurity could subject us to potential liabilities and reputational damage. In addition, the regulatory regime for data protection and privacy is complex and constantly evolving, which could increase our compliance costs and operational complexity. Complying with new data laws and regulations could cause us to incur substantial costs or require us to change our business practices in a manner materially adverse to our business. Any failure to closely monitor the relevant regulatory development could subject us to potential liabilities, further materially and adversely affecting our business, financial condition and results of operations.

In addition, our business involves conducting analysis on certain consumer behavioural data. Accordingly, we face risks inherent in handling and protecting large volumes of data. In particular, we face challenges relating to data derived from transactions and other activities related to our business operation, including protecting data in and hosted on our system, including against attacks on our system by outside parties or fraudulent behaviour or improper use by our employees; addressing data privacy, security and other concerns; and complying with applicable laws, rules and regulations relating to the collection, use, disclosure or security of personal information, including any requests from regulatory and government authorities relating to such data. Significant capital and other resources may be required to protect against information security breaches or to alleviate problems caused by such breaches or to comply with our privacy policies or privacy-related legal obligations. The resources required may increase over time as the methods used by hackers and others engaged in online criminal activities are increasingly sophisticated and constantly evolving. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy-related legal obligations, or any compromise of security that results in the unauthorised release or transfer of personally identifiable information or other consumers' data, could cause our consumers to lose trust in us and could expose us to legal claims. Any perception by the public that online transactions or the privacy of user information are becoming increasingly unsafe or vulnerable to attacks could inhibit the growth of online retail and other online services generally.

As we expand our operations, we will be subject to additional laws in other jurisdictions where our additional new brand owners and potential overseas end consumers are located. The laws, rules and regulations of other jurisdictions may be at a more mature stage of development, be more comprehensive and nuanced in their scope, and impose more stringent or conflicting requirements and penalties than those in China, compliance with which could require significant resources and costs. Any failure, or perceived failure, by us to comply with our privacy policies or with any regulatory requirements or privacy protection-related laws, rules and regulations could result in proceedings or actions against us by governmental entities or others. These proceedings or actions could subject us to significant penalties and negative publicity, require us to change our business practices, increase our costs and severely disrupt our business.

**If our brand owners cease to provide favourable credit terms or shorten the existing credit terms granted to us, our liquidity condition may be materially and adversely affected.**

Under the sales of goods business line, we typically make advance payments to our brand owners for purchase orders. During the preparation periods for major promotional campaigns, we may negotiate with select brand owners or provide bank guarantees to secure a credit term up to three months to benefit our cash flow. This may result in forfeiting early payment discounts ranging from 0.5% to 2% normally offered by brand owners. See "Business — Our Business Model — Our Solutions - Sales of Goods" for details. Our trade and bills payables turnover days amounted to 54.7 days, 60.1 days and 59.9 days in 2023, 2024 and 2025, respectively. We cannot assure you that we will sustain our success of negotiation and obtaining favourable credit terms from our suppliers . In addition, there is no guarantee that we can maintain our amicable business relationship with our suppliers in the future. If our suppliers shorten the existing credit period granted to us, our liquidity condition may be materially and adversely affected.

**Any deficiencies in China's telecommunication infrastructure could impair our ability to provide digital retail solutions to our brand owners and materially and adversely affect our results of operations.**

Our business relies, to a greater extent, on the performance and reliability of the telecommunication infrastructure in China. The availability of our technology platform depends on telecommunications carriers and other third-party providers for communications and storage capacity, including bandwidth and server storage. Most internet and mobile network is maintained by state-owned telecommunication carriers under administrative control, and we rely on these carriers and service providers to connect our internet platform to consumers. Service interruptions prevent brand owners from utilising our technology platform. Frequent or extended interruptions could frustrate consumers, discouraging them from placing orders. This could cause us and our brand owners to lose consumers and adversely affect our results of operations.

**Any occurrence of a natural disaster, health epidemic or similar development could have a material adverse effect on our business.**

Our business could be materially and adversely affected by natural disasters, such as earthquakes, floods, snowstorms, typhoon, or fires, widespread health epidemics, such as avian influenza, swine flu, severe acute respiratory syndrome, or SARS, Ebola, Zika, COVID-19, or other events, such as wars, acts of terrorism, environmental accidents, power shortage or communication interruptions. Such developments in China or elsewhere could disrupt our business and operations, cause a temporary closure of facilities we use for our operations, and have a material adverse effect on our business, financial condition and results of operations.

In recent years, there have been outbreaks of health epidemics in various countries, including China. For instance, during COVID-19 pandemic-related lockdowns, we experienced operational challenges including consumer orders being cancelled or delayed due to warehouse closures, difficulties in fulfilling deliveries which led to increased refund rates, and inventory management issues as certain products approached expiration while in storage. These disruptions also impacted our cash flow cycles, as delayed shipments resulted in slower payment collections from both consumers and brand owners. To the extent that any other epidemic or pandemic may cause harm in the future, to the Chinese or global economy, our results of operations will likely be further adversely affected. Potential impacts of such epidemic or pandemic include decreased demand due to office closures and operational suspensions among our brand owners and customers; disruptions in supply chains and extended payment cycles, which could increase our accounts receivable and inventory levels hindered new client acquisition, logistics delays, and reduced operational efficiency, all of which may lead to short-term fluctuations and long-term challenges in our business performance and financial condition.

