An [**REDACTED**] *in the H Shares involves various risks. You should consider carefully all the information set out in this document and, in particular, the risks described below before making an* [**REDACTED**] *in the H Shares. The occurrence of any of the following events could materially and adversely affect our business, financial position, results of operations or prospects. If any of these events occurs, the* [**REDACTED**] *price of the H Shares could decline and you may lose all or part of your* [**REDACTED**]. *You should seek professional advice from your relevant advisors regarding your prospective* [**REDACTED**] *in the context of your particular circumstances.*

We believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) key risks relating to our business and industry; (ii) risks relating to our operations; (iii) risks relating to our intellectual property; (iv) risks relating to our financial position (v) risks relating to legal, compliance and regulatory matters; and (vi) risks relating to our [**REDACTED**]. *Additional risks and uncertainties that are not presently known to us or we currently deem immaterial may develop and become material and could also harm our businesses, financial position and results of operations.*

KEY RISKS RELATING TO OUR BUSINESS AND INDUSTRY

If we are not able to effectively manage our businesses, as we continue to scale, our business and prospects may be materially and adversely affected.

We have rapidly expanded our POS network across Chinese Mainland and plan to further increase our coverage and penetration in existing and new cities. Our continued expansion exposes us to various operational, managerial and compliance challenges, including differences in local consumer preferences, competitive landscape, regulatory environment, logistics infrastructure, labor market conditions and site resource availability. We may not be able to replicate our existing business model, operational standards and profitability across regions in a timely manner, or at all.

Effective management of a large and expanding POS network requires us to continuously enhance our intelligent agent system, internal controls, organizational structure, IT systems and talent pool. As we scale, we may face difficulties in recruiting, training and retaining sufficient qualified personnel, including regional management, sales staff, operations managers and POS operators. Our intelligent agent systems may not fully capture local nuances or may require time to adapt to new scenarios, which could lead to suboptimal site selection, inventory allocation or pricing decisions. In addition, rapid expansion may strain our management resources and divert attention from our existing operations, resulting in service quality issues, operational inefficiencies or increased costs. If we fail to effectively manage our business as we continue to scale, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We may not be able to secure POS locations that meet our operational thresholds for our smart retail cabinets, or at all.

Our business growth and profitability depend significantly on our ability to maintain continuous growth. We may not be able to identify sufficient new sites of POS that meet our operational threshold and GMV requirements. We primarily deploy our smart retail cabinets in a wide range of light-traffic scenarios, including premises of SMEs, hotels, gyms and other venues with relatively low traffic, where we often act as the only operator of smart retail cabinets. The availability, quality and commercial attractiveness of such locations are subject to competition, changes in property usage, cost levels, site partners' preferences and macroeconomic conditions, many of which are beyond our control. Furthermore, our POS expansion process is subject to other operational constraints. As we seek to scale our operations, we may fail to recruit, train, and retain suitable business development personnel in a timely manner. For instance, we rely on outsourced personnel to support POS expansion and products replenishment, which may further increase our exposure to operational and compliance risks. If we fail to secure a sufficient number of outsourced personnel who meet our strict operational requirements, our ability to successfully execute our POS network expansion plans could be materially and adversely affected. In addition, the operation of our intelligent agent system may experience inefficiencies or fail to deliver the development efficiency required to support our expansion plan. Any shortage of qualified personnel or underperformance of our technological infrastructure could severely constrain our ability to effectively develop and secure additional POSs.

If we fail to maintain our cooperation with existing site partners, or if our site partners reduce the scale of their cooperation with us, our business, financial condition and results of operations may be materially and adversely affected.

The success of our business depends on our ability to maintain stable and long-term relationships with existing site partners. The cooperation arrangements with site partners typically involve allowing us to install and operate cabinets at their premises, sometimes in return for revenue sharing, fixed site fees or other commercial arrangements.

Our site partners may terminate, reduce the scale of cooperation, or unfavorably adjust the terms — such as demanding higher revenue-sharing ratios — due to changes in their strategic and financial conditions, dissatisfaction with our services, or shifts toward competing operators. This risk is particularly acute as our POSs are primarily deployed on the premises of SMEs, which exhibit low resilience to macroeconomic fluctuations, have average lifecycles of only two to three years, and are prone to frequent business liquidations or relocations. Furthermore, as we expand, a lack of local knowledge in new markets may lead to underperforming POS locations. Any failure to maintain or optimize our cooperation with existing site partners could result in the loss of sites, lower sales, and elevated customer acquisition costs, thereby materially and adversely affecting our business, financial condition, and results of operations.

Our sales performance may be materially and adversely affected by uncertainties in cultivating consumer habits and irrational pricing competition.

While we aim to cultivate consumer habits and establish the use of smart retail cabinets as a new consumption norm, there can be no assurance that such consumer adoption will materialize, or it may do so at a significantly slower pace than we anticipate. Furthermore, we operate in a highly competitive market and may be impacted by unsustainable and irrational pricing competition, such as aggressive pricing subsidies, unreasonable price battles initiated by food delivery platforms, discount snack stores and traditional convenience stores. These uncertain competitive factors could lead to significant fluctuations in our sales volume. If consumer acceptance falls short of our expectations or if we fail to effectively navigate such intense market competition, our business operation and financial performance could be materially and adversely affected.

We may fail to develop tailored product assortments that cater to the preferences of our consumers.

The use of operational data via intelligent agents to support differentiated product assortment — tailored to various retail scenarios and consumer groups across our POS — is essential to driving transaction frequency, enhancing consumer satisfaction and maintaining our competitive position. However, despite the agents' operations research optimization and their "decision execution feedback" iterative loop, we may not always accurately capture or predict consumer preferences of various retail scenarios or regions, especially in new or niche scenarios, or in regions where we have limited operating experience.

Our algorithm-driven product selection process depends on the quality and completeness of the multidimensional data it ingests. If the underlying data is incomplete, biased or not sufficiently representative, or if our algorithms are flawed or slow to adjust, the resulting product assortments may not align with actual consumer demand. In addition, constraints such as cabinet capacity, supply chain limitations or brand partner arrangements may restrict our ability to fully tailor product assortments. Any failure by the agent or our broader FLOW Pilot agent system to generate accurate or effective product assortment decisions could lead to lower sales, reduced repeat purchases and weaker brand loyalty, which may in turn adversely affect our business, financial condition and results of operations.

We are subject to risks of shortages or unavailability of products due to disruptions to our operations, deterioration of business relationships with suppliers or potential changes of distribution methods by suppliers.

