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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business operations and financial performance may be adversely affected if we fail to timely incorporate new technologies and introduce new products in response to industry trends, downstream demand, and technological advancements.

The flooring industry is evolving rapidly, where technological innovations directly influence product durability, water resistance, installation efficiency and design appeal. Staying competitive requires continuous **[REDACTED]** in research and development, monitoring market trends, and adopting advanced manufacturing techniques such as extrusion optimization, surface coating technologies, and automated production equipment. Failure to timely integrate new technologies or launch innovative products may render our current offerings less attractive, reduce our market share, and limit revenue growth opportunities. Competitors introducing products with superior features or enhanced aesthetic qualities could capture market attention, placing pressure on our **[REDACTED]** and overall competitiveness.

Delayed adoption of innovations or failure to introduce new products in a timely manner may also affect customer confidence, as buyers increasingly demand high-quality and technologically advanced flooring solutions. Inability to respond to market trends promptly could result in lost sales, reduced brand recognition, and operational inefficiencies. Collectively, these challenges could significantly constrain our growth prospects and have a material adverse effect on our business, financial condition, and results of operations.

Fluctuations in market demand across downstream industries for our products could adversely affect our business, financial condition and results of operations.

Economic downturns, rising interest rates, slowdowns in property development, or shifts in consumer preferences could reduce orders from ODMs, distributors, and retail channels. Seasonal variations, market saturation, or unexpected regulatory changes can further amplify volatility in demand, potentially leading to underutilized production capacity, inventory accumulation, and strain on working capital.

In addition, evolving design trends and environmental concerns may shift customer preferences toward alternative flooring products or require additional certifications. Failure to anticipate or respond to these changes in demand could lead to missing sales opportunities, pricing pressures, and increase in operational costs. Such fluctuations, if significant or prolonged, could materially impair our revenue, market positioning, and overall business performance, negatively affecting our financial condition and results of operations.

We face competition and expect to continue facing competition in the future. If we fail to compete effectively, our business, prospects, results of operations and financial condition could be adversely affected.

The flooring industry is highly competitive, with numerous domestic and international players vying for market share. Competition is driven by product quality, durability, aesthetic design, technological upgrade, distribution reach, and price. We compete principally on the basis of our proven track record, differentiated product portfolio, strong product innovation capabilities, global production capacity, customer stickiness, product quality, and our visionary management team. Maintaining a competitive edge requires continuous innovation, efficient production, effective marketing, and strong distributor relationships. Failure to effectively compete with peers could result in reduced sales, margin pressure, and erosion of market share.

The pricing of similar products by competitors may adversely affect the pricing of our products. If our competitors reduce their prices significantly, we may face the pressure to reduce our prices to maintain our competitiveness, which could adversely affect our pricing capability, business, revenue, and profitability. Intense competition may also necessitate increased marketing and promotional expenditures to maintain brand visibility and customer loyalty, potentially increasing operational costs. If we cannot sustain differentiation or respond strategically to competitors' offerings, our growth may be limited, our operational efficiency impaired, and our reputation weakened. Such challenges could have a significant adverse impact on our business, financial condition, and results of operations.

Our business is subject to legal, regulatory, political, economic, commercial and other risks associated with our operations in overseas markets, including those arising from trade tensions, tariff measures or other trade-related restrictions.

We conduct international business, in particular, overseas sales of PVC flooring products, exposing us to regulatory, political, and economic risks abroad. During the Track Record Period, we had operations primarily in Chinese Mainland and Vietnam, and our sales covered North America, Europe, and other countries and regions. Trade policies, tariffs, sanctions, and import/export restrictions may increase operational costs, limit market access, or create compliance burdens. Political instability, legal uncertainties, or sudden regulatory changes in overseas markets could disrupt distribution channels or delay shipments, affecting our revenue and profitability. In particular, there is no assurance that certain clients may, based on their own business judgement, to place orders for our products in anticipation of the mitigation of expected evolvement of tariff related policies, which is subjective in nature. Such factors beyond our control, may, in turn, affect their purchasing capacity or willingness in a specific period of time in the future given changes in related economic conditions and/or policies.

Economic volatility, foreign tax changes, or currency regulations may also negatively influence pricing, cost management, and market competitiveness. In addition, our plans for overseas business development may require significant investments in sales and marketing, human resources, and research and development, which may not yield the expected return on investment. Failure to manage these overseas risks effectively could reduce international sales, strain operational resources, and adversely impact our business, financial condition, and results of operations.

Our success depends on our strong and stable relationships with our customers. If we fail to diversify our customer base, or if any disruption occurs in our relationships with these customers, our business, financial condition and results of operations could be adversely affected.

Flooring material brand owners and retailers are critical to the marketing and sales of our flooring products. During the Track Record Period, revenues generated from our five largest customers amounted to 46.6%, 39.0% and 38.9% of our total revenue in 2023, 2024 and 2025, respectively. During the same period, sales to our largest customer accounted for 31.9%, 28.6% and 29.2% of our total revenue, respectively. A high concentration of sales among a limited number of customers may expose us to significant revenue risks if any relationship deteriorates due to disputes, defaults, or shifting market priorities. Maintaining trust through timely delivery, product availability, and responsive service is essential to these relationships. In the future, our current major customers may decide not to purchase our products, may purchase fewer of our products than they did in the past, or may alter their purchasing patterns. If our major customers scale back or terminate their business relationship with us, or if we are unable to negotiate favorable contractual terms with them, or we are unable to secure new customers at all or on favorable or comparable terms, our business, financial condition, and results of operations may be materially and adversely affected.