**Our results of operations are subject to fluctuations due to the seasonality of our business and other events.**

We have experienced and expect to continue to experience seasonal fluctuations in our revenue. These seasonal patterns have caused and will continue to cause fluctuations in our operating results. Our results of operations historically are subject to seasonal fluctuations. For example, our revenue are relatively higher during major promotion periods such as the 618 Mid Year campaign and Double 11 Day campaign, when consumers tend to do more shopping.

In anticipation of increased sales activity during peak seasons, both we and our brand owners increase our inventory levels and incur additional expenses. If we and our brand owners fail to increase inventory levels for popular products in sufficient amounts or we become unable to restock popular products in a timely manner, we and our brand owners may fail to meet customer demand which could reduce the attractiveness of brand owners' authorised flagship stores and other brand stores operated by us. Alternatively, if we overstock products, we may need to implement significant inventory markdowns or write-offs, which could reduce profits. Either of the aforesaid scenario could lead our brand owners to reduce their engagement with us. In the future, our seasonal sales patterns may become more pronounced, potentially straining our personnel, customer service operations, fulfilment operations and shipment activities. This could lead to a shortfall in revenue compared to expenses in a given period. As a result, the trading price of our H Shares may fluctuate from time to time due to seasonality.

In addition, if too many consumers access the brand owners' authorised flagship stores and other brand stores operated by us within a short period of time due to increased promotions or other demand surges, we may experience system interruptions that make such authorised flagship stores and other brand stores unavailable or prevent us from transmitting orders to our fulfilment operations. Such interruptions may reduce the volume of transactions in the stores that we operate as well as the attractiveness of such authorised flagship stores and other brand stores to consumers.

**We rely on the e-commerce sales performance of certain product categories that we focus on, and any significant downward industry trend of such categories may materially and adversely affect our business and results of operations.**

We currently serve brand owners in the following categories: food & beverage, beauty & personal care, baby & kids, pop toys, pets, health and outdoor sports industries. Currently, we have a substantial amount of our revenue and GMV derived from brand owners in these categories. If the e-commerce sales performance of certain or various product categories is not successful in general, our business and results of operations may be materially and adversely affected.

## RISKS RELATED TO DOING BUSINESS IN THE PRC

**We are subject to laws that are applicable to retailers, including advertising and promotion laws and consumer protection laws that could require us to modify our current business practices and incur increased costs.**

We are subject to numerous PRC laws and regulations that regulate retailers generally or govern online retailers specifically. For example, we are subject to laws in relation to advertising and online promotion, such as the Advertising Law (中華人民共和國廣告法), Pricing Law (中華人民共和國價格法), Anti-Unfair Competition Law (中華人民共和國反不正當競爭法), Measures for the Administration of Internet Advertising (互聯網廣告管理辦法), and also consumer protection laws that are applicable to retailers. Such allegations may result in administrative penalties and other costs to us, and we may need to adjust some of our advertising and promotional practices as a result.

If these regulations were to change or if we are found to be in violation with them, we may need to spend additional costs to rectify non-compliance, adjust our business practices and could be subject to fines or penalties or suffer reputational harm, which could reduce demand for the products or services offered by us and hurt our business and results of operations.

Similar legal requirements are frequently changed and subject to interpretation, and we are unable to predict the ultimate cost of compliance with these requirements or their effect on our operations. We may be required to make significant expenditures or modify our business practices to comply with existing or future laws and regulations or to satisfy compliance requests from the e-commerce platforms we partnered with, which may increase our costs and materially limit our ability to operate our business.

**Failure to comply with E-Commerce Law may have a material adverse impact on our business, financial conditions and results of operations.**

In August 2018, the Standing Committee of the National People's Congress promulgated the E-Commerce Law (中華人民共和國電子商務法) (the "**E-Commerce Law**"), which became effective on 1 January 2019. The E-Commerce Law generally provides that e-commerce operators must obtain , including the obligations to disclose information about commodities or services in a comprehensive, faithful, accurate and timely manner; while displaying search results of commodities or services to consumers according to their interests, preferences, consumption habits and other personal characteristics, to provide consumers with options irrelevant to their personal characteristics; when to offer tie-in commodities or services, to warn consumers about the tie-in sale in a prominent position and not to set the tie-in commodities or services as the default option; and when charging consumers guarantee deposits as agreed thereby, to explicitly indicate how and under what procedures consumers may have the guarantee deposits refunded, and not to impose any unjustifiable conditions on the refund of guarantee deposits. We cannot assure you that our current business operations satisfy the obligations provided under the E-Commerce Law in all respects. If the PRC governmental authorities determine that we are not in compliance with all the requirements proposed under the E-Commerce Law, we may be subject to fines and/or other sanctions.

