An [REDACTED] in our Shares involves various risks. You should carefully consider all the information in this document and in particular the risks and uncertainties described below before making an [REDACTED] in our Shares.

The occurrence of any of the following events could materially and adversely affect our business performance, financial condition, results of operations or prospects. If any of these events occur, the [REDACTED] price of our 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.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business relies on the lower-tier market's demand for the products on our digital marketplace. A material change in consumer demand or preferences, or any unexpected situation with a negative impact on market demand may materially and adversely affect our business and results of operations.

Our business relies on the lower-tier market's demand for the products offered on our digital marketplace, covering nutritional edibles and supplements, non-edible family care products and other products. This depends on factors such as (i) local consumer preferences and needs, (ii) birth rate and newly-born population, (iii) consumer spending patterns, (iv) household disposable income, (v) diversity of our product offerings, and (vi) consumer perceptions of and confidence in the product quality on our platform. Changes in any of the above at any time could result in fluctuations in the market demand for the products offered on our digital marketplace. Our business growth will depend partly on our ability to (i) accurately anticipate changes in market demand and consumer preferences in the lower-tier market, (ii) introduce new and attractive products in a timely manner, (iii) differentiate our products and services from those of our competitors and maintain our pricing advantage, and (iv) develop appropriate and effective marketing and sales strategies accordingly.

If we fail to anticipate or respond to changes in the choices and preferences of the lower-tier market or adjust the product portfolio on our platform that satisfy the lower-tier market's evolving demand in a timely manner, our market share, business and profitability could be materially and adversely affected. A material change in consumer demand or preferences could result in lower transaction amount on our platform, put pressure on product pricing or lead to increased levels of sales and marketing expenses. In addition, our self-operated business primarily focuses on family care and nutrition products, which exhibit significant growth potential in China's lower-tier market. There can be no assurance that these products will continue to be accepted by consumers or that we will be able to anticipate or respond to changes in consumers' preferences in a timely manner. Our failure to anticipate, identify or react to these particular changes could adversely affect our sales performance and our profitability.

Any quality issues in the products offered by third-party vendors or improper activities of third-party vendors on our platform may damage our brand, subject us to liability and harm our business and financial results.

Third-party vendors offer family care and nutrition products and other products on our *Hipac* platform, which are responsible for sourcing their products and guarantee that all products sold by them on our platform are authentic and manufactured in compliance with applicable standards. Compared with the products under our self-operated business, we have limited control over the quality of products offered by third-party vendors on our digital marketplace. Our selection criteria and requirements in place for third-party vendors to qualify and transact on our *Hipac* platform may not guarantee the quality of all products or eliminate potential defects, counterfeit issues, unauthorized sales or warranty claims from the product offered by third-party vendors. If any third-party vendor does not control the quality of the products that it sells on our platform, conducts false advertisements, sells defective or counterfeit products, or sells products without licenses or permits as required by the relevant laws and regulations or without proper authorizations from brand owners, buyers may lose confidence in us, the product transaction volumes through our platform may reduce, and the reputation of our platform and our brand may be materially and adversely affected. Furthermore, counterfeit products may be defective or inferior in quality as compared to authentic products and may pose safety risks to buyers. If buyers are injured by counterfeit or defective products sold by third-party vendors on our platform, we may be subject to lawsuits, severe administrative penalties and criminal liability. We may receive claims alleging our infringement of third parties' rights. Irrespective of the validity of such claims, we could incur significant costs and efforts in either defending against or settling such claims. Any of these events could have a material and adverse effect on our business, results of operations or financial condition.

In addition, pursuant to the platform service agreements, when buyers initiate returns due to quality issues, we normally conduct a preliminary review and, upon approval, make refunds directly to such buyers using performance deposits or transaction funds of vendors. Upstream vendors on our digital marketplace are contractually obligated as the ultimately liable parties for after-sales services, and we require performance deposits from vendors based on product categories, or freeze transaction funds if the deposits are insufficient to cover potential returns. Such measures may not fully cover refund amounts if widespread product quality issues occur or if upstream vendors deliberately engage in improper activities. In such cases, we might incur increased costs associated with the facilitation of buyers' returns or exchange of products, our credibility and market reputation could be harmed, and our business and results of operations may be materially and adversely affected.