We rely on a large number of suppliers to provide the products sold through our smart retail cabinets. Our ability to maintain stable product supply at each cabinet depends on the timely procurement, warehousing and distribution of products across a highly dispersed network and more than 100 different retail scenarios. Any disruption to our operations, including failures in our logistics arrangements, front warehouses or distributed network, could result in delays, shortages or interruptions in product supply.

Our relationships with suppliers may deteriorate due to pricing disputes, changes in commercial terms, payment issues, shifts in their own business strategies or cooperation with competing channels. In addition, suppliers may change their distribution methods, such as prioritizing direct-to-consumer channels, including through brand-owned vending machines, e-commerce platforms or other offline networks, or imposing tighter channel control and exclusivity requirements. These changes may reduce the volume or priority of products supplied to us, or require us to adjust our procurement model and incur additional costs. If we are unable to secure sufficient products of appropriate quality and variety on commercially acceptable terms, or if we experience frequent stockouts or product unavailability, our consumer experience, brand reputation, sales performance and results of operations may be materially and adversely affected.

Any system failure or malfunctioning of our intelligent agents or operation systems that support our smart retail cabinets and any failure to fully utilize, integrate or maintain the stability of our technology systems may adversely affect our ability to deliver services, process transactions or support our customers effectively.

Our operations rely heavily on our proprietary intelligent agent systems, IoT platform and various internal operation management systems to support the full lifecycle of our smart retail cabinets, including device monitoring, order recognition, inventory management, replenishment scheduling and data analytics. Our intelligent applications are mainly focused on internal management and operational efficiency, and we do not provide intelligent agent services to end users. Accordingly, our agent-related operations do not involve public opinion attributes or social mobilization functions.

Algorithms may contain errors or limitations, datasets may be incomplete or biased, and inappropriate data practices by us or third parties could affect acceptance or effectiveness of these technologies. Interruptions from hardware failures, software bugs, network outages, cyber-attacks, third-party disruptions, human errors, cabinet downtime, transaction errors, incorrect billing, delayed settlement, inventory misallocation, or inability to remotely monitor and manage devices. In particular, failures in our order recognition and settlement system may lead to misidentification of products, disputes over transaction amounts, or increased customer complaints and refund requests. Prolonged or repeated system issues could damage our reputation for reliability and technological leadership, cause site partners to lose confidence in our services, and prompt brand partners to reduce cooperation. We may incur significant costs to restore systems, enhance redundancy, compensate affected customers or address regulatory inquiries. Any of the above could materially and adversely affect our business, financial condition and results of operations.

Failure to protect confidential information transmitted on our centralized operation system over the cloud operated by third-party cloud service providers could damage our relationship with our site partners, harm our reputation, expose us to litigation and adversely affect our business.

We collect, process and store various types of data through our smart retail cabinets, IoT platform and intelligent agent systems, including transaction data, device operation data, aggregated product purchase patterns and business information relating to our site partners and brand partners. We rely on our self-developed IoT platform and intelligent agent systems to host, process and analyze a substantial portion of such data, including data uploaded from our smart retail cabinets for order recognition and operational management. Our data security and privacy protection measures, as well as those of our cloud service providers and other third-party partners, may not be sufficient to prevent unauthorized access, data leakage, misuse, loss or other security incidents.

Cyber-attacks, hacking, phishing, ransomware, insider misconduct, system vulnerabilities or operational errors could result in data breaches or compromise of our systems. Any actual or suspected data security incident may lead to service interruptions, loss or corruption of data, or unauthorized disclosure of confidential or sensitive information. This could damage our reputation and brand image, undermine the trust of consumers, site partners and brand partners, and expose us to contractual claims, regulatory investigations, administrative penalties and litigation. In addition, the regulatory framework governing data security, cybersecurity and personal information protection in Chinese Mainland is rapidly evolving. We may incur additional costs to enhance our data protection capabilities and ensure compliance. Failure to adequately protect data or comply with applicable laws and regulations could materially and adversely affect our business, financial condition and results of operations.

We operate in a highly competitive and rapidly evolving market in Chinese Mainland and we face intense competition.

The smart retail cabinet operation market in Chinese Mainland is highly competitive and fragmented, with participants mainly including traditional vending machine operators, emerging smart retail cabinet operators, and beverage and packaged food brands that deploy their own self-operated smart retail cabinets. We compete with these players for consumer attention, POS resources, brand partnerships and talents. Some of our competitors may have longer operating histories, stronger brand recognition, broader offline networks, greater financial resources, more established supplier relationships with more price discounts or more advanced technologies in certain areas.

Competitors may adopt aggressive pricing strategies, offer more favorable revenue-sharing terms to site partners, pay higher purchase price to brand partners, or introduce new products and services that are more attractive to consumers. They may also seek to replicate or improve upon our algorithm-driven operating model, IoT platform or data analytics capabilities. Intensified competition may lead to downward pressure on our margins, higher customer acquisition and retention costs, and loss of POS or brand partners. If we are unable to compete effectively, maintain our market position or differentiate our offerings, our business, financial condition and results of operations 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.

Effective inventory management is critical to our business due to the large number of smart retail cabinets we operate, the relatively small capacity of each cabinet and the wide variety of SKUs we carry. We rely on Opti Pilot and our distributed network model to allocate inventory across cabinets and warehouses, balance stockout risks and overstock risks, and support frequent product updates. However, our inventory management systems and processes may not always accurately forecast demand or respond to changes in consumer preferences, seasonality, regional differences or macroeconomic conditions.

If we underestimate demand for certain products, we may experience stockouts, lost sales opportunities, reduced consumer satisfaction and potential damage to our reputation. If we overestimate demand, we may incur excess inventory, higher storage and logistics costs, increased risk of product obsolescence or expiration and higher shrinkage. In addition, as we introduce more new products and expand into more scenarios and cities, the complexity of inventory management increases, and our intelligent agent system may require more time to adapt. Any significant failure or inefficiency in our inventory management could adversely affect our revenue, gross profit, working capital and overall financial condition.

Our results of operations may be affected by fluctuations in customer demand and seasonal factors.

Our revenue and profitability are subject to fluctuations in customer demand, which may be influenced by macroeconomic conditions, consumer confidence, employment levels, mobility patterns and other external factors. In addition, our business is exposed to seasonality. For example, consumer spending patterns may vary across different times of the year, including public holidays, school semesters, vacation periods and weather changes, which may affect traffic and purchasing behavior at our smart retail cabinets.

Certain product categories, such as beverages, snacks or seasonal items, may experience higher demand in particular seasons or during specific promotional campaigns, while demand may soften at other times. Our ability to accurately forecast and respond to such fluctuations is critical to maintaining stable operations and efficient inventory levels. Unexpected changes in demand or cycles may result in underutilized capacity, lower-than-expected sales, or excess inventory, and may also impact our planning for staffing, logistics and capital expenditure. Any significant volatility in demand or seasonality that we fail to anticipate or manage effectively could adversely affect our results of operations and financial condition.