**Any lack of requisite approvals, licenses or permits applicable to our business or failure to comply with PRC laws and regulations may have a material and adverse impact on our business, financial condition and results of operations.**

Our business is subject to supervision and regulation by relevant PRC government authorities, including without limitation the MOFCOM, the MIIT, the SAMR and National Medical Products Administration. These government authorities promulgate and enforce regulations that cover many aspects of online retailing and distribution of products such as food and medical devices, including scope of permitted business activities, licences and permits for business operation, and restriction on foreign investments. Meanwhile, the brand owners we partner with are also obliged to hold licenses and meet regulatory requirements in order to sell products themselves or through our digital retail solutions. While we currently hold all material licences and permits required for our business operations, we cannot assure you that we will be able to renew these licences and permits upon their expiration, expand the current business scope of these licences and permits when required, obtain any licence or permit that is in application, or obtain new licences or permits in the future as a result of our business expansion, change in our business operations or change in laws and regulations applicable to us.

As e-commerce business via internet and mobile network is still evolving in China, new laws and regulations may be adopted from time to time, and substantial uncertainties exist regarding interpretation and implementation of current and future PRC laws and regulations applicable to our business operations. With the expansion of our business in the future, we may be required to obtain other required licences or expand the current scope of the licences we hold to cover internet information services rendered through mobile networks or to cover other scopes such as online data processing and transaction processing service (in addition to operational e-commerce) that may be required by the government authorities from time to time.

Our PRC Legal Advisers are of the view that during the Track Record Period, we did not require the VAT Licence or the ICP Licence since our business does not involve value-added telecommunications services that utilise public network infrastructure to provide telecommunications and information services as stipulated in the Regulation on Telecommunications of the People's Republic of China (《中華人民共和國電信條例 (2016修訂) 》) and the new Classified Catalogue of Telecommunications Service.

However, if we fail to adapt to any new regulatory requirement or any competent government authority considers that we operate our business operation without any requisite licence, permit or approval, or otherwise fail to comply with applicable regulatory requirements, we may be subject to administrative actions and penalties, including fines, confiscation of our incomes, revocation of our licences or permits, or, in severe cases, cessation of certain business. In addition, if our brand owners are found by government authorities to have operated their business through us without requisite approvals, licences or permits or otherwise to be in violation of applicable laws and regulations, they may be ordered to take rectification actions.

**Our growth and profitability depend on the level of consumer confidence and spending in China.**

Our business, financial condition and results of operations may change due to development in overall economic and political conditions that affect consumer spending in China. For example, changes to trade policies, treaties and tariffs in China, or the perception that these changes could occur, could adversely affect the financial and economic conditions in China, as well as our financial condition and results of operations.

Since early 2025, the U.S. government has issued multiple executive orders implementing additional tariff on imports from various jurisdictions including China and Hong Kong. The U.S. tariff and trade policies are subject to constant changes, influenced by evolving geopolitical dynamics, economic priorities and regulatory agenda, and such policies may be amended, expanded, or replaced with little or no advance notice. We cannot predict the timing, scope, or severity of potential changes in tariff and trade policies, which may continue to evolve in the future. The tariff may be imposed on goods imported by our brand owners, which could impact the pricing of their products and affect our business, financial condition, and results of operations. Furthermore, as we have plans to continue building our capabilities to serve overseas market to empower the globalisation of Chinese brands, see "Business — Our Strategies", we cannot assure you that our business operations will not be subject to tariff rules or trade restrictions in the future. Any future deteriorating changes in the tariff policies of the U.S. and other jurisdictions towards the PRC may incur additional costs, affect our brand owners or us. and in turn affect our profitability level. Any of the above could negatively.

In addition, the retail industry is highly sensitive to general economic changes. Many factors outside of our control, including inflation and deflation, interest rates, volatility of equity and debt securities markets, taxation rates, employment and other government policies can adversely affect consumer confidence and spending. The domestic and international political environments, including trade disputes, political turmoil or social instability, may also adversely affect consumer confidence and spending, which could in turn adversely affect our business, financial condition, and results of operations.

**Changes in the political and economic policies of the PRC government may materially and adversely affect our business, financial condition and results of operations and may result in our inability to sustain our growth and expansion strategies.**

A substantial majority of our operations are conducted in the PRC and a substantial majority of our revenue is sourced from the PRC. Accordingly, our financial condition and results of operations are affected to a significant extent by economic, political and legal developments in the PRC. The growth of the PRC economy has been uneven, both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall PRC economy, but may also have a negative effect on us, for example, government control over capital investments or changes in tax regulations that are applicable to us. The pace of economic growth may also affect the demand for our solutions and consequently have a material adverse effect on our businesses, financial condition and results of operations.

**Failure to respond to changes and development with respect to PRC laws, rules and regulations could have an impact on us.**

The PRC legal system is a civil law system based on written statutes where decided legal cases may be cited for reference but have limited value as precedent. Since the medical and health industry in the PRC is experiencing on-going development and reform, the laws and regulations relating to this industry are evolving and developing. Any failure to respond to development in the regulatory environment in the PRC could materially affect our business and impede our ability to continue our operations. Moreover, PRC laws and regulations relating to the medical and health industry could further intensify and add to the requirements on interpretation and compliance for companies operating in the changing environment. Laws and regulations and enforcement requirements thereof applicable in China could impact us in a number of ways, including in maintaining adequate licences and permits to conduct business and contractual enforcement.