Disruptions in customer relationships may lead to order cancellations, delayed payments, or lost market opportunities. Negative feedback or dissatisfaction with product quality, service, or pricing could damage our reputation and reduce our ability to attract new customers. Significant or prolonged disruptions could materially impair revenue, operational efficiency, and market position, adversely affecting our business, financial condition, and results of operations.

We have invested and plan to continue investing in research and development, but these efforts may not produce the anticipated results.

We allocate substantial resources to R&D for the development of new flooring products, process optimization, and material improvements. During the Track Record Period, our R&D expenses amounted to RMB51.7 million, RMB50.8 million and RMB53.0 million in 2023, 2024 and 2025, respectively. These investments involve inherent uncertainty, as research timelines may extend, technical solutions may not meet expectations, or new products may fail to gain market acceptance. Delays or failures in R&D could result in missed market opportunities, reduced competitiveness, and inefficient allocation of resources.

If R&D initiatives do not generate commercially successful products, these costs may not be recoverable, limiting our ability to invest in other strategic initiatives. Unsuccessful R&D could hinder innovation, slow market expansion, and negatively impact sales and profitability, potentially having a material adverse effect on our business, financial condition, and results of operations.

Any problem with our product quality or performance may subject us to loss of revenue, potential claims, legal liabilities and reputational damage.

Maintaining consistent product quality is critical in the PVC flooring markets, where durability, water resistance, fire safety, and aesthetic consistency are expected by customers. Any quality defects, including surface damage, delamination, dimensional inaccuracies, or insufficient durability, could lead to returns, warranty claims, or regulatory scrutiny. Even isolated incidents can damage brand perception through distributor feedback, online reviews, or industry publications, reducing repeat sales and limiting market expansion. Remediation efforts require resource allocation for inspections, replacements, and customer communications, diverting management focus from growth initiatives.

Recurring or serious quality issues could erode customer trust and confidence, and weaken competitive positioning. The financial consequences may include direct costs of remediation, product returns, and litigation, as well as indirect costs such as lost sales and increased insurance premiums. Reputational damage could hinder distributor relationships and market expansion, collectively potentially impacting our business, financial condition, and results of operations.

Our historical performance may not be indicative of, or guarantee, similar results in the future, and any failure to achieve expected future performance could adversely affect our business, financial condition, and results of operations.

Demand for flooring products is influenced by macroeconomic conditions, construction activity, consumer preferences, and competitive intensity. While our revenue and business have grown continuously throughout the Track Record Period, our historical results may not provide a meaningful basis for evaluating our business, financial condition, and results of operations. We may encounter unforeseen expenses, difficulties, delays, and other known and unknown challenges, and may not be able to achieve promising results in future periods. We cannot assure you that we will be able to achieve similar results or grow at the same rates as we did in the past. In future periods, our revenue growth may slow down or even decline for a number of reasons, including slowing demand for our products, intensified competition, material changes in technology, declining growth rate of our total addressable market, unexpected regulatory changes, raw material cost fluctuations or our failure to continue to take advantage of growth opportunities. In particular, prices of PVC resin powder, our key raw material, may fluctuate and trend upward in the periods ahead. In addition, volatility in the RMB/USD exchange rate may adversely affect the settlement value of our USD-denominated orders, particularly in the event of RMB appreciation.

Failure to achieve projected results may reduce **[REDACTED]** confidence, limit financing options, and constrain our ability to fund R&D, marketing, and expansion initiatives. Such underperformance could affect strategic partnerships, slow market penetration, and impair operational flexibility, potentially adversely affecting our business, financial condition, and results of operations.

We are exposed to risks associated with our global operations and will continue to be subject to such risks as we continue to expand our business overseas.

We have established a global manufacturing and sales network. During the Track Record Period, we also sold our products to overseas markets. During the Track Record Period, our revenue from overseas markets amounted to RMB1,799.8 million, RMB2,042.5 million and RMB2,306.7 million, respectively, accounting for 78.3%, 86.7% and 91.2% of our total revenue for the same years. We have our overseas manufacturing in Vietnam. Demand for and acceptance of our products marketed and sold abroad are uncertain and may be significantly affected by local market conditions, customs tariff policies and regulatory requirements. In addition, our global operations involve substantial risks, including exchange rate fluctuations, foreign exchange controls, compliance with local foreign regulatory approval and filing procedures, higher costs related to market entry, customer support and legal compliance, as well as exposure to adverse economic conditions, political instability, trade barriers, costs of raw materials, logistical disruptions and rising transportation costs. Furthermore, global or regional economic growth may vary from year to year, and such growth may be uneven. If the business environment in the overseas markets where we operate changes, our business and financial condition may be materially and adversely affected.

Fluctuations in prices of key raw materials or shortage of supply could adversely affect our production costs, gross margin and results of operations.

The production of PVC flooring products relies heavily on PVC resin powder. We incurred raw material costs included in cost of sales amounting to RMB1,263.2 million, RMB1,248.1 million and RMB1,279.5 million in 2023, 2024 and 2025, representing 72.7%, 70.4% and 67.8% of cost of sales, respectively. Global market volatility, supply chain disruptions, and geopolitical events can lead to significant changes in raw material costs. Sudden increases in input prices may compress gross margins, particularly in a competitive market where passing cost increases to customers is limited by prevailing market prices. We are exposed to fluctuations in costs of raw material and components and may not be able to pass such increases on to customers in a timely manner, particularly if market prices or demand for raw materials or components rise. Any failure to accurately estimate material costs or hedge against price increases could directly and adversely affect our cost of sales, business operations and profitability.