Our reputation, performance and financial condition could be adversely affected by any failure to maintain effective quality control mechanism and food safety monitoring system.

Product quality and food safety are fundamental and crucial to our business. Due to the rapid expansion and geographical coverage of our nationwide POS network, maintaining consistent quality control and food safety depends on the effective design and management of our quality control mechanisms and food safety monitoring system and the implementation of the quality control measures and initiatives by our staff and our suppliers. For more details on our quality control systems, see "Business — Quality Control." There can be no assurance that our quality control mechanism and food safety monitoring system will remain effective. The quality of the products provided by our suppliers is subject to factors beyond our control. We may be subject to complaints or even food safety incidents as well, and our financial condition, performance and goodwill will therefore be seriously affected. Any significant failure or deterioration of our quality control systems could have a material adverse effect on our reputation, results of operations and financial condition.

According to the applicable PRC Law, both manufacturers and vendors of products shall be responsible for food safety and quality of products being sold. The Product Quality Law and Food Safety Law of the PRC requires vendors to establish a mechanism integrated with purchase acceptance, product quality management, employee health management system and food safety self-inspection system, holding us responsible for the food safety and product quality to meet the relevant standards. Accordingly, we are subject to supervision and on-site inspection by the relevant administrative authorities. Any failure to comply with the aforesaid requirements and standards may result in administrative penalties against us and, in more extreme cases, criminal proceedings may be brought against us and our management. If any quality issues are found in the products we sell, we may also be ordered by the relevant government authorities to rectify the quality issues such as replacing the products we sold or making refunds and compensation to our customers.

Our retail business is subject to risks of food safety issues and defective products. At our cabinets, we sell products manufactured by third parties, some of which may be defective. There can be no assurance that we will be able to detect all safety issues or defects in the products we offer. We cannot assure you that product liability claims against us will not arise in the future. If the consumption of our products results in any damage to our customers, we may face product liability claims and be held liable to pay compensation and recover the damages to the customers. The attention of our management and resources may be distracted by the claims. In the case that any of such claims materializes, we may incur monetary loss, and our reputation, as well as our growth and profitability may be harmed, which may in turn adversely affect our business, financial condition and results of operations.

We rely on external suppliers to manufacture our smart retail cabinets or supply key components and equipment for our smart retail cabinets.

We depend on a number of external suppliers to manufacture our smart retail cabinets or supply key components and equipment used in our smart retail cabinets, including computers, cameras, electronic locks, communication modules and display screens, as well as certain software and hardware used in our IoT platform and operation systems. Our ability to maintain stable operations and service quality depends on the timely availability, quality and cost of such components, equipment and products.

If any of our key suppliers experiences financial difficulties, capacity constraints, quality issues, labor disputes, regulatory sanctions, natural disasters or other disruptions, or decides to change its business strategy or terms of cooperation, our supply of cabinets or components may be delayed, reduced or suspended. We may not be able to identify or qualify alternative suppliers on a timely basis, or at all, and replacement suppliers may offer less favorable terms or lower quality products. In addition, concentration of procurement from certain suppliers may expose us to higher negotiation risk and supply disruption risk. Furthermore, our component suppliers may be adversely affected by macroeconomic fluctuations, which could result in an increase in the prices of the components supplied to us. Any significant interruption in our supply chain, increase in procurement costs, or deterioration in product quality could adversely affect our ability to deploy and operate smart retail cabinets, maintain service standards and achieve our business objectives, thereby materially and adversely affecting our business, financial condition and results of operations.

We are subject to risks and uncertainties faced by companies in a rapidly evolving industry.

We operate in the smart retail cabinet operation industry, with a focus on the light-traffic scenarios, which is characterized by rapid technological changes, evolving business models, shifting consumer preferences and emerging regulatory requirements. New technologies, such as advanced computer vision, large models, IoT platform and digital payment methods, are continuously being developed and adopted. Our future success depends on our ability to anticipate industry trends, adapt our products and services, and upgrade our systems and algorithms in a timely and cost-effective manner.

If we fail to keep pace with technological developments or changes in consumer behavior, our existing products and service offerings may become less attractive or obsolete, and we may lose our competitive edge. Our investments in new technologies, AI capabilities or product innovations may not yield expected returns, may be delayed, or may encounter technical or regulatory hurdles. In addition, the regulatory environment for AI, data usage, digital payments and new retail formats is still developing and may change quickly, potentially imposing new compliance obligations, operational restrictions or licensing requirements on our business. Any failure to effectively respond to the rapid evolution of our industry could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO OUR OPERATION

Our success depends on our talented personnel. Any failure to attract and retain necessary talents may materially and adversely affect our business, prospects, financial condition and results of operations.

Our continued success depends on our ability to attract, motivate and retain talented personnel. We rely on the expertise and experiences of our employees throughout our business operations. Any loss of our key personnel could materially and adversely affect our ability to sustain and develop our business. We cannot assure that we will be able to recruit or retain enough qualified employees for our business. Subject to failure to keep up with market average employee salary levels and other factors, any material increases in employee turnover rates and any failure to recruit and retain sufficient personnel may make our growth strategy difficult to implement. In addition, as we expand our cooperation with large site partners and business partners, our key personnel, particularly those responsible for site development, business negotiation, data analysis and operational management, may become targets for talent poaching by such partners or other market participants. These partners may have stronger financial resources or offer more competitive compensation packages, which could increase the risk of losing experienced employees who possess deep knowledge of our light-traffic scenarios, POS operations and FLOW Pilot agent system. Any significant loss of such personnel could disrupt our site expansion, weaken our operational capabilities and delay the execution of our business strategies. Any of the above would materially and adversely affect our business and results of operations.

Share-based payments may have a material and adverse effect on our financial performance and cause shareholding dilution to our Shareholders.

The share incentive plan was established for the benefit of our directors, senior management and core employees as remuneration for their services provided to us and to incentivize and reward the eligible persons who have contributed to the success of our Company. For the principal terms of the employee incentive scheme, see "Appendix IV — Statutory and General Information — Pre-[**REDACTED**] Equity Incentive Plan" for details. In 2023, 2024 and 2025, we recorded an aggregate of RMB11.4 million, RMB15.9 million and RMB33.0 million, respectively, in share-based payments. To further incentivize our employees, we may incur additional share-based payment expenses in the future. We believe such share-based awards are important to our ability to attract, retain and motivate our key individuals, and we may continue to grant share-based awards in the future. Expenses incurred with respect to such share-based payments may also increase our operating expenses and therefore have a negative effect on our financial performance. Issuance of additional Shares with respect to such share-based payments may dilute the shareholding of our Shareholders and could result in a decline in the value of our Shares.