Moreover, if third-party vendors bypass our vetting mechanisms to gain platform access and subsequently lower their product quality standards or engage in misconduct after joining the platform, this will directly compromise the overall quality of products available on our platform. Significant additional managerial, financial and human resources may be required to manage and regulate such vendors in order to ensure the quality of products offered on our platform. Our business, results of operations and reputation might be adversely affected if we are unable to ensure the quality of products offered on our platform.

If we fail to respond to fluctuations in birth rate and newly-born population in a timely manner, our market share, business and profitability could be materially and adversely affected.

Our business relies on the lower-tier market's demand for the products offered on our platform, which is in turn affected by, among others, the birth rate and newly-born population in such market. Especially, the later ages for first marriage, parenting pressures and the outbreak of COVID-19 led to continuous declines in China's birth rate and newly-born population from 2020 to 2025, with birth rate decreased from 8.5‰ to 5.6‰, and newly-born population decreased from 12.0 million to 7.9 million. See "Industry Overview — Overview of China's Lower-tier Market" for details. As a result, fluctuations in birth rate and newly-born population may significantly affect the demand for the products offered on our digital marketplace, and in turn affect our business and results of operations. If we fail to respond to such fluctuations or adjust the product portfolio on our platform that satisfy the lower-tier market's evolving demand in a timely manner, our market share, business and profitability could be materially and adversely affected.

Our success depends on our ability to generate robust synergies among all participants on our digital marketplace. If we fail to maintain or strengthen such synergies, our business, results of operations and financial performance may be materially and adversely affected.

Our ability to create strong synergies among upstream vendors, downstream buyers, logistics service providers and other participants on our digital marketplace is critical to our success. The extent to which we are able to maintain and strengthen these synergies depends on our ability to: (i) offer a secure and open platform environment for all participants; (ii) provide quality products and services that meet the evolving needs of participants on our digital marketplace; (iii) optimize platform performance and user experience to drive efficiency and enhance the appeal of our products and services for all participants; (iv) balance the interests of all participants on our digital marketplace; (v) maintain and improve the quality of our customer services; and (vi) continue to adapt to the constantly changing demands of lower-tier market in China.

If our existing and new products and services fail to provide the expected benefits to participants on our digital marketplace, the level of engagement of these participants and their transaction activities on our digital marketplace may decrease, which could materially and adversely affect our market share, business, results of operations and prospects, financial performance, as well as our reputation and brands. In addition, we may incur higher costs and expenses as a result of adjusting existing or introducing new products and services, thereby further compressing the profit margins. New products and services may also subject us to meeting additional regulatory or licensing requirements. Failure to comply with any such new regulatory or licensing requirements could materially and adversely affect our business and results of operations. In addition, changes we may make to balance the needs and interests of the various participants on our digital marketplace may be viewed positively from one participant group's perspective (such as upstream vendors) but may be viewed negatively from another group's perspective (such as downstream buyers). If we fail to balance the interests of all participants on our digital marketplace, they may stop utilizing our digital marketplace, conduct fewer transactions or use alternative platforms of other competitors, which may trigger a chain reaction and weaken our platform's network effects. Any of which could result in a material adverse effect on our business, results of operations and financial performance.

If we fail to retain existing customers or attract new customers, or if our customer engagement levels and revenue contributions decline, our financial condition and business operations may be materially and adversely affected.

Our business success is dependent upon (i) our ability to retain and expand our user base; (ii) the ability of upstream vendors to maintain high-quality product supplies and meet the demands of downstream buyers to sustain their sales performance and revenue contribution; and (iii) popularity and market recognition of our self-operated brands. Our customer growth may gradually decline as our customer base expands and as we occupy a larger market share. If our customer growth rate declines, our business growth will be increasingly dependent on our ability to increase our business with existing customer base. If our customers are unable to sustain their sales performance, purchase amount or revenue contribution, our business and prospects may be materially and adversely affected.