Our trademarks and other intellectual properties are valuable assets, and if we are unable to protect them from infringement, our business prospects may be harmed.

As of December 31, 2025, we owned 121 and 26 patents in Chinese Mainland and overseas, respectively. In addition, we own 33 and 6 trademarks in Chinese Mainland and overseas, respectively. We regard our trademarks, copyrights, patents, domain names, know-how, proprietary technologies, and similar intellectual property as critical to our success, and we rely on a combination of intellectual property laws and contractual arrangements, including confidentiality, invention assignment, and non-compete agreements with our employees and others, to protect our proprietary rights. We may become an attractive target to counterfeiting and intellectual property theft activity. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented, or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages. Unauthorized use or imitation by competitors could reduce market share, compromise brand reputation, and affect sales. Enforcing intellectual property rights can be time-consuming, expensive, and uncertain, particularly in jurisdictions with differing legal standards.

Inadequate protection may hinder product launches, restrict licensing opportunities, and limit market expansion. Any failure to protect or enforce intellectual property rights could materially compromise our competitive advantage and operational flexibility, potentially affecting our business, financial condition, and results of operations.

We face legal, reputational, and financial risks from any failure to protect our customers and ourselves from cybersecurity incidents, breaches, or attacks.

Our business operations involve activities related to data, including the collection, use, storage, retention, disclosure, and other processing of data. Our information technology systems may be subject to computer viruses or other malicious codes, unauthorized access attempts, phishing, and other cyberattacks. We continue to assess potential cybersecurity threats and invest in measures to prevent them, including network and system monitoring, skills and employee training, and enhancements to our security policies. However, cyberattack techniques evolve quickly and may remain undetected for extended periods, making it challenging to anticipate or implement adequate preventative measures. Although we have not experienced any material impact on our business or operations to date, we cannot guarantee that our security efforts will prevent future breaches or failures of our information systems. Any malfunction, disruption, or unauthorized access to the information technology systems or networks we rely on, or any failure of our business continuity plans to address such incidents in a timely manner, could expose us to reputational, competitive, and business harm, as well as litigation and regulatory actions, including administrative penalties. The costs and operational consequences of responding to cybersecurity incidents and implementing remediation measures could also be significant.

Our success depends on our ability to attract and retain key employees, and our failure to do so could harm our ability to grow our business and execute our business strategies.

Our operations depend on skilled personnel, including R&D personnel and designers, production operators, quality assurance specialists, and sales professionals, particularly those experienced in PVC flooring and automated production. Competition for talent is intense, and failure to attract or retain employees may delay product development, reduce efficiency, and impair strategic execution. High turnover may increase recruitment and training costs, create knowledge gaps, and reduce morale. If we cannot maintain a skilled workforce, our operational continuity, product innovation, and sales execution could be compromised, potentially adversely affecting our business, financial condition, and results of operations.

Delivery delays, inappropriate conduct or misconduct by third party logistics service providers or disruptions in the transportation network may adversely affect our business.

Efficient logistics is essential to us, where timely delivery affects business relationships and customer satisfaction. Reliance on third-party logistics providers and transportation networks exposes us to risks from vehicle breakdowns, labor strikes, extreme weather, or mishandling, potentially causing shipment delays, product damage, and contractual penalties. Operational disruptions may necessitate emergency logistics solutions, increasing costs and reducing efficiency. Any delivery issues could damage brand reputation, weaken customer trust, and reduce revenue, potentially adversely impacting our financial condition and results of operations.

In addition, we rely on ocean freight service providers to transport our products to overseas customers. The number of such providers is limited, and freight rates are highly susceptible to fluctuations in the international shipping market. We have outsourced our marine transportation and logistics management, especially in overseas markets, to third-party logistics service providers over whom we do not have direct control. However, we cannot assure you that we will be able to renew or extend such contracts with our marine logistics service providers on similar terms, or at all. Ocean freight capacity may become tight from time to time due to fluctuations in global shipping demand, geopolitical tensions, port congestion, labor shortages, or other unforeseen events. Freight rates may also increase significantly as a result of volatility in the international shipping market. These factors could lead to delays in the delivery of our products, higher transportation costs, and disruptions to our supply and delivery schedules. Any such developments may materially and adversely affect our business, financial condition, and results of operations.

Our financial results are affected by fluctuations in foreign currency exchange rates.

We conduct international business, including exports of products, and our consolidated financial results are affected by foreign exchange rate fluctuations. During the Track Record Period, a majority of our sales were settled in U.S. dollars. However, our costs are generally denominated in Renminbi and Vietnamese Dong. Accordingly, fluctuations in exchange rate of U.S. dollars, Renminbi, and Vietnamese Dong may affect our price competitiveness and harm our business operations and financial performance. We recorded net foreign exchange gains of RMB10.6 million in 2023, RMB11.8 million in 2024 and net foreign exchange loss of RMB14.5 million in 2025, respectively. We cannot assure that we will make similar or any net foreign exchange gain in the future, which will in turn affect our future financial performance. If the RMB appreciates against the U.S. dollar and other factors remain unchanged, our profit before taxation would decrease, and vice versa. We cannot predict the impact of future exchange rate fluctuations on our results of operations and may incur net foreign currency losses in the future. Our results of operations and financial condition will also be affected by U.S. monetary policies and other macroeconomic conditions, which are out of our control and unpredictable.