Our business operation needs various approvals, licenses and permits, which could be materially and adversely affected by any failure to obtain or renew any of these approvals, licenses and permits.

As the PRC Law requires, we ought to maintain various approvals, licenses and permits to provide our unmanned retailing and other services in Chinese Mainland. Take our pre-packed food and beverage retail business as an example, Food Operation License (食品經營許可證) or Record-filing for Selling Only Pre-packaged Food (僅銷售預包裝食品備案) shall be acquired and maintained by each of our subsidiaries which conduct the relevant business. The address of our POSs, transportation vehicles and cabinets we used for storage, logistics and sale are subject to compliance inspections by the regulatory authorities under the PRC Law. These registrations, approvals, licenses and permits are achieved upon satisfactory compliance with the applicable laws and regulations. Most of these licenses are subject to examinations or verifications by relevant authorities, and some are valid only for a fixed period of time, subject to renewal and accreditation. Complying with government regulations may require substantial expense, and any non-compliance may expose us to liability. In case of any non-compliance, we may have to incur significant expense and divert substantial management time to resolving any deficiencies. We may also experience adverse publicity arising from such non-compliance with government regulations that negatively impacts our brand.

As of the Latest Practicable Date, we have complied with the applicable laws and regulations to complete food safety procedures in all material respects. We may experience difficulties or failures in obtaining the necessary approvals, licenses and permits for other products. We may also experience difficulties or failures in obtaining, renewing and/or converting all the approvals, licenses and permits required for our existing business operations upon expiration in a timely manner or at all. If we cannot obtain and/or maintain all licenses required by us to operate our business, planned new business operations and/or expansion may be delayed and our ongoing business could be interrupted. We may also be subject to fines and penalties.

We face risks associated with the misconduct or illegal activities of our site partners, brand partners and personnel, suppliers and other business partners and their employees, and other related personnel.

Our performance and goodwill may well be adversely and materially affected by misconduct of our site partners, brand partners and personnel, at different operational levels, either individually or in collusion with other employees, suppliers, customers or other third parties. We may even be subject to third-party claims and regulatory actions. We cannot assure that our site partners and brand partners, employees and outsourced personnel engaged in POS expansion and replenishment will not engage in misconduct or illegal activities that could materially and adversely affect our business, financial condition and results of operations.

For example, our POS expansion personnel may falsify site deployment records to artificially inflate performance metrics, or offer illegal bribes to potential site partners during business negotiations to secure locations. We may also face risks arising from deficiencies in the authority or rights of certain site partners to grant us the right to deploy and operate our smart retail cabinets at their premises. We conduct due diligence in accordance with our internal control procedures. In some cases, our site partners may not possess full or valid rights of use, leasehold interests, authorization or other legal entitlements with respect to the relevant premises, or their rights may be subject to restrictions, disputes or third-party claims. If we enter into cooperation arrangements with site partners who lack the requisite authority, or are not in a valid contractual relationship with respect to the relevant premises, or whose authority is subsequently challenged, invalidated or revoked, we may be required to remove our smart retail cabinets, suspend operations at the affected sites, or renegotiate cooperation arrangements, and may also be exposed to claims, disputes, or liabilities arising from alleged infringement of property rights, contract rights or other third-party interests. Any such events could result in operational disruptions, loss of revenue, additional costs, reputational damage and potential legal liabilities, which may materially and adversely affect our business, financial condition and results of operations.

We have limited insurance coverage, which could expose us to significant costs and business disruption.

We purchase and maintain various insurance policies that we believe are aligned with the customary commercial practice in our industry and as required under relevant laws and regulations to safeguard against risks and unexpected events for our employees and properties. However, we cannot assure that our insurance coverage will be sufficient or available to cover damages, liabilities or losses we may incur in the ordinary course of our business. In addition, there are certain losses for which insurance is not available in Chinese Mainland on commercially practicable terms, such as losses or damages arising from any disruption in our network infrastructure or business operations, litigation or certain catastrophic natural disasters or acts of the government or any other event beyond our reasonable control. If we are held responsible for any losses or damages and there is insufficiency or unavailability of insurance, we could suffer significant costs and diversion of our resources, and thereby materially and adversely affect our business, financial conditions and results of operations.

Our operation may be adversely affected by litigation or disputes.

From time to time, we may be involved in disputes with our site partners, customers, suppliers, employees and other parties during the ordinary course of our business for various reasons, including but not limited to product infringement, intellectual properties infringements and labor disputes. The handling of contractual disputes and litigation proceedings can be extremely costly and time-consuming. Should such disputes arise, our Directors' and members of senior management's attention, together with other internal resources, may be significantly diverted to the handling of such matters. Moreover, our relationship with the relevant customer, supplier or employee may be adversely affected as a result of the legal proceedings and would ultimately affect our business operation, financial results and profitability.

Any claim against us could require us to pay for substantial damages and, whether or not successful, is costly and time-consuming to defend. It would, with or without merit, result in significant adverse publicity against us, and could have a material adverse effect on the marketability of our products and our reputation, which in turn, could have a material adverse effect on our business, financial condition and results of operations.

Our business and results of operations could be materially and adversely impacted by any negative publicity or failure or perceived failure to deal with customer complaints or adverse publicity involving our products or services.

Our business depends on market recognition of our brand. Any customer complaints or negative publicity of news reports or allegations in printed and online media concerning our business, our Directors, members of senior management, employees or business partners, in particular food quality and safety and data privacy related issues, even if meritless or immaterial to our operations, may damage our brand and reputation. Any actual or perceived food safety concerns, contamination, reports on public health concerns and/or negative media attention concerning our competitors or beverage and snack producers across the food industry supply chain could affect customer perception of our business. Moreover, we may be required to spend significant time and incur substantial costs in response to allegations and negative publicity, and may not be able to diffuse them to the satisfaction of our [**REDACTED**] and customers. If we fail to effectively manage such negative publicity or complaints, our brand value may be diminished and our business, brands and results of operations will be materially and adversely affected.

We face risks related to natural disasters, epidemics and other public health emergencies, which could significantly disrupt our operations and financial condition.

Our operations are subject to the occurrence of force majeure events, acts of war, terrorist attacks, political unrest, social and economic chaos, natural disasters such as earthquakes, tsunamis, snowstorms, sandstorms, droughts and extreme and adverse bad weather conditions, widespread of public health problems such as outbreak of pandemics or epidemics, including avian influenza, swine influenza, severe acute respiratory syndrome, COVID-19 or other health problems with similar magnitude or effects which are out of control.