Our customer retention, growth rate and the level of our customers' business and revenue contribution could be negatively affected if: (i) we fail to maintain competitive pricing of our products and service offerings at levels that are both acceptable to our customers and profitable for us; (ii) consumers in the lower-tier market gradually accelerate their adaptation to online shopping, reducing reliance on local offline retail stores, resulting in the loss of market share by offline retail stores; (iii) we are unable to continuously upgrade our platform and maintain its technological leadership, openness and security; (iv) we fail to introduce new and improved products or services, or we introduce new products or services that do not achieve favorable market reception; (v) we are unable to present product information on out platform in a way which is attracting, useful and relevant to buyers; (vi) our customer service team fails to provide satisfying services; (vii) we encounter technical or other relevant issues that prevent us from delivering products and services on agreed terms; (viii) there are adverse changes in government policies affecting the family care and nutrition product industry; and (ix) we, our products under self-operated brands, or the overall family care and nutrition product industry are facing negative publicity. In addition, a decrease in customer retention, growth or the level of their business with us may reduce our bargaining power, which may have a material adverse effect on our business prospects and competitive landscape in the market.

If we cannot manage to grow our business or execute our strategies effectively, our business and prospects may be materially and adversely affected.

We continue to execute a number of strategies to expand our business with notable results achieved. For details of our business expansion strategies, see "Business — Our Strategies" and "Future Plans and [REDACTED]." While our business has been continually growing, we cannot assure you that we are able to sustain our historical growth rate for various reasons, such as the uncertainty of the growth prospects of family care and nutrition products in the lower-tier market, and our ability to upgrade our products and services and to successfully compete within the industry. The family care and nutrition product industry in lower-tier market has its own distinctive characteristics. See "Industry Overview — Overview of China's Lower-tier Market" for details. We cannot assure you that our future development will continue at the current pace. Moreover, our current operation model may not be adequate to support our future business operations, and we cannot assure you that we will be able to effectively manage our growth or implement necessary measures to facilitate such growth. If we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.

Our expansion into new product categories and the substantial increases in the products we offer may expose us to new challenges and more risks.

In recent years, we have continued to expand our product portfolio under our self-operated business. Expansion into new product categories and an significant increase in our product portfolio entail new risks and challenges. Our unfamiliarity with these new categories and lower-tier market dynamics may hinder our demand forecasting and customer preference analysis. For our self-operated business, inaccurate market demand or consumer preferences forecasting may lead to unsatisfying sales performance of products, potentially resulting in inventory overstock and possible inventory write-down. As our product categories further expand, it may become increasingly challenging for us to inspect and control quality, and to ensure proper handling, storage and delivery of our products. As a result, we may receive increasing product returns, which would harm our brand and reputation as well as our financial performance. Some of our product candidates require regulatory approvals and delays in obtaining them could negatively impact our business. Failure to obtain regulatory approvals or registration certificates for our product candidates in a timely manner would hinder us from penetrating into the relevant markets, which may adversely affect our business and financial performance. Furthermore, in respect of new product categories, we may lack significant bargaining power, which may impede our ability to negotiate favorable terms and conditions with our counterparties. We therefore may need to price more aggressively to gain market share or remain competitive in new categories. It may be difficult for us to achieve profitability in the new product categories and our profit margin, if any, may be lower than we anticipate. Our new product categories may not always be able to replicate our success in the sales of our existing product categories. Our new product categories may not always succeed or generate results as we anticipate. We cannot assure you that we will be able to recoup our investments in introducing these new product categories. As a result, our profit may be lower than we anticipate, and our results of operations and financial conditions may be materially affected.

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

The success of our business depends on our ability to provide reliable and satisfactory customer services in a timely manner. Our customer service team maintains customer stickiness through continuous interactions with offline retail stores and vendors. However, there is no guarantee that our customer service team can provide satisfactory services to all of our customers. In addition, there is no assurance that we can retain existing customer service managers or attract new ones when needed, or the training provided to new customer service managers will be sufficient to meet our standards, or that an influx of less experienced personnel will not dilute the quality of our customer service. If our customer service managers fail to provide satisfactory services to customers, our brand and customer loyalty may be adversely affected. Moreover, any negative publicity or feedback regarding our customer service may damage our reputation and in turn erode our customer base, leading to a loss of market share.