Exchange rate fluctuations may affect customers' procurement plans, increase costs, compress margins, and affect the translation of foreign revenues. Hedging strategies may not fully eliminate these risks, particularly during prolonged or severe currency volatility. Adverse exchange rate movements could necessitate price adjustments or impact competitiveness abroad. Sustained volatility may disrupt financial planning, cash flow, and profitability, potentially adversely affecting our business, financial condition, and results of operations.

We may be exposed to customer credit risk, and delays in collecting trade and bills receivables could adversely affect our financial condition and results of operations.

Our sales often involve credit arrangements with our customers. During the Track Record Period, we generally grant a credit term of 30 to 120 days to our five largest customers. While credit terms facilitate sales growth and customer loyalty, they expose us to the risk of late payments, defaults, or insolvencies. As of December 31, 2023, 2024 and 2025, our trade and bills receivables were RMB379.5 million, RMB335.9 million and RMB430.4 million, respectively. The average turnover days of our trade and bills receivables were 53 days, 55 days and 55 days during the same years, respectively. See "Financial Information — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Trade and Bills Receivables" in this document. If key customers experience financial difficulties or delay payment, our cash flow may be constrained, affecting working capital, the ability to fund production, pay suppliers, or invest in growth initiatives.

Delays in collection may also increase the need for provisions for doubtful accounts, reducing net income and potentially impacting financial ratios used by investors and lenders. Concentration of receivables among a limited number of customers can amplify exposure, and disputes over product quality or delivery terms may further complicate collection. If these risks materialize, our operational continuity, liquidity, and financial results may be adversely affected, potentially impairing our business, financial condition, and results of operations.

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

As of December 31, 2023, 2024 and 2025, our inventories were RMB368.2 million, RMB343.6 million and RMB353.9 million, respectively. In 2023, 2024 and 2025, our inventory turnover days were 63 days, 73 days and 67 days, respectively. Inventory management is critical for aligning production with market demand. Overstocking can tie up capital, increase storage costs, and create risk of obsolescence for seasonal or design-specific products. Conversely, stockouts may result in missed sales opportunities, dissatisfied distributors, and damage to brand reputation. Ineffective inventory planning can also necessitate expedited production runs or emergency procurement, increasing operational costs and reducing efficiency.

In addition, our international operations involve long-distance transportation and long lead times, which make it more complicate for us to react promptly to market changes and demand fluctuations. Over time, inventory inefficiencies could reduce profitability, weaken market competitiveness, and constrain operational flexibility, potentially resulting in a material adverse effect on our business, financial condition, and results of operations.

Price volatility also complicates production planning, inventory management, and financial forecasting. Sustained or unpredictable fluctuations may require renegotiation of supply contracts, adjustments in product pricing, or temporary production changes, which can impact customer relationships. If raw material cost risks materialize significantly, they may adversely affect our profitability, operational efficiency, and overall business performance.

We may outsource certain of our production processes to third-party manufacturers in the ordinary course of our business, which exposes us to potential risks.

To meet peaks in demand, we sometimes rely on third-party manufacturers to supplement our production capacity. Outsourced production may expose us to risks including inconsistent product quality, delays, and operational disruptions. Failure of third-party manufacturers to meet quality or delivery requirements may result in defective products, missed orders, and reputational damage.

Dependence on external partners also reduces direct operational control and requires ongoing monitoring and oversight. Operational or quality failures at outsourced facilities may increase costs, disrupt supply chains, delay deliveries, and negatively affect revenue. These risks could collectively have a material adverse impact on our business, financial condition, and results of operations.

Our business may be adversely affected due to risks relating to the acts of our distributors and their potential breach of distribution agreements.

We engaged certain distributors in the operation of our OBM business in Chinese Mainland. Any misconduct, non-performance, or contractual breach by distributors could result in delayed deliveries, loss of sales, reputational damage, or legal disputes. Enforcing contracts or replacing underperforming distributors may require significant resources and distract management from strategic initiatives.

Disruptions in distribution channels could limit market coverage, delay product launches, and reduce customer access to our products. Such challenges may negatively affect revenue, market positioning, and profitability, potentially impairing our business performance, financial condition, and results of operations.

If we are unable to protect or promote our brands and reputation, our business may be materially adversely affected. Negative publicity or rumors about us, our products, our management, directors, employees, shareholders, customers, business partners or their affiliates or our industry in general may adversely affect our reputation and business.

Our brand reputation is a key competitive asset in the flooring market, where quality, durability, and design are critical purchasing factors. Negative publicity, whether arising from product defects, service failures, legal disputes, or public commentary, can quickly spread through social media, online platforms, or industry channels, damaging customer confidence and eroding trust with distributors and end users. Reputational damage may also impede market expansion, hinder distributor partnerships, and reduce sales opportunities. Even unfounded rumors or negative press may require extensive management resources to address, distract from business operations, and potentially lead to long-term declines in revenue and profitability. Failure to effectively manage brand perception could significantly impair our business, financial condition, and results of operations.

In addition, any actual or alleged violations of laws or regulations, or involvement in legal or administrative proceedings by us or such parties, could adversely affect public perception of our credibility. Negative publicity relating to the flooring industry more broadly may also undermine customer confidence in our products. Any adverse publicity or allegations, regardless of merit, may require significant management time and resources to address and may not be effectively mitigated. As a result, our reputation, business relationships, operating results and financial condition, as well as the market price of our H Shares, could be materially and adversely affected.

Our strategic acquisitions and investments in participants of the global supply chain are subject to significant uncertainties and may not achieve the intended outcomes.