Any force majeure events, including the outbreak or threatened outbreak of any epidemic or pandemic in Hong Kong or Chinese Mainland, could materially and adversely affect overall business sentiment and environment, particularly if inadequately controlled. Natural disasters such as earthquakes, fire, or extreme weather may also disrupt domestic consumption, labor supply, and economic growth. As our income is entirely derived from operations in Chinese Mainland, any contraction in labor supply or slowdown in domestic consumption could materially and adversely affect our business, financial condition and results of operations.

In addition, if any of our employees are affected by severe communicable diseases, it could disrupt production levels and operations or require temporary closure of facilities to prevent disease spread. Epidemics or pandemics may also affect the operations of our customers and suppliers, leading to supply chain disruptions and reduced demand. Any of these outcomes could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO OUR INTELLECTUAL PROPERTY

We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business and operations.

From time to time, we may be exposed to intellectual property infringement claims and other proceedings as a result of our suppliers delivering to us counterfeited or fraudulent products manufactured without proper authorizations, licenses or approvals and sold under the imitated labels or brands similar to the authentic ones. There is no assurance that our guidelines and instructions in place are sufficient to deter suppliers from delivering counterfeit products to us, and our inability to do so may result in adverse effects on our reputation, business and results of operations. In addition, we cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, copyrights or other intellectual property rights held by third parties. Any such proceedings and claims could result in significant costs to us and divert the time and attention of our management personnel from the operation of our business. Regardless of the outcome of such proceedings and claims, our brand name and image may be adversely affected.

We may not be able to adequately protect our intellectual property rights, which could harm the value of our brand and adversely affect our business.

We rely heavily on a combination of trademarks, patents, domain name registrations, copyrights and confidentiality agreements to protect our intellectual property rights. We also possess a significant number of know-how or trade secrets in relation to technologies, which we believe are material to our operations and which are not covered by patents.

We cannot assure that there will be no counterfeit or forgery of our equipment, whether purchased or self-developed in-house products, such as smart retail cabinets, trademarks and/or brands in the market. Counterfeiters may illegally set up smart retail cabinets under our brand. Such counterfeit or forged products are usually difficult to detect or ban in a timely manner. The occurrence of such incidents may harm the value of our brand and thereby lead to adverse effects on our profitability and competitiveness.

We rely on various protective measures to safeguard such unpatented proprietary information, including prudent and careful selection of our suppliers. However, we cannot assure that our protective measures will be sufficient to protect our trade secrets, know-how or other proprietary information against any unauthorized use, misappropriation or disclosure. We also cannot assure that we will be successful in enforcing confidentiality provisions or undertaking enforcement proceedings in the event that there is any unauthorized use of our intellectual property.

Furthermore, any litigation to protect our intellectual property would be time-consuming and costly, and may divert the attention of our members of senior management and key personnel from our business operations. If we fail to effectively protect our intellectual property from inappropriate or unauthorized use by third parties in ways that adversely affect our brand, our reputation could suffer, which in turn could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO OUR FINANCIAL POSITION

We may incur loss in our smart retail cabinet operations, including product sales and related services, and we may not be able to sustain our profit margins.

Our profit and profit margins are primarily affected by product mix, cost of products sold and impairment loss of products. As we expand into more light-traffic scenarios, we may not be able to continuously procure products from our suppliers on favorable pricing terms, which may exert pressure on our margins, and therefore we may face higher per-site operating costs and lower average sales per cabinet. In addition, competition may limit our ability to increase prices or pass on cost increases to consumers.

We may also adjust our pricing and promotion strategies from time to time to drive user acquisition, increase transaction frequency or support brand partners' new product launches, which may temporarily or structurally reduce our margins. There is no assurance that we will be able to maintain or improve our historical profit margins. Any sustained margin compression or loss in certain segments could adversely affect our overall profitability and financial condition.

Our historical financial results may not be an indication of our future performance, and our success depends on our ability to execute our business strategy.

Our revenue increased by 32.9% from RMB1,243.7 million in 2023 to RMB1,652.3 million in 2024, then increased by 21.6% to RMB2,008.9 million in 2025. Our gross profit increased by 36.9% from RMB652.2 million in 2023 to RMB892.9 million in 2024, then increased by 25.5% to RMB1,120.5 million in 2025.

Our results of operations during the Track Record Period should not be considered indicative of our future performance. Our future growth, profitability and cash flows depend on our ability to successfully execute our business strategies, including anticipating and responding to rapidly changing technology development, market trends and consumer preferences, exploring, attracting and cooperating with site partners and brand partners on favorable terms, expanding our geographic presence to further extend our customer reach, enhancing and maintaining favorable brand recognition for our Group and product offerings, effectively managing our relationships with cabinet manufacturers, and maintaining and expanding margins through sales growth and efficiency initiatives. There can be no assurance that we can successfully execute our business strategies in the manner or time that we expect. Our financial and operating results may not meet the expectations of [**REDACTED**] analysts or [**REDACTED**], which could cause the future price of our H Shares to decline.

If our preferential tax treatment becomes unavailable, our results of operations may be adversely affected.

During the Track Record Period, we enjoyed preferential tax treatment under relevant preferential tax policies. We cannot assure that we will continue to enjoy similar preferential tax treatment in the future. Our subsidiaries in Chinese Mainland are generally subject to enterprise income tax at the statutory rate of 25% pursuant to the EIT Law. Our Company was granted the qualification as "High and New Technology Enterprise" in December 2020 and we renewed our qualification in October 2023, thus we were entitled to preferential tax rate of 15% from December 2020 to October 2026. If we cease to be entitled to preferential tax treatment, our income tax expenses may increase, which would adversely affect our results of operations.

We may be subject to risks of recoverability of deferred tax assets.

Deferred tax assets are recognized for tax loss carry-forwards to the extent that the recognition of the related tax benefits through the future taxable profits is probable. Based on our accounting policies, we recognize deferred tax assets relating to certain temporary differences and tax losses when we consider it is probable that future taxable profit will be available and as a result, the temporary differences or tax losses can be utilized. The outcome of the actual utilization of such temporary differences or tax losses may be different.

As of December 31, 2023, 2024 and 2025, our deferred income tax assets amounted to RMB122.7 million, RMB163.3 million, and RMB201.7 million, respectively. In addition, we had deferred income tax liabilities of RMB7.7 million, RMB23.1 million and RMB28.8 million as of December 31, 2023, 2024 and 2025, respectively. In the application of our accounting policies, significant management judgement is required to assess the recognition of deferred income tax assets in future reporting periods, based on historical experiences and amount of forecasted future taxable profits at the relevant times, together with future tax planning strategies. However, if there is a significant adverse change in our performance, some or all of the relevant deferred income tax assets may need to be written off and charged to the income statement, which could have an adverse effect on our financial condition. Furthermore, utilization of deferred income tax assets significantly depends on our management's judgment as to whether sufficient profits or taxable temporary differences will be available in the future. Any consequent changes in management judgement or future operating results would deviate these accounting estimates of deferred income tax assets from their actual results and the recoverability of deferred tax assets recognized in our financial statements, and hence could materially and adversely affect our financial condition and results of operations in the future years.