Any delivery delay, improper handling of products or increase in transportation costs of our logistic service providers could adversely affect our business and results of operations.

We engage logistics service providers for the product delivery. To a much lesser extent, our suppliers deliver our sourced products to our downstream buyers on our behalf. Interruptions or failures in these third parties' delivery services could jeopardize the timely or successful delivery of our products, which could in turn result in the loss of customers. The transportation infrastructure in the lower-tier market might be underdeveloped and the vast geographic areas of the lower-tier market might raise additional difficulties for the order delivery to our customers. In addition, delivery delays may occur for various reasons beyond our control, including inclement weather, natural disasters, virus outbreaks, transportation disruptions or labor disputes. In addition, when our products are not delivered on time, our customers may refuse to accept them and lose confidence in our services. Improper handling during logistics could also result in product contamination or damage, potentially triggering product returns, product liability claims, and further damage our brand image and reputation. We have received inquiries and requirements from customers occasionally with regards to the delivery, product returns, and liability claims. If our appointed third parties are unable to perform the logistics services as expected and we are unable to find alternative logistics providers in a timely manner or at all, our business and reputation can be materially and adversely damaged. The transportation costs of our logistics service providers are subject to factors beyond our control, such as the fluctuation in gasoline prices, increase in road tolls and bridge tolls, rising labor costs, and changes in transportation regulations. Any increase in the service costs of our logistics service providers may lead to an increase in our logistic expenses, which may in turn negatively affect our results of operations.

Our inability to maintain stable relationships with our suppliers, or failure to secure alternative suppliers, could have a material and adverse effect on our business and financial condition.

We rely on suppliers for different aspects of our business, such as product sourcing for our general self-operated business, OEM services, logistics services, storage services, cloud services and payment processing services. The supply agreements we have with suppliers are generally on a non-exclusive basis, though we generally maintain long-term relationship with our major suppliers. Any interruptions or changes in the supplies, or our failure to promptly secure alternative suppliers that can meet our quality requirements at reasonable prices may impair our capacity to fulfill customer orders and satisfy market demand. In particular, if our suppliers under our general self-operated business choose to sell their products on our *Hipac* platform directly instead of selling such products to us under our general self-operated business, we may be exposed to disintermediation risk, which could undermine our general self-operated business and result in decrease in business volume and loss of revenue, and our business, results of operations and financial condition would be materially and adversely affected.

Moreover, we expect our demand from our supplies to increase as we continuously expand our business scale. We cannot guarantee that our current suppliers have the capacity to meet our increasing demand going forward. In addition, we cannot assure you that our suppliers will continue their business relationships with us on commercially reasonable terms or at all. In the event that our suppliers do not maintain or expand their cooperation with us, raise prices, experience delivery delays, or fail to provide us with adequate supply to meet our needs, we may not be able to find suitable alternative suppliers within a short period of time or at commercially reasonable terms, which could disrupt our operations and adversely affect our business, financial condition and results of operations.

We rely on our OEM suppliers for the production of our proprietary brands and any material shortage or delay in supply by them or instability of their product quality could materially and adversely affect our business, results of operations and financial condition.

We outsource the production of all of our proprietary brand products to selected OEM suppliers. Their operations might be affected by industry downturns, changes in regulatory requirements, natural disasters or other catastrophic events, which could cause shortages or delay in supply of products by our OEM suppliers. In addition, we have limitations on directly and effectively monitoring the production quality of the OEM suppliers. Our quality control standards depend on factors such as the reliability of equipment used by our OEM suppliers, their adherence to our quality protocols, and the effectiveness of our supplier audits and inspections. However, no quality control system is entirely infallible, and deviations from our quality standards may occasionally occur. If the OEM suppliers fail to supply products in accordance with our delivery schedule, quality standards or product specifications, we may be forced to provide these products on a delayed basis or cancel our product offering, either of which could harm our reputation and our relationships with buyers as well as other participants on our platform and potentially expose us to litigation and damage claims and we may not be able to seek sufficient indemnification from our OEM suppliers. If we engage in legal proceedings against our OEM suppliers, such proceedings may be time-consuming and costly regardless of the outcomes. Any such issues may materially and adversely affect our business, results of operations and financial condition.