We may acquire, invest in or form joint ventures with industry participants of the global supply chain, which may not achieve the expected results. We intend to allocate approximately **[REDACTED]** of the **[REDACTED]** from the **[REDACTED]**, or HK$**[REDACTED]**, to the enhancement of our global supply chain capabilities to better serve our customers. We may also from time to time pursue strategic alliances, joint ventures, licensing arrangements or acquisitions of businesses, products, technologies or know-how in connection with such initiatives. Such investments, arrangements and transactions involve inherent risks, including difficulties in system or business integration, reliance on third-party service providers, technology platforms or other business partners, management distraction, cultural or operational misalignment, failure to achieve anticipated operational efficiencies, cost overruns, delays in implementation, and unforeseen technical challenges, and the assumption of actual or contingent liabilities that may not have been identified at the time of entry. In addition, the development and deployment of a supply chain management platform may not meet the evolving needs of our global customers or may fail to deliver the expected improvements in supply chain efficiency and cost reduction. There can be no assurance that we will realize the expected benefits of such investments, and any failure to do so could materially and adversely affect our business, financial condition and results of operations.

Our business may be impacted by geopolitical tensions, war, terrorism, public health issues, natural disasters and other business interruptions.

The flooring industry is sensitive to macroeconomic conditions, including economic slowdowns, geopolitical conflicts, and public health crises. Events such as war, terrorism, pandemics, or natural disasters may disrupt production, delay shipments, or reduce consumer demand. These events may also increase raw material costs, labor expenses, or transportation delays, thereby impacting operational efficiency and profitability. Unexpected business interruptions may require emergency response measures, including rerouting supply chains, temporary plant closures, or alternative sourcing arrangements, all of which can increase costs. Prolonged or severe disruptions could negatively affect revenue, cash flow, and operational continuity, potentially adversely affecting our business, financial condition, and results of operations.

In addition, our business is subject to risks related to outbreaks of a widespread health epidemic or pandemic, and other catastrophes. The occurrence of any of the foregoing events may harm the global and regional economy in general, disrupt our operations, and have an adverse effect on our business, results of operations and financial condition.

We are subject to anti-money laundering ("AML"), anti-corruption, anti-bribery, anti-terrorism, export controls, sanctions and similar laws, as well as international trade policies and actions. Non-compliance with such laws can subject us to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses.

Our operations involve international procurement, sales, and distribution of flooring products, exposing us to multiple regulatory frameworks. Non-compliance with AML, anti-bribery, sanctions, or export control laws could result in severe legal and financial penalties, restrictions on business operations, and damage to our reputation. Ensuring compliance requires continuous monitoring, training, and auditing across all jurisdictions where we operate. Even inadvertent violations may lead to investigations, reputational harm, loss of market access, or civil and criminal liabilities. Regulatory scrutiny could also require significant management resources and increase operating costs. Any failure to comply with these laws and policies could negatively affect our business, financial condition, and results of operations.

Failure to detect or prevent fraudulent, illegal activities or other misconduct by our employees, customers, suppliers or other business partners may materially and adversely affect our business.

Our operations depend on the integrity of employees, suppliers, distributors, and other partners. Fraudulent or illegal actions, including misreporting of financial data, falsification of quality reports, bribery or theft, could result in financial losses, regulatory penalties, or reputational damage. Our internal control procedures are designed to monitor our operations and ensure overall compliance. However, these procedures may be unable to identify all non-compliance incidents or suspicious activities in a timely manner or at all. For example, bribery, including acceptance of kickbacks or other illegal benefits or gains by our employees or third parties, such as our suppliers, in our ordinary course of business, may be difficult to detect or prevent, and the precautions we take to detect and prevent such activities may not be effective. Failure to prevent or address such activities may undermine **[REDACTED]** confidence, disrupt operations, and lead to legal disputes. Misconduct could also impair relationships with customers, distributors, and regulators, ultimately affecting revenue, operational performance, and profitability, potentially adversely impacting our business, financial condition, and results of operations.

In addition to potential financial losses, misconduct of our employees or third parties could subject us to third-party claims and regulatory investigations. However, there is no assurance that our internal control measures can be adequate for us to detect and prevent fraud or other misconduct, either previously conducted or may occur in the future, by our current or former employees or by third parties.

We may from time to time become a party to litigation, arbitration, other legal and contractual disputes, claims and administrative proceedings.

Litigation or disputes may arise from customer claims, supplier disagreements, employment issues, intellectual property rights, or regulatory compliance matters. Such proceedings can be costly, time-consuming, and divert management attention from core operations. Unfavorable outcomes could result in damages, injunctions, penalties, or enforcement actions, affecting our financial position and operational flexibility. Even if claims are successfully defended, legal disputes may lead to increased insurance premiums, reputational harm, and strain on customer and partner relationships. The cumulative effect of these legal risks may adversely affect our business, financial condition, and results of operations.

Failure to obtain or maintain the necessary approvals, licenses, and permits may adversely affect our business and operations.

Our production and sales require regulatory approvals, safety certifications, environmental permits and other licenses. Failure to secure or renew required permits may delay production, restrict sales, or prevent participation in certain markets. Regulatory inspections or audits may also result in corrective actions or fines if deficiencies are identified. Non-compliance may limit operational flexibility, damage relationships with customers and distributors, and result in lost revenue opportunities. Prolonged inability to obtain or maintain required permits could materially disrupt production and distribution, adversely impacting our business, financial condition, and results of operations.

Expiration of, or changes to, certain government grants and preferential tax treatments which we are entitled to could adversely affect our financial condition and results of operations.