Our results of operations and financial condition may be adversely affected by the recoverability of our prepayments, deposits and other receivables.

We face uncertainties regarding the recoverability of prepayments, deposits and other receivables, which mainly comprise prepayments for machines, inventories, POS operations expenses, [**REDACTED**] expenses and others. As of December 31, 2023, 2024 and 2025, our prepayments amounted to RMB7.8 million, RMB18.4 million and RMB33.4 million, respectively.

Our other receivables include supplier rebates receivable, deposits paid to suppliers, lease deposits and others. Supplier rebates receivable primarily represents amounts due from goods suppliers in connection with our procurement of their products. As of December 31, 2023, 2024 and 2025, the supplier rebates receivable was RMB23.1 million, RMB10.3 million and RMB25.3 million, respectively, representing approximately 77.7%, 16.3% and 63.2% of our other receivables.

There is no assurance that our suppliers or other counterparties will perform their obligations in a timely manner, and we are subject to recoverability or credit risks. If we fail to recover such prepayments, deposits and receivables as scheduled, our financial position and results of operations may be adversely affected.

RISKS RELATING TO LEGAL, COMPLIANCE AND REGULATORY MATTERS

We may be subject to additional regulatory requirements under new laws and regulations on overseas offerings and listings issued by PRC government authorities.

As the PRC laws and regulations in relation to overseas issuance and listing of shares develop, we may be required to make filings with or report to CSRC or other PRC regulatory authorities for the [**REDACTED**] and our future capital raising activities. The relevant laws require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. Any failure to comply with these rules may materially affect our business, results of operations or financial conditions.

In addition, we cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. If it is determined in the future that additional approval from or filing with the CSRC or other regulatory authorities or other procedures are required, we may fail to obtain such approval, perform such filing procedures or meet such other requirements in a timely manner or at all. We may face sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization, or perform filing procedures, for our future financing activities, and these regulatory authorities may impose fines and penalties on us, limit our operating activities in the PRC, limit our ability to pay dividends outside the PRC, delay or restrict the repatriation of the [**REDACTED**] from the [**REDACTED**] into the PRC or take other actions to restrict our financing activities, which could have a material adverse effect on our business.

Any major changes in relation to food-related laws and regulations may affect our business.

Both vendors and manufacturers of the beverage and pre-packed food industry in Chinese Mainland must comply with PRC Law in relation to food, which requires all enterprises engaged in the sales of food and beverage to obtain the Food Operation License or Record-filing for Selling Only Pre-packaged Food. They also set out safety standards with respect to food and food additives, packaging and containers, information to be disclosed on packaging, and requirements for food facilities and equipment used for the transportation and sale of food. Besides, the revised Food Safety Law of the People's Republic of China (《中華人

民共和國食品安全法》) and the Regulation on the Implementation of the Food Safety Law of the People's Republic of China (《中華人民共和國食品安全法實施條例》) stipulate that businesses engaged in the sales of food should conduct their operation activities according to the applicable laws and regulations and food safety standards, establish a comprehensive food safety management system, and take effective measures to prevent and control food safety-related risks to ensure the safety of the food produced. This may increase the compliance costs of beverage and food vendors and manufacturers, including us. In addition, initiatives such as the Action Plan for Oral Health (2019-2025) (《健康口腔行動方案（2019-2025年）》) by the National Health Commission of the PRC (中華人民共和國國家衛生健康委員會) in 2019, which govern the sale of high-sugar beverage and snacks in kindergartens, primary schools and secondary schools, may also affect our existing business activities or our new business plans. Any failure to comply with applicable food-related laws and regulations may result in order of rectification, fines, or confiscation of illegal gains, order of suspension of operations or revocation of food operation permits and, in more extreme cases, prosecution for criminal liabilities. Furthermore, any changes to food-related laws and regulations may increase our sales and operational costs which could adversely affect our business, financial condition and development prospects.

Our leased property interests may be defective and our lease agreements may not be registered; our right to lease the properties affected by such defects may be challenged, which could cause significant disruption to our business.

As of the Latest Practicable Date, (i) for some of our leased properties, the lessors were unable to provide us with sufficient and valid proof of ownership or evidence showing that they had obtained the necessary consents from the underlying property owners for subleasing such properties to us, and (ii) some of our lease agreements for our leased properties had not completed the required lease registration and filing procedures with the relevant PRC authorities. In addition, a small number of our leased properties had been mortgaged to third parties prior to being leased to us, although the relevant mortgagees have provided confirmations consenting to the leasing of such properties to our Group. If any of our lessors are not the lawful owners of the properties or have not been duly authorized by the lawful owners to lease such properties to us, our leases could be challenged or invalidated. If this occurs, we may face claims from the legal owners or other third parties and may be required to vacate and relocate from the affected properties, which could result in additional costs and disruptions to our operations.

Any failure to protect our customer data, or the improper collection, use or disclosure of such data, as well as the uncertainties surrounding the cybersecurity review, may subject us to the liabilities imposed by data privacy and protection laws and regulations, which may negatively impact our reputation and business.

In the ordinary course of our business, we collect account information provided by users, as well as order-related data generated during the purchase process, such as items purchased and payment status. Consequently, we are subject to various laws and regulations governing the collection, storage, use, sharing, disclosure, and protection of personal information and data. On August 20, 2021, the SCNPC passed the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》), which became effective on November 1, 2021. The PRC Personal Information Protection Law lays out the fundamental rules for the collection, storage, use, processing, transmission, provision, disclosure, and deletion of personal information in Chinese Mainland. The PRC Personal Information Protection Law provides the circumstances under which a personal information processor could process personal information, which include, but not limited to, where the consent of the individual concerned is obtained or where it is necessary for the conclusion or performance of a contract to which the individual is a contractual party. The collection of personal information should be conducted in a disciplined manner with as little impact on individuals' rights and interests as possible, and excessive collection of personal information is prohibited. On October 28, 2025, the SCNPC amended the PRC Cybersecurity Law (《中華人民共和國網絡安全法》), which became effective on January 1, 2026. The PRC Cybersecurity Law applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. See "Regulatory Overview — Regulations on Cybersecurity, Privacy and Data Protection" for details. Moreover, different regulatory bodies in Chinese Mainland, including the Ministry of Industry and Information Technology, the Cyberspace Administration of China and the State Administration for Market Regulation, have enforced data privacy and protection laws and regulations with various standards and applications. Complying with these data privacy and protection laws and requirements could cause us to incur additional expenses or require us to alter or change our practices in a manner that could affect our business. We cannot assure you that our existing privacy and personal information protection system and technical measures will be considered sufficient under applicable laws and regulations, and we may be subject to government enforcement actions and investigations, fines, penalties, or suspension of our non-compliant operations, among other sanctions, which could materially and adversely affect our business and results of operations.