Failure to maintain competitive pricing strategies may have a material adverse effect on our business, financial condition and results of operations.

We are committed to providing customers with high-quality products and services. We determine our differentiated pricing strategy for each business line through comprehensive market research, taking into account multiple factors and designing to cater to the diverse needs of our customer base. See "Business — Pricing" for details. However, we cannot guarantee that we will consistently adopt a competitive pricing strategy, and we may fail to maintain the pricing of our products and service offerings at levels that are both acceptable to our customers and profitable for us. If our market research yields inaccurate results that misalign our pricing strategy with market trends, our customers, which are generally price-sensitive, may shift to our competitors or conduct transactions through other channels. We risk either diminishing profit margins by underpricing, or dampening sales volume and revenue by overpricing. Even if we initially price our products under our self-operated business appropriately, we may need to offer coupons or significant discounts during festivals or major online shopping events to enhance brand awareness and drive sales, or adjust prices as our products progress through their life cycles.

The return and exchange policies on our *Hipac* platform may subject us to additional costs and expenses, which may adversely impact our financial condition and results of operations.

We have adopted a unified product return and exchange policy on our *Hipac* platform. See "Business — Our Customers — Product Return and Exchange" for details. We may also be required by laws and regulations to adopt new or amend existing return, exchange and warranty policies. Therefore, if product sales underperform or the quality declines, we will incur higher operational costs, which may include, but are not limited to, reimbursing upstream vendors for commissions related to transactions in the event of product returns. In addition, our product return and exchange policy to improve user experience and acquire and retain participants on our *Hipac* platform may also be misused by buyers, which may significantly increase our costs and may adversely impact our business, financial condition and results of operations. If we revise these policies to reduce our costs and expenses, or these policies are unable to balance the needs and interests of the various participants on our platform, we may experience participant attrition and encounter challenges in maintaining or growing platform engagement levels, which may materially and adversely affect our results of operations.

We may fail to successfully compete against our potential competitors, which may reduce demand for our products and services, and adversely impact our financial condition and results of operations.

The market we operate in is steadily growing and increasingly competitive. We may face competition from other digital marketplaces, traditional distributors, and industry players who provide products or services similar to those we offer. See "Business — Competition" for details. Some of our potential competitors may have greater resources in certain markets than us, may provide products or services that are similar to ours or that achieve greater market acceptance, undertake more far-reaching products development and marketing campaigns, or may adopt more aggressive pricing policies. In addition, certain competitors may be able to secure products from upstream vendors or suppliers on more favorable terms to gain competitive advantages against us.

Furthermore, certain manufacturers, brand owners of family care and nutrition products or their national or regional distributors may plan to build or further develop their own commerce platform to compete with us, which may significantly affect our market share. Upstream vendors may also commence or improve their own logistics, warehousing and processing services, data analytics technology, or develop cooperative relationships with offline retail stores under a similar model. If such upstream vendors were to succeed in providing a viable alternative to our business and services, our business could be adversely affected by their entrance or expansion.

In addition, we face a variety of competitive challenges with respect to attracting upstream vendors and downstream buyers, negotiating favorable terms with various service providers, anticipating and quickly responding to changes in market demands, maintaining favorable brand recognition and providing quality services, among other things. If we cannot properly address these competitive challenges, our business and prospects would be materially and adversely affected. There can be no assurance that we will be able to compete successfully against current and future competitors, and competitive pressures may have a material and adverse effect on our business, financial conditions and results of operations.

If we fail to maintain an experienced sales force, or if our marketing and branding efforts are not successful, our sales and business prospects could be materially and adversely affected.

We consider our dedicated sales force to be the vital connection for developing and maintaining our extensive retail store network, executing our sales and marketing strategies and promoting our brand. Nevertheless, we cannot assure you that our sales efforts will always remain effective and competitive, if at all. If our sales force fails to market our products and services in a cost-effective manner, or provide satisfactory services during the sales process, our sales performance may decline, which may materially and adversely impact our business, prospects, results of operations and financial condition. Additionally, we will need to continue to expand and optimize our sales force and efforts in order to grow our customer base and business. Identifying and recruiting qualified sales personnel and training them to be familiar with our products and services requires significant time, expense and attention. If we are unable to hire, develop and retain talented sales personnel or if new sales personnel are unable to achieve desired productivity levels in a reasonable period of time, we may not be able to realize the expected benefits of this investment or increase our revenues.