During the Track Record Period, one of our subsidiaries was entitled to a preferential Enterprise Income Tax ("**EIT**") rate of 15% as it was a qualified high and new technology enterprise. Our Vietnam subsidiary was also entitled to a preferential tax treatment of exemption for the first two years and 50% reduction for the subsequent four years since incurring income tax. Preferential tax treatments and other incentives granted to us by PRC and overseas governmental authorities are subject to review and renewal and may be adjusted or revoked in the future. The discontinuation of any of our current tax treatments could materially increase our tax obligations and adversely impact our net income.

Our business is capital-intensive and any short-term difficulties in cash flow could adversely affect our ability to meet debt obligations.

The manufacturing and distribution of flooring products require substantial capital for machinery, production lines, inventory and facility maintenance. Any disruption in cash flow, whether due to delayed receivables, raw material price volatility, or unforeseen operating expenses, may hinder our ability to service existing debt or finance new capital projects. Failure to meet debt obligations could result in increased borrowing costs, enforcement actions by creditors, or damage to our credit rating.

Moreover, fluctuations in working capital requirements during demand peaks may strain liquidity, limiting our capacity to invest in production upgrades, new technologies, or market expansion. Short-term financing challenges or liquidity constraints could impair operational efficiency and strategic flexibility, potentially adversely affecting our business, financial condition, and results of operations.

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

Pursuant to relevant PRC laws and regulations, employers are obligated to duly contribute to the social insurance and housing provident fund for their employees. During the Track Record Period, we did not make social insurance and housing provident fund contributions for some of our employees in full. As advised by our PRC Legal Adviser, pursuant to applicable PRC laws and regulations, if an employer fails to make social insurance contributions in full, the relevant authorities could order the employer to pay, within a prescribed time limit, the outstanding amount with an additional late payment penalty at the daily rate of 0.05%, and if the employer fails to make the overdue contributions within such time limit, a fine equal to one to three times the outstanding amount may be imposed. Additionally, pursuant to applicable PRC laws and regulations, if the employer fails to register and establish an account for housing provident fund contributions, the authority could order the employer to correct it within a prescribed time limit, where failure to do so at the expiration of the time limit shall result in a fine of not less than RMB10,000 nor more than RMB50,000 being imposed. Where an employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the authority could order it to make the payment and deposit within a prescribed time limit, and where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a court in China for compulsory enforcement.

Furthermore, pursuant to the *Interpretation II of the Supreme People's Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases* (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) promulgated on July 31, 2025 and effective as of September 1, 2025, if the employer and its employee agree or the employee undertakes that social insurance contributions need not be paid, the People's Court shall deem such agreement or undertaking invalid. Furthermore, where the employer fails to pay social insurance contributions in accordance with the applicable laws, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to the Labor Contract Law of the PRC, the People's Court shall support such claims. See "Regulatory Overview — Regulations Relating to Labour and Employment — Social Insurance" in this document. As of the Latest Practicable Date, we had not received any notice from the relevant government authorities or any claim or request from these employees in this regard. However, we cannot assure you that we will not receive any complaint or demand for social insurance or housing provident fund contribution from our employees, or that the relevant PRC authorities will not require us to make additional social insurance and housing provident fund contributions. If such circumstances occur, our business, financial condition, and results of operations may be adversely affected.

We may be subject to fines for failure to register some of our leases, and our legal right to use certain properties could be challenged or restricted.

Under the applicable PRC laws and regulations, parties to a lease agreement are required to register and file the executed lease agreement with the relevant government authorities. As of December 31, 2025, we had not obtained lease registration for 15 leased properties in China. As advised by our PRC Legal Adviser, while failure to complete the lease registration will not affect the legal effectiveness of the lease agreements under PRC law, relevant real estate administrative authorities may require parties to the lease agreements to complete registration within a prescribed period of time and failure to do so may subject the parties to fines ranging from RMB1,000 to RMB10,000 for each non-registered lease. While we had not received any such request or suffered any such fine from the relevant government authorities as of the Latest Practicable Date, we cannot assure you that we will not be subject to penalties or other disciplinary actions for our past and future non-compliance.

Failure to effectively utilize our production facilities or successfully execute our equipment maintenance and upgrades or capacity expansion plans may have a material adverse effect on our business, financial condition and results of operations.

Our production capabilities rely on a combination of advanced technologies and machinery. Inefficient utilization, equipment downtime, or delays in maintenance and upgrades could limit production output, increase per-unit costs, and constrain our ability to meet market demand. Capacity expansion initiatives require substantial investment and planning, and failure to execute effectively could hinder our growth.

Underutilized or inefficient production facilities may also limit our responsiveness to market fluctuations or seasonal demand, potentially resulting in lost sales or customer dissatisfaction. The inability to optimize production capacity could adversely affect profitability, operational efficiency, and long-term competitiveness, impacting our business, financial condition, and results of operations.

Any disruption to the operation of our production facilities or interruptions in our information technology systems could adversely affect our business.

We manufacture our products primarily at facilities in Changzhou, China and Quang Ninh, Vietnam. These facilities may be damaged or disrupted by events beyond our control, including natural disasters, equipment failures, power outages, regulatory actions or loss of required permits, which could impair our ability to meet customer demand, support clinical trials or fulfill contractual obligations. In addition, if we fail to timely or cost-effectively upgrade our facilities, equipment or manufacturing processes in response to technological advancements, our production capacity may be constrained, which could limit our growth and adversely affect our business and financial condition. Disruptions in production can lead to delayed deliveries, dissatisfied distributors, or missed sales opportunities. Recovery from unplanned interruptions may require additional investment in repairs, alternative production arrangements, or overtime labor, potentially increasing costs and adversely impacting revenue, operational efficiency, and financial performance.