**Any adverse changes in global macroeconomic situations, such as economic downturn or deterioration in political or economic relations among countries, may negatively and materially affect our business, financial condition and results of operations.**

The global macroeconomic environment is facing challenges along with uncertainties over the impact of ongoing trade disputes and tariffs. Macro-economic factors, such as changes in global or national economic and political conditions, changes in the regulatory environment, fluctuations in interest rates, inflation, consumer preferences and employment levels, may affect the overall performance of the global economies, and may cause changes in consumers' spending patterns or our costs of doing business. Our business and operations are primarily based in China and substantially all of our revenue are derived from our operations in China. Accordingly, our financial results have been, and are expected to continue to be, affected by the economy and e-commerce industry in China.

Our operations may be negatively affected by any deterioration in the political and economic relations among countries. There is also potential risk that the new national security legislation could trigger sanctions or other forms of penalties by foreign governments, which may adversely affect the financial market and economic condition of Hong Kong, and in turn may adversely affect the operations of our subsidiaries in Hong Kong and the trading price of our H Shares on the Hong Kong Stock Exchange.

**Our operations are subject to, and may be affected by, the tax laws and regulations in the PRC. Changes in tax laws and regulations in the PRC where we operate such as increase in applicable tax rates may materially and negatively affect our profitability level and business performance.**

The Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the "**EIT Law**") imposes a tax rate of 25% on business enterprises. Some of our subsidiaries are entitled to preferential tax treatment. 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 PRC tax laws and regulations may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to PRC tax laws and regulations and tax penalties or fines could affect our businesses, financial condition and results of operations.

**Our offshore subsidiaries may be deemed to be a PRC tax resident enterprise.**

Under the EIT Law and the Regulation on the Implementation of the Enterprise Income Tax Law of China (中華人民共和國企業所得稅法實施條例), enterprises established under the laws of jurisdictions outside of China with "de facto management bodies" located in China may be considered PRC tax resident enterprises for tax purposes and may be subject to the PRC enterprise income tax at the rate of 25% on their global income. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知), or Circular 82, specifies that certain Chinese-controlled offshore incorporated enterprises, defined as enterprises incorporated under the laws of foreign countries or territories and that have PRC enterprises or enterprise groups as their primary controlling shareholders, will be classified as resident enterprises if all of the following conditions are met: (i) senior management personnel and departments that are responsible for daily production, operation and management are located mainly within China; (ii) financial and personnel decisions are subject to determination or approval by bodies or persons in China; (iii) key properties, accounting books, company seal and minutes of board meetings and shareholders' meetings are located or kept within China; and (iv) at least half of the directors with voting rights or senior management reside within China. The State Administration of Taxation of the PRC, or SAT, has subsequently provided further guidance on the implementation of Circular 82.

Although most of our offshore subsidiaries have substantive business operations in the countries or regions where they are located, as our Company is a PRC enterprise, our offshore subsidiaries may be questioned by the competent regulatory authorities, and if our offshore subsidiaries are deemed PRC resident enterprises, they could be subject to the EIT at 25% on their global income, except that the dividends they receive from our PRC subsidiaries, if any, may be exempt from the EIT to the extent such dividend income constitutes "dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise". Nonetheless, it remains subject to future interpretation as to what type of enterprise would be deemed a "PRC resident enterprise" for such purposes. The EIT on our subsidiaries' global income could significantly increase our tax burden and affect our cash flows and profitability.

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

Under the PRC Individual Income Tax Law (中華人民共和國個人所得稅法) 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 realised 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 out in applicable tax treaties and PRC laws. Pursuant to applicable laws, 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, as of the Latest Practicable Date, relevant laws and regulations had 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. To our knowledge, in practice, the PRC tax authorities have not sought to collect individual income tax from non-PRC resident individuals on gains from the transfer of listed shares of PRC resident enterprises on overseas stock exchanges. However, there is no assurance that the PRC tax authorities will not change these practices, which could result in levying income tax on non-PRC resident individuals on gains from the sale of H shares.

If the PRC income tax is imposed on gains realised from the transfer of our H Shares or on dividends paid to our non-PRC resident investors, the value of your investment 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.

**Dividends payable to our foreign investors and gains on the sale of our H Shares by our foreign investors may become subject to PRC tax law.**

Under the EIT Law and its implementation regulations issued by the State Council, a 10% PRC withholding tax is applicable to dividends payable to investors that are non-resident enterprises, which do not have an establishment or place of business in the PRC or which have such establishment or place of business but the dividends are not effectively connected with such establishment or place of business, to the extent such dividends are derived from sources within the PRC. Similarly, any gain realised on the transfer of our H Shares by such investors is also subject to PRC tax at a current rate of 10%, subject to any reduction or exemption set out in applicable tax treaties or under applicable tax arrangements between jurisdictions, if such gain is regarded as income derived from sources within the PRC. If we are deemed a PRC resident enterprise, dividends paid on our H Share, and any gain realised from the transfer of our

H Share, would be treated as income derived from sources within the PRC and would as a result be subject to PRC taxation. Furthermore, if we are deemed a PRC resident enterprise, dividends payable to individual investors who are non-PRC residents and any gain realised on the transfer of H Shares by such investors may be subject to PRC tax at a current rate of 20%, subject to any reduction or exemption set out in applicable tax treaties or under applicable tax arrangements between jurisdictions. It is unclear whether if we or any of our subsidiaries established outside China are considered a PRC resident enterprise, holders of our H Shares would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas. If dividends payable to our non-PRC investors, or gains from the transfer of our H Shares by such investors are subject to PRC tax, the value of your investment in our H Shares may decline significantly.