Besides, the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**Cybersecurity Review Measures**") stipulates the mandatory requirement of cybersecurity review for companies which hold more than one million users' personal information when applying for a listing abroad. As advised by our PRC Legal Advisor, we are not required to apply for a cybersecurity review by the Cybersecurity Review Office for the [**REDACTED**], because a [**REDACTED**] on the Stock Exchange does not constitute a "foreign listing" under the Cybersecurity Review Measures.

On September 24, 2024, the State Council promulgated the Regulation on the Administration of Cyber Data Security (《網絡數據安全管理條例》) (the "**Cyber Data Security Regulation**"), which came into effect on January 1, 2025. The Cyber Data Security Regulation provides detailed guidance on current regulatory requirements for various aspects of data processing, including the disclosure of data processing rules by processors, the obtaining of general and separate consents, the protection and security of important data, cross-border data transfers, and additional obligations imposed on platform operators.

The regulatory regime on data privacy and security in Chinese Mainland is relatively new. The interpretation and application of relevant laws, regulations and standards are evolving and may change, and new laws and regulations in this area may be promulgated in the future which may affect us. We may be subject to investigations and inspections by government authorities regarding our compliance with relevant laws and regulations. Any inability to adequately address data privacy and security concerns, even if unfounded, or to comply with applicable data security and privacy laws, regulations and standards, could result in additional cost and liability for us, damage our reputation and harm our business.

Failure to comply with the PRC Labor Contract Law, PRC Social Insurance Law, Regulation on the Administration of Housing Provident Funds, or other PRC labor-related regulations and rules may subject us to fines and other legal or administrative sanctions.

Companies operating in the PRC have to participate in various employee benefit plans required by the government, including certain social insurance, housing provident funds and other welfare-oriented payment obligations. During the Track Record Period, we did not make full contributions to social insurance and housing provident funds for our employees as required by the relevant PRC laws and regulations. According to the applicable laws and regulations, the competent government authorities may demand that we take rectification measures. If we fail to take the measures as demanded, we may be subject to fines. As advised by our PRC Legal Advisor, 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 an employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the relevant authority could order the employer to make the payment and deposit within a prescribed time limit and, failing which, an application may be made to a court in China for compulsory enforcement.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any plans or arrangements by the competent authorities to retroactively, in a centralized manner, collect social insurance and housing provident fund contributions for the Track Record Period. And we have obtained certificates of compliance in respect of social insurance and housing provident fund contributions covering the Track Record Period. As advised by our PRC Legal Advisor, based on the above circumstances and taking into account the current regulatory policies and the prevailing regulatory stance of the competent authorities in PRC, and in the absence of complaints from our employees or third parties or any regulatory notices or enforcement actions issued by the relevant authorities, the risk of us being subject to collection of historical shortfalls and material administrative penalties by the relevant competent human resources and social security authorities and housing provident fund authorities in PRC in relation to social insurance and housing provident fund contribution matters during the Track Record Period is remote.

In addition, as the interpretation and implementation of the Labor Contract Law, the Social Insurance Law and other labor related regulations are evolving, we cannot assure you that our employment practice are, or will in the future be, fully in compliance with labor-related laws and regulations in the PRC, which may subject us to labor disputes or government investigations, we cannot assure that such risks we may be exposed to will not have any adverse effect on our reputation, business, results of operations and financial condition or otherwise divert our resources in handling any lawsuits, legal proceedings or complaints.

RISKS RELATING TO OUR [REDACTED]

Regulatory measures on foreign currency conversion in Chinese Mainland may limit our foreign exchange transactions.

The conversion of RMB is subject to applicable laws and regulations in the PRC. It cannot be guaranteed that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. 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.

Payment of dividends may be subject to restrictions under the PRC Law.

Pursuant to the PRC Law, we may pay dividends only out of the accumulated profit, if any, as determined in accordance with PRC accounting standards and regulations. Distributable profits are the accumulated profit as determined under PRC GAAP or IFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves required to be made. As a result, we may not have sufficient, or any, distributable profits to enable us to make dividend distributions to our Shareholders in the future, including periods for which our financial statements indicate that our operations have been profitable. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.

Moreover, as the calculation of distributable profits under PRC GAAP is different from the calculation under IFRS in certain respects, our operating subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRS, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our operating subsidiaries to pay dividends to us could have a negative impact on our cash flows and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

Holders of our H Shares may be subject to income tax obligations in Chinese Mainland.

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

Non-Chinese Mainland resident individuals are required to pay Chinese Mainland individual income tax at a 20% rate under Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) for the interests, dividends and bonus they obtain from Chinese Mainland. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between Chinese Mainland and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. 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 28 June 2011, issued by the STA, dividends paid to non-Chinese Mainland 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-Chinese Mainland resident individual holder of H Shares resides as well as the tax arrangement between the PRC and Hong Kong. Non-Chinese Mainland 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.

For non-Chinese Mainland resident enterprises that were established under foreign laws with no real management body in Chinese Mainland but have establishments or premises in Chinese Mainland, or for those which have no establishments or premises in Chinese Mainland but whose income is derived from Chinese Mainland, under the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》), dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are ordinarily subject to Chinese Mainland enterprise income tax at a 20% rate. In accordance with the Circular on Issues Relating to the 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》) issued by the SAT, such tax rate has been reduced to 10%, subject to a further reduction under special arrangements or applicable treaties between Chinese Mainland and the jurisdiction of the residence of the relevant non-Chinese Mainland resident enterprise.

The interpretation and application of applicable PRC Law may change or may be determined based on prevailing laws and regulations at the time, including individual income tax on dividends paid to non-PRC resident Shareholders, and on gains realized on sale or other disposition of our H Shares. The PRC Law may also change. We cannot predict whether the relevant preferential tax treatment will be revoked in the future such that all non-Chinese Mainland resident individual holders will be subject to individual income tax in Chinese Mainland at a flat rate of 20%. If there is any change to applicable tax laws and regulations or in the interpretation or application of such laws and regulations, the value of your [**REDACTED**] in our H Shares may be materially affected.