Some of the buyers on our digital marketplace may have excessive inventory, which may affect their future orders on our platform, and if we fail to manage our inventory effectively, our financial condition and results of operation may be materially and adversely affected.

Buyers on our *Hipac* platform mainly comprise offline family care and nutrition product retail stores, which typically manage their own inventories and independently arrange sales channels to reach their customers. Consequently, it is difficult for us to gain full knowledge of their inventory level or whether there is any overstock, which could potentially influence their subsequent purchasing decisions. Additionally, due to market uncertainty and the inherent difficulty in accurately forecasting market demand, particularly during holidays or peak seasons, offline retail stores often build up their inventories in advance. In the event that the actual sales performance falls short of expectations, this may give rise to the risk of inventory overstocking in offline retail stores and affect their future orders on our platform.

Our inventories mainly consist of finished goods under our self-operated business. We had inventories of RMB46.8 million, RMB74.7 million and RMB52.4 million as of December 31, 2023, 2024 and 2025, respectively, and we had write-down of inventories of RMB1.7 million, RMB4.1 million and RMB3.3 million as of the same dates, respectively. See "Business — Inventory Management" for details of our inventory management measures. However, there is no assurance that we will always be able to maintain optimal inventory levels. If we fail to do so, we could experience shortages of products and decreased revenue if our inventory levels are too low, or we may require additional working capital and incur increased costs if our inventory levels are too high, both of which may adversely affect our business, financial condition and results of operations. We also depend on our forecasts of demand for and popularity of various products to make purchase decisions and to manage our inventory. With the expansion of our business operation and the iteration of our products, any mismanagement of inventory could lead to increased write-downs directly impacting our profitability, tied-up capital in slow-moving inventory reducing our liquidity, and higher storage and handling costs pressuring our margins, which may adversely and materially affect our business, results of operations and financial condition.

We had incurred net losses and net operating cash outflow in the past and our operating results may fluctuate in the future, and we recorded net current liabilities and negative equity during the Track Record Period.

We recorded net loss and net cash outflow from operating activities during the Track Record Period. See "Financial Information — Year to Year Comparison of Results of Operations" and "Financial Information — Liquidity and Capital Resources — Cash Flows" for details. We cannot assure you that we will be profitable in the future. We anticipate that our operating costs and expenses will increase in the foreseeable future as we continue to grow our business, attract users and customers, further enhance and develop our products and services, enhance our technology capabilities and increase our brand recognition. These efforts may prove more costly than we currently anticipate, and we may not succeed in increasing our revenues sufficiently to offset these higher expenses. As a result of the foregoing, our operating results may fluctuate in the future.

We recorded net current liabilities, and negative equity as of December 31, 2023, 2024 and 2025, respectively, primarily due to our convertible redeemable preferred shares classified as current liabilities. We expect to achieve a net current asset position upon [REDACTED], as the convertible redeemable preferred shares will be reclassified from liabilities to equity upon [REDACTED]. Our negative equity position exposes us to liquidity risk. Our future liquidity, payment of trade and other payables, capital expenditure plans and repayment of outstanding debt obligations as and when they become due will primarily depend on our ability to maintain adequate cash generated from operating activities and adequate external financing. We may have a negative equity position in the near future, which may limit our working capital for the purpose of operations or capital for our expansion plans and materially and adversely affect our business, results of operations and financial condition.

Failure to obtain or maintain any of the government grants or preferential tax treatments could adversely affect our business, results of operations, financial condition and prospects.

For the years ended December 31, 2023, 2024 and 2025, the government grants we recognized as other income and gains amounted to RMB9.6 million, RMB2.8 million and RMB5.5 million, respectively, which are generally non-recurring in nature. In addition, Hangzhou Yangtuo Internet is qualified for lower EIT rates of 15%, instead of the statutory EIT rate of 25%, as High and New Technology Enterprises (高新技術企業). Continued eligibility