**Our foreign exchange transactions, our ability to pay dividends and other obligations are subject to regulatory requirement over foreign currency conversion.**

Conversion and remittance of foreign currencies are subject to certain foreign exchange regulations. It cannot be guaranteed that, under a certain exchange rate, we would have sufficient foreign exchange to meet our foreign exchange needs. For example, under the PRC current foreign exchange regulation system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE; however, we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licences to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by or registered with the SAFE or their local branch unless otherwise permitted by law. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to Shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from the SAFE to convert RMB into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be affected. Moreover, non-compliance with any applicable foreign exchange regulations could subject us to administrative penalties and fines, and could affect our business and reputation.

## RISKS RELATED TO OUR OPERATIONS

**We may not be able to adequately protect our intellectual property rights, and we may be subject to claims by third parties for intellectual property infringement or other allegations for relevant intellectual property infringement risks.**

We rely on a combination of trademark, fair trade practice, patent, copyright and trade secret protection laws in China and other jurisdictions, as well as confidentiality procedures and contractual provisions, to protect our intellectual property rights. We also enter into confidentiality agreements with our employees and any third parties who may access our proprietary information, and we rigorously control access to our proprietary technology and information.

Intellectual property protection may not be sufficient in China or other countries in which we operate. Confidentiality agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights in China or elsewhere. In addition, policing any unauthorised use of our intellectual property is difficult, time-consuming and costly and the steps we have taken may be inadequate to prevent the misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources. We can provide no assurance that we will prevail in such litigation. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors.

In addition, we cannot assure you that our business practices do not and will not infringe, misappropriate or otherwise violate any IP rights of third parties. Intellectual property litigation is usually complex and the results of intellectual property litigation are unpredictable. As we gain greater visibility and market exposure as a public company in the future, we may also be at greater risk of being the subject of intellectual property litigation. Third parties may claim that the technology or content used in our operation of brand owners' authorised flagship stores and other brand stores operated by us or our service offerings infringe upon their intellectual property rights. Such claims, whether or not having merit, may result in our expenditure of significant financial and management resources, injunctions against us or payment of damages. We may need to obtain licences from third parties who allege that we have infringed their rights, but such licences may not be available on terms acceptable to us or at all. These risks have been increased by the growth in the number of third parties whose sole or primary business is to assert such claims. In addition, we have registered or are in the process of registering some trademarks we used for our business but our applications may be rejected by the governmental authority. As some third parties have already registered or may register the trademarks which are similar to the marks we used in our business, infringement claims may be asserted against us, and we cannot assure you that a government authority or a court will hold the view that such similarity will not cause confusion in the market. In this case, we may be required to explore the possibility of acquiring these trademarks from, or entering into exclusive licensing agreements with the third parties, which will cause us to incur additional costs.

If any of the information disseminated through the brand owner's authorised flagship stores and other brand stores operated by us were deemed by the PRC government to violate any content restrictions, we would not be able to continue to display such content and could become subject to penalties, including confiscation of income, fines, suspension of business and revocation of required licences, which could materially and adversely affect our business, financial condition and results of operations.

The outcome of any claims, investigations and proceedings is inherently uncertain, and in any event defending against these claims could be both costly and time-consuming, and could significantly divert the efforts and resources of our management and other personnel. An adverse determination in any such litigation or proceedings could cause us to pay damages, as well as legal and other costs, limit our ability to conduct business or require us to change the manner in which we operate.

**If we fail to maintain adequate internal controls, we may not be able to effectively manage our business and may experience errors or information lapses affecting our business.**

Our success depends on our ability to effectively utilise our standardised management systems, information systems, resources and internal controls. As we continue to expand, we will need to modify and improve our financial and managerial controls, reporting systems and procedures and other internal controls and compliance procedures to meet our evolving business needs. If we are unable to improve our internal controls, systems and procedures, they may become ineffective and adversely affect our ability to manage our business and cause errors or information lapses that affect our business. Our efforts in improving our internal control systems may not result in eliminating all risks. If we are not successful in discovering and eliminating weaknesses in our internal controls, our ability to effectively manage our business may be affected.