Our insurance coverage may not fully protect us against all potential business risks.

We maintain different types of insurance policies that are required under PRC laws and regulations as well as based on our assessment of our operational needs and industry practice. See "Business — Insurance" in this document. Our insurances may not provide adequate coverage for all the risks in connection with our business operations. If we were to incur substantial losses and liabilities that are not covered by our insurance policies, we may be required to bear our losses to the extent that our insurance coverage is insufficient. As a result, we could suffer significant costs, which could have an adverse effect on our financial condition and results of operation.

We are subject to certain risks relating to third-party payment arrangements.

During the Track Record Period, certain of our customers settled their payments with us through third-party payors. In 2023, 2024 and 2025, the amount of third-party payments accounted for 2.6%, 0.9% and 0.6% of our total revenue, respectively.

We might be subject to various risks relating to such payment arrangements, such as possible claims from such payors for return of funds as they were not contractually indebted to us and possible claims from liquidators of third-party payors, and potential money laundering risks as we, in certain occasions, may have limited knowledge about the source and purpose of the funds utilized by the third-party payors. In the event of any claims from third-party payors or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us in respect of third-party payments, we will have to spend substantial financial and managerial resources to defend against such claims and legal proceedings, and we may be forced to comply with the court ruling and return the payments for the products that we sold. As a result, our business, financial condition, and results of operations may be adversely affected. See section headed "Business — Third-Party Payment Arrangements" in this document.

We may face certain risks relating to our transfer-pricing arrangement.

Our operations involve multiple subsidiaries, joint ventures, and cross-border transactions. Transfer-pricing arrangements must comply with relevant tax regulations, and any disputes or adjustments by tax authorities may result in additional taxes, penalties, or interest. Non-compliance could increase operational costs, affect reported earnings, and divert management attention from business operations.

Uncertainty in transfer-pricing rules or changing regulatory interpretations may increase financial exposure and operational risk. Challenges in establishing defensible pricing strategies could affect profitability, financial reporting, and overall business performance, potentially impacting our business, financial condition, and results of operations.

If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.

We are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Our operations involve the use of hazardous and flammable materials, including chemicals. Our operations also produce hazardous waste. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials, and we may be found liable for any resulting damages. Furthermore, we may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or manufacturing activities. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

RISKS RELATING TO THE JURISDICTION IN WHICH WE OPERATE

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

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

Holders of our H Shares may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our H Shares.

Under the IIT Law and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to a 20% PRC income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws. Pursuant to the *Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045* (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》)(Guo Shui Han [2011] No. 348)(國稅函[2011]348號) dated June 28, 2011, issued by the SAT, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides as well as the tax arrangement between the PRC and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us. However, pursuant to the *Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares* (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF of the PRC and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. In addition, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the *Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation* (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》)(Cai Shui [2009] No. 167) which states that individuals' income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the *Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations* (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》)(Cai Shui [2010] No. 70). As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges. However, there is no assurance as to whether further implemented laws, regulations, or practices in the future would result in levying income tax on non-PRC resident individuals on gains from the sale of H shares.

For non-PRC resident enterprises that do not have establishments or premises in China, and for those that have establishments or premises in China but whose income is not related to such establishments or premises, under the EIT Law and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are subject to PRC EIT at a 10% rate. In accordance with the *Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares* (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》)(GuoShuiHan[2008]No. 897) issued by SAT on November 6, 2008, the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares will be 10% and we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval. Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations by the competent tax authorities shall be in accordance with the then effective laws and regulations, and new taxes may be imposed which may adversely affect the value of your **[REDACTED]** in our H Shares.

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

Policies and regulations regarding foreign currency conversion may affect our ability to pay dividends and other obligations.

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

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

We may be subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with future capital raising activities.

On February 17, 2023, the CSRC issued the Overseas Listing Trial Measures and five supporting guidelines, which had become effective on March 31, 2023 (the "**Overseas Listing Regulations**"). The Overseas Listing Regulations are applicable to overseas securities offering and listing conducted by issuers who are (i) companies incorporated in the PRC and (ii) companies incorporated overseas with substantial operations in the PRC. The Overseas Listing Regulations lay out the arrangements for regulatory filings for both direct and indirect overseas offerings and clarify the determination criteria for indirect overseas offerings in overseas markets. See "Regulatory Overview — Regulations Relating To Securities and Overseas Listing — Overseas Listing Regulations — Regulations Relating to Overseas Listing" in this document. The Overseas Listing Regulations, or any pertinent rules or regulations promulgated in the future, may subject us, or our financing activities, to additional compliance requirements in the future. Any failure on our part to fully comply with the new regulatory requirements may significantly limit or completely hinder our future financing activities.

You may encounter difficulty in effecting service of legal process upon, and enforcing foreign judgments against us, our Directors and senior management.

We are a company incorporated under the laws of the PRC, and a majority of our assets are located in China. In addition, a majority of our Directors and senior management reside in China, and the assets of our Directors and senior management are likely to be located within China. As a result, it may not be possible to effect service of process upon most of our Directors and senior management outside the PRC.

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

RISKS RELATING TO THE [REDACTED]

No [REDACTED] currently exists for our H Shares, and an active [REDACTED] market for our H Shares may not develop or be sustained.