There has been no prior public market for our H Shares. An active [REDACTED] market for our H Shares may not develop, especially taking into account that certain existing Shareholders may be subject to a lock-up period, and the liquidity and [REDACTED] of our H Shares may be volatile.

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

In particular, certain portion of H Shares to be converted upon Conversion of Unlisted Shares into H Shares will be subject to a lock-up period from the [**REDACTED**], which may significantly affect the liquidity and [**REDACTED**] volume of our H Shares in the short-term following the [**REDACTED**]. A [**REDACTED**] on the Hong Kong Stock Exchange does not guarantee that an active and liquid [**REDACTED**] market for our H Shares will develop, especially during the period when certain portion of our H Shares may be subjected to lock-up, or if it does develop, that it will be sustained following the [**REDACTED**], or that market price of the H Shares will rise following the [**REDACTED**]. If an active [**REDACTED**] for our H Shares does not develop following the completion of [**REDACTED**], the [**REDACTED**] and liquidity of our H Shares could be materially and adversely affected.

The [**REDACTED**] and [**REDACTED**] volume of our H Shares may be highly volatile. Several factors, some of which are beyond our control, such as variations in our results of operations, changes in our pricing policy, the emergence of new technologies, strategic alliances or acquisitions, the addition or departure of key personnel, changes in profit forecast or recommendations by financial analysts, changes in ratings by credit rating agencies, litigation or the removal of the restrictions on share transactions, could cause large and sudden changes to the volume and price at which our H Shares will [**REDACTED**].

In addition, the Hong Kong Stock Exchange and other securities markets have, from time to time, experienced significant price and volume volatility that is not related to the operating performance of any particular company.

Holders of our H Shares are subject to the risk that the [REDACTED] of our H Shares could fall during the period before [REDACTED] of our H Shares begins.

The [**REDACTED**] of our H Shares is expected to be determined on the [**REDACTED**]. However, our Shares will not commence [**REDACTED**] on the Hong Kong Stock Exchange until they are delivered, which is expected to be several business days after the [**REDACTED**]. As a result, [**REDACTED**] may not be able to [**REDACTED**] or [**REDACTED**] our H Shares during that period. The [**REDACTED**] and [**REDACTED**] volume of the Shares may be highly volatile. Factors such as variations in our revenue, net profit and cash flows and announcements of new [**REDACTED**], strategic alliances and acquisitions, fluctuations in market prices for our products or fluctuations in market prices for other soft beverage companies could cause the market price of our H Shares to change substantially. Any such developments may result in significant and sudden changes in the volume and [**REDACTED**] at which our H Shares will [**REDACTED**]. We cannot assure that these developments will not occur in the future. Accordingly, holders of our H Shares are subject to the risk that the price of our H Shares could fall before [**REDACTED**] begins as a result of adverse market conditions or other adverse developments, which could occur between the time of sale and the time [**REDACTED**] begins.

Substantial future sales or the expectation of substantial sales of our Shares in the [REDACTED] could cause the [REDACTED] of our H Shares to decline.

Prior to the [**REDACTED**], there has not been a [**REDACTED**] for our H Shares. Future sales or perceived sales by our existing Shareholders of our H Shares after the [**REDACTED**] could result in a significant decrease in the prevailing [**REDACTED**] of our H Shares. Only a limited number of the H Shares currently outstanding will be available for [**REDACTED**] or [**REDACTED**] 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, future sales of significant amounts of our H Shares in the [**REDACTED**] or the perception that these sales may occur could significantly decrease the prevailing [**REDACTED**] of our H Shares and our ability to raise equity capital in the future.

As the [REDACTED] of our H Shares is higher than our consolidated net tangible book value per Share, purchasers of our H Shares in the [REDACTED] may experience immediate dilution upon such purchases.

As the [**REDACTED**] of our H Shares is higher than the consolidated net tangible assets per H Share immediately prior to the [**REDACTED**], purchasers of our H Shares in the [**REDACTED**] may experience an immediate dilution. Our existing Shareholders will receive an increase in the [**REDACTED**] adjusted consolidated net tangible asset value per H Share of their H Shares. In addition, holders of our H Shares may experience further dilution of their interest if we [**REDACTED**] additional H Shares in the future to raise additional capital.

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

Prior to and immediately following the completion of the [**REDACTED**], our Controlling Shareholders will remain having significant control over their interests in the issued share capital of our Company. Subject to, among others, the Articles of Association and the Hong Kong Listing Rules, the Controlling Shareholders by virtue of their beneficial ownership of the share capital of the Company, will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance to us and other Shareholders by voting at the general meeting of the Shareholders and at Board meetings. The interests of the Controlling Shareholders may differ from the interests of other Shareholders and the Shareholders are free to exercise their votes according to their interests. To the extent that the interests of the Controlling Shareholders conflict with the interests of other Shareholders, the interests of other Shareholders can be disadvantaged and harmed.

We may need additional capital, and the [REDACTED] or [REDACTED] of additional Shares or other equity securities could result in additional dilution to our Shareholders.

Notwithstanding our current cash and cash equivalents and the [**REDACTED**] from the [**REDACTED**], we may require additional cash resources to finance our continued growth or other future developments. We cannot assure that financing will be available in the amounts or on terms acceptable to us, if at all. If we fail to raise additional funds, we may need to sell additional equity securities, which could result in additional dilution to our Shareholders.

We cannot assure you whether and when we will declare and pay dividends in the foreseeable future.

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

We cannot guarantee the accuracy of facts, forecasts and statistics obtained from various independent third-party sources contained in this document.

This document contains information and statistics relating to the industry in which we operate. Such information and statistics have been derived from publicly available sources and industry report prepared by Frost & Sullivan. We believe that the sources of the information are appropriate for such information, and have taken reasonable care in the reproduction or extraction of such information for the purpose of disclosure in this document; however, we cannot assure that the quality or reliability of such source materials. They have not been prepared or independently verified by us, the Sole Sponsor, the Overall Coordinators, the [**REDACTED**] or any of their respective affiliates or advisors, or any other persons or parties, excluding Frost & Sullivan, involved in the [**REDACTED**]. We cannot assure you that those facts, forecasts and statistics are accurate and reliable. In all cases, [**REDACTED**] should give consideration as to how much weight or importance they should attach to or place on such facts.

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

This document contains certain statements and information relating to us that are based on beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words such as "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue" and other 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, business operations, liquidity and capital resources, some of which may not materialize or may change. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. 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. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

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

Prior to the publication of this document, there has been coverage in the media regarding us 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 any responsibility for the accuracy or completeness of such media coverage or forward-looking statements. We make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. We disclaim any information in the media to the extent that such information is inconsistent or conflicts with the information contained in this document. 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.