**We may not have sufficient insurance coverage to fully cover our business risks, which could expose us to significant costs and business disruption.**

We have obtained insurance to cover certain potential risks, such as property insurance, professional liability insurance, international transportation insurance, and employer's liability insurance. See "Business — Insurance" for details. We also require our third-party warehousing service providers to maintain valid property insurance. However, our coverage may not be adequate to compensate for all losses that may occur, particularly with respect to loss of business or operations. We do not maintain business interruption insurance or litigation insurance, nor do we maintain key-man life insurance. This could leave us exposed to potential claims and losses. In addition, our third-party service providers may fail to purchase insurance or maintain effective insurance. Even if we are successful in our claims against third-party service providers when certain accidents occurred, such third-party service providers may not be able to fully, or at all, pay the damages resulting from such accidents. We cannot assure you that our insurance coverage or our third-party service providers' insurance coverage is sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

**The discontinuation of any of the preferential income tax treatments or government subsidies currently available to us in the PRC could have a material and adverse effect on our result of operations and financial condition.**

During the Track Record Period, several subsidiaries in the PRC qualified as small-scale and low-profit enterprises under the EIT Law enjoyed a lower effectively applicable EIT rate of 5%. See Note 11 to the Accountants' Report set out in Appendix I to this document for details of applicable tax rates to our PRC subsidiaries. The discontinuation of the above-mentioned preferential income tax treatments or the change of the applicable preferential tax rate currently available to us in the PRC could have a material and adverse effect on our result of operations and financial condition. We cannot assure you that we will be able to maintain our current effective tax rate in the future.

We also received subsidies from local governments in China as incentives for conducting business in certain local districts. We received government grants of RMB18.1 million, RMB11.1 million and RMB10.3 million in 2023, 2024 and 2025, respectively. These government subsidies are non-recurring in nature and we cannot assure you that we will be able to receive any government subsidies in the future.

**We may be subject to risks relating to our failure to complete lease registration for our leased properties.**

Pursuant to applicable PRC laws and regulations, for property lease agreements, lease registration must be completed with the local housing or urban-rural development authorities in the PRC. As of the Latest Practicable Date, we had not completed the relevant lease registrations for 23 of our leased properties, which was primarily due to the restriction on registering lease agreements for certain registration places and the difficulty of procuring some lessors' cooperation to register such leases. These leased properties, with a total GFA of 6,926.11 sq.m. accounting for approximately 28.2% of the GFA of our leased properties in the PRC, are for office, warehousing use and registration places. The relevant government authorities may order us to complete the lease registration for such lease agreements within a prescribed period, failing which we may be subject to a fine from RMB1,000 to RMB10,000 for each non-registered lease. We cannot assure you that we will be able to complete the lease registration on a timely basis or at all in such cases, and we may be subject to penalties arising from the failure to complete the lease registration filing of lease agreements and any disputes arising from our leased properties in the future. See "Business — Land and Properties" for details.

**Our right to lease the properties may be affected, which could cause disruption to our business.**

As of the Latest Practicable Date, the lessors for two of our 32 leased properties in the PRC had not provided valid title certificates or authorisations evidencing their rights to lease the properties. These leased properties, with a total GFA of 1,278 sq.m. accounting for approximately 5.2% of the GFA of our leased properties in the PRC, are office and registration place, respectively. The absence of the property ownership certificate or authorisation documents limits our ability to determine whether the lessors have the right to lease the properties to us, and if any of the lessors are unable to obtain the property ownership certificate, or they are not the legal owners and have not been duly authorised by the legal owners, we may be demanded to vacate the relevant leased properties. As such, our business, financial condition and results of operations may be negatively affected. See "Business — Land and Properties" for details.

**We depend on key management as well as experienced and capable personnel generally, and any failure to attract, motivate and retain our staff could severely hinder our ability to maintain and grow our business.**

Our future success is significantly dependent upon the continued service of our key executives and other key employees. If we lose the services of any member of management or key personnel, 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. Our future success also depends on our ability to recruit, train and retain qualified personnel, particularly technical, marketing and other operational personnel with experience in the e-commerce industry. We can provide no assurance that we will be able to attract or retain such personnel.

Competition for talent in the PRC e-commerce industry is intense, and the availability of suitable and qualified candidates in China is limited. Competition for these individuals could cause us to offer higher compensation and other benefits to attract and retain them. Even if we were to offer higher compensation and other benefits, there is no assurance that these individuals will choose to join or continue to work for us. Any failure to attract or retain key management and other personnel could severely disrupt our business and growth.

In addition, our ability to train and integrate new employees into our operations may also be limited and may not meet the demand for our business growth on a timely fashion, or at all, and rapid expansion may impair our ability to maintain our corporate culture.

**Any quality issues related to our products could result in a loss of customers and may subject us to product liability claims and reputational risks.**

We sell products manufactured by third parties, some of which may be defective. If any product that we sell were to cause personal injury or injury to property, the injured party or parties could bring claims against us as the retailer of the product. These claims will not be covered by insurance as we do not maintain any product liability insurance. Similarly, we could be subject to claims that consumers of the brand owners' authorised flagship stores and other brand stores operated by us were harmed due to their reliance on our product information, product selection guides, advice or instructions. Such claims could stem from allegations or proof that our products are unsafe or defective.

There can be no assurance that we will be able to recover all or any amounts from these parties. If any products sold by us are alleged to be unsafe or defective, we may experience reduced sales of the relevant products and may have to recall them from the market. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material product recall, nor had we experienced any material product liability claim. Nevertheless, we cannot assure that such recalls will not occur, or such claims will not be filed against us in the future. Any future product liability claim or large scale of call back due to defective products discovered, regardless of its merit or success, could result in the expenditure of funds and management time, adverse publicity and reputational harm and could have a negative impact on our business and financial condition.