Prior to the **[REDACTED]**, there has been no **[REDACTED]** for our H Shares. The **[REDACTED]** for our H Shares was the result of negotiations between us, the **[REDACTED]** on behalf of the **[REDACTED]**, and the **[REDACTED]** may differ significantly from the **[REDACTED]** for our H Shares following the **[REDACTED]**. We have applied for **[REDACTED]** of, and permission to **[REDACTED]**, our H Shares on the Stock Exchange. A **[REDACTED]** on the Stock Exchange, however, does not guarantee that an active and liquid **[REDACTED]** market for our H Shares will develop, or if it does develop, that it will be sustained following the **[REDACTED]** or that the **[REDACTED]** of our H Shares will not decline following the **[REDACTED]**. Furthermore, the **[REDACTED]** and **[REDACTED]** volume of our H Shares may be volatile and subject to significant fluctuations due to a wide range of factors, many of which are beyond our control and difficult to predict. Such volatility may not be closely related to our operating performance and could adversely affect the **[REDACTED]** price and **[REDACTED]** of our H Shares.

Moreover, the securities market has from time to time experienced significant price and volume fluctuations that were unrelated, or not directly related, to the operating performance of the underlying companies. These broad market and industry fluctuations may have a material and adverse effect on the **[REDACTED]** and **[REDACTED]** volume of our Shares.

The [REDACTED] of our H Shares may fluctuate, and such volatility may lead to substantial losses for [REDACTED].

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

Potential [REDACTED] will experience immediate and substantial dilution as a result of the [REDACTED].

Potential **[REDACTED]** will pay a price per H Share in the **[REDACTED]** that substantially exceeds the per H Share value of our tangible assets after subtracting our total liabilities as of December 31, 2025. Therefore, purchasers of our H Shares in the **[REDACTED]** will experience a substantial immediate dilution in **[REDACTED]** assets, and our existing Shareholders will receive an increase in the **[REDACTED]** adjusted **[REDACTED]** assets per Share on their Shares. As a result, if we were to distribute our **[REDACTED]** assets to the Shareholders immediately following the **[REDACTED]**, potential **[REDACTED]** would receive less than the amount they paid for their H Shares. For more information, see "**[REDACTED]** — Unaudited **[REDACTED]** Financial Information" in this document.

There can be no assurance that we will declare and distribute any amount of dividend in the future.

We cannot guarantee when and in what form dividends will be paid on our H Shares following the **[REDACTED]**. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, including, without limitation, our business and financial performance, capital and regulatory requirements, and general business conditions. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. See "Financial Information — Dividend Policy" in this document.

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

The **[REDACTED]** of our H Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate could be negatively impacted as a result of future sales of substantial amounts of our H Shares or other securities relating to our H Shares in the **[REDACTED]**, especially by our Directors, executive officers and Controlling Shareholders, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Certain amounts of our H Shares are subject to **[REDACTED]** periods beginning on the date on which our H Shares are globally offered on the Stock Exchange. While we currently are not aware of any intention of such Shareholders to dispose of substantial amounts of their H Shares after the expiry of the **[REDACTED]** periods, we cannot assure you that they will not dispose of any H Shares they may own now or in the future. Market sales of H Shares by such Shareholders and the availability of these H Shares for future sales may have a negative impact on the **[REDACTED]** of our H Shares.

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

The interests of our Controlling Shareholders may differ from the interests of our other Shareholders. Our Controlling Shareholders could have significant influence in determining the outcome of any corporate transaction or other matters submitted to our Shareholders for approval. This concentration of ownership, as a result, may discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for their H Shares in a sale of our Company or may reduce the **[REDACTED]** of our H Shares. In addition, to the extent the interests of our Controlling Shareholders conflict with the interest of our other Shareholders, the interests of our other Shareholders may be disadvantaged or harmed.

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

This document contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim", "anticipate", "believe", "can", "continue", "could", "estimate", "expect", "intend", "ought to", "may", "might", "plan", "potential", "predict", "project", "seek", "should", "will", "would" and similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, **[REDACTED]** and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Investors should not place undue reliance on such forward-looking statements and information.

Certain facts, forecasts and statistics contained in this document are derived from various official or third-party sources and may not be accurate, reliable, complete or up to date.

Certain industry facts, forecasts and statistics in this document are obtained from various sources. We believe that the information originated from appropriate sources and was extracted and reproduced after taking reasonable care. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, the information from official government sources has not been independently verified by us, the Sole Sponsor, the Overall **[REDACTED]**, the Joint **[REDACTED]**, **[REDACTED]**, the Joint **[REDACTED]**, the Joint **[REDACTED]**, the **[REDACTED]**, any of their respective directors, employees, agents or advisers or any other person or party involved in the **[REDACTED]**, and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. Accordingly, the information from official government sources contained herein should not be unduly relied upon. 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 similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

We have significant discretion as to how we will use the [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may spend the **[REDACTED]** from the **[REDACTED]** in ways you may not agree with or that do not yield a favorable return. See "Future Plans and **[REDACTED]**" in this document. However, our management will have discretion as to the actual **[REDACTED]** of our **[REDACTED]**. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific use we will make of the **[REDACTED]** from this **[REDACTED]**.

If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our Shares, the [REDACTED] and [REDACTED] volume of our Shares may decline.

The **[REDACTED]** market for our H Shares will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of the analysts who cover us downgrade our H Shares, the price of our H Shares would likely decline. If one or more of these analysts cease coverage of our Company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or **[REDACTED]** volume to decline.

You should read this document carefully and should not rely on any information contained in press articles or other media relating to us, our H Shares or the [REDACTED].

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