**Restrictions on currency exchange, and fluctuations in exchange rates could limit our ability to utilise our revenue, or materially reduce the value of your investment because of foreign currency exchange losses.**

Substantially all of our revenue is denominated in Renminbi. Since a significant amount of our future revenue will be denominated in Renminbi, any existing and future restrictions on currency exchange may limit our ability to utilise revenue generated in Renminbi to fund our business activities outside of the PRC or pay dividends in foreign currencies to our shareholders, including holders of our H Shares. Foreign exchange transactions under the capital account remain subject to limitations and require approvals from, or registration with, SAFE and other relevant PRC governmental authorities. This could affect our ability to obtain foreign currency through debt or equity financing for our subsidiaries and the variable interest entity.

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions and the foreign exchange policy adopted by the PRC government. The PRC government may in the future announce further changes to the exchange rate system and there is no guarantee that the RMB will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future. The foreign exchange risk we are facing mainly arises from movements in RMB against United States Dollars, Japanese Yen or Hong Kong dollars. See "Financial Information — Financial Risks — Currency Risk" for details.

To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. Our ability to convert RMB into foreign currency might be limited. As a result, fluctuations in exchange rates may have a material adverse effect on your investment.

**Our ability to raise capital in the future may be limited, and our failure to raise capital when needed could prevent us from growing.**

We may in the future be required to raise capital through public or private financing or other arrangements. Such financing may not be available on acceptable terms, or at all, and our failure to raise capital when needed could harm our business. Additional equity or equity linked financing may dilute the interests of our shareholders, and debt financing, if available, may involve restrictive covenants and could restrict our operational flexibility and reduce our profitability. Our ability to obtain additional financing in the future is subject to many uncertainties, including our future financial condition, results of operations, cash flows, trading price of our H Shares, liquidity of international capital and lending markets and PRC governmental regulations over foreign investment and cross-border financing and the digital retail solutions industry in the PRC.

**Holders of our H Shares may have difficulty effecting service of process and enforcing judgments obtained against us, our Directors, Supervisors and our management, and the ability of U.S. or Hong Kong authorities to bring and enforce actions in the PRC may also be limited.**

A substantial part of our assets, and majority of our Directors, Supervisors and senior management, are located in China. China has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions. As a result, it may not be possible for investors to effect service of process upon us, or our Directors, Supervisors or senior management who reside in China.

## RISKS RELATED TO THE [REDACTED]

**The trading volume and market price of our Shares may be volatile, which may result in substantial losses for investors subscribing for or purchasing our Shares pursuant to the [REDACTED].**

The trading volume and market price of the Shares may be subject to significant volatility in responses to various factors. Some of these factors are beyond our control, including:

- regulatory developments affecting us or our industry, brand owners, suppliers or third-party sellers;
- announcements of studies and reports relating to the quality of our product and service offerings or those of our competitors, and other announcements made by market players;
- changes in the economic performance or market valuations of us or other e-commerce companies;
- conditions in the digital retail industry;
- investors' perception of us and of the investment environment in Asia, including Hong Kong and China, and changes in financial estimates by securities analysts;
- changes in pricing made by us or our competitors;
- acquisitions by us or our competitors;

- additions to or departures of, our executive officers and other members of our senior management;
- the depth and liquidity of the market for our H shares, and sales or anticipated sales of additional H Shares; and
- the general economy and other factors.

Shares of other companies listed on the Stock Exchange with significant operations and assets in China have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance.

**There has been no prior public market for our H Shares, and the liquidity and market price of our H Shares may be volatile.**

There was no public market for our H Shares prior to the [REDACTED]. There can be no guarantee that a public market for our H Shares with adequate liquidity and trading volume will develop and be sustained following the completion of the [REDACTED]. In addition, the [REDACTED] of our Shares is the result of negotiations between our Group and the [REDACTED] (for themselves and on behalf of the [REDACTED]), which may not be indicative of the market price of our H Shares following the completion of the [REDACTED]. The market price of our H Shares may drop below the [REDACTED] at any time after the completion of the [REDACTED].

**Future sales or perceived sales or conversion of substantial amounts of our H Shares in the public market could 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 result in dilution of your shareholding.**

Prior to the [REDACTED], there has not been a public market for our H Shares. Only a limited number of the H Shares currently outstanding will be available for sale or issuance immediately after the [REDACTED] due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, the market price of our H Shares could decline as a result of future sales or issuances of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the perception that such sales or issuances may occur. Moreover, such future sales or perceived sales may also adversely affect the prevailing market price of our H Shares and our ability to raise capital in the future at a favourable time and price. The H Shares held by the Controlling Shareholders are subject to certain lock-up undertakings. See "[REDACTED]" for details. We cannot assure you that the Controlling Shareholders will not dispose of such Shares they may own now or in the future.

Furthermore, if additional funds are raised through our issuance of new equity, including primary [REDACTED] of H Shares, convertible securities or equity-linked securities, other than on a pro-rata basis to existing Shareholders, the percentage ownership for such Shareholders may be reduced. Such new securities may also confer rights and privileges that take priority over those conferred by the H Shares.

**Purchasers of our H Shares in the [REDACTED] will experience immediate dilution and may experience further dilution in the future.**

The initial [REDACTED] of our H Shares is higher than the net tangible assets per H share of the outstanding Shares issued to our existing shareholders immediately prior to the [REDACTED]. Therefore, purchasers of our H shares in the [REDACTED] will experience an immediate dilution in terms of the [REDACTED] net tangible asset value. In addition, we may consider offering and issuing additional Shares or equity-related securities in the future to raise additional funds, finance acquisitions or for other purposes. Purchasers of our H Shares may experience further dilution in terms of the net tangible asset value per H Share if we issue additional Shares in the future at a price that is lower than the net tangible asset value per H Share.

**We cannot assure you that the H Shares will remain [REDACTED] on the Stock Exchange.**

Although it is currently intended that the H Shares will remain [REDACTED] on the Stock Exchange, there is no guarantee of the continued [REDACTED] of the Shares. Among other factors, our Company may not continue to satisfy the [REDACTED] requirements of the Stock Exchange. Holders of the H Shares would not be able to sell their H Shares through trading on the Stock Exchange if the H Shares were no longer [REDACTED] on the Stock Exchange.

**Our Controlling Shareholders have substantial influence over our Group and its interests may not be aligned with the interests of our 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, privatisations, 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 that the [REDACTED] are not exercised), the Controlling Shareholders will be together entitled to control the exercise of approximately [REDACTED]% of the voting rights and thus remain as a group of Controlling Shareholders of our Company. The interests of our Controlling Shareholders might differ from the interests of our other Shareholders. In the event that our Controlling Shareholders 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 and our other Shareholders may also materially and adversely affect the aspects such as the decision and implementation of our business plans, which may in turn affect our operations and prospects.

**Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any amount of dividends in the future.**

During the Track Record Period, we declared and paid two dividends in 2024 of RMB9.7 million and RMB18.8 million respectively, and declared and paid two dividends in 2025 of RMB28.3 million and RMB9.4 million respectively. See Note 13 of the Accountants' Report in Appendix I to this document for details our dividends. Dividends paid historically and during the Track Record Period may not be indicative of future dividend payments. We cannot guarantee when, if and in what form dividends will be paid in the future.

Our Directors have significant discretion as to whether to distribute dividends. Even if our Directors decide to declare and pay dividends, the amount of dividends actually distributed to our Shareholders, and the timing, amount and form of future dividends, if any, will depend on, among others, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our Directors. Any declaration and payment as well as the amount of dividends will also be subject to our constitutional documents and the relevant laws. Therefore, it is possible that the return on your investment in our H Shares will depend entirely upon any future price appreciation of our Shares, and there is no guarantee that our H Shares will appreciate in value after the [REDACTED] or even maintain the price at which you purchased the H Shares. You should not rely on an investment in our H Shares as a source for any future dividend income. You may not realise a return on your investment in our H Shares and you may even lose your entire investment in our H Shares.

**If securities or industry analysts do not publish research or publish inaccurate or unfavourable research about our business, the market price for our H Shares and trading volume could decline.**

The trading market for our H Shares will depend in part on the research and reports that securities or industry analysts publish about us or our business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who covers us downgrades our H Shares or publishes inaccurate or unfavourable research about our business, the market price for our H Shares would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for our H Shares to decline.

**Negative publicity, including negative internet postings, about us, management, brand owners and product offerings may have a material adverse effect on our business, reputation and the trading price of our H Shares.**

Negative publicity about us, management, brand owners and product offerings may arise from time to time. Negative comments about the stores operated by us, products offered in such stores, our business operation and management may appear in internet postings and other media sources from time to time and we cannot assure you that other types of negative publicity of a more serious nature will not arise in the future. For example, if our customer service representatives fail to satisfy the individual needs of the end consumers, the consumers may become disgruntled and disseminate negative comments about our solutions. In addition, our brand owners may also be subject to negative publicity for various reasons, such as consumers' complaints about the quality of their products and related services or other public relation incidents of such brand owners, which may adversely affect the sales of products of these brand owners in the stores operated by us and indirectly affect our reputation. Moreover, negative publicity about other online retailers or e-commerce service providers in China may arise from time to time and cause consumers to lose confidence in the products and services we offer. Any such negative publicity, regardless of veracity, may have a material adverse effect on our business and financial results, our reputation and the trading price of our H shares.

**Certain facts, forecast and statistics contained in this document are derived from publicly available official government sources and they may not be reliable.**

This document, particularly the section headed "Industry Overview", contains information and statistics relating to the digital retail market in China. Such information and statistics have been derived from various official governments and other publications. The information and statistics from official government sources have not been independently verified by us, the Sole Sponsor, or any other person involved in the [REDACTED] and no representation is given as to their accuracy. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as or consistent with similar statistics presented elsewhere, and such information may not be complete or up-to-date. In any event, you should consider carefully the importance placed on such information or statistics.

**You should read the entire document and only rely on the information included in this document to make your investment decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our H Shares or the [REDACTED].**

There has been, prior to the publication of this document, and there may be, subsequent to the date of this document but prior to the completion of the [REDACTED], press and media coverage regarding us and the [REDACTED]. Such press and media coverage may include certain financial information, projections, valuations and other forward-looking information about us and the [REDACTED] that does not appear in this document. We have not authorised the disclosure of any such information and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their decisions on the basis of the information contained in this document only and should not rely on any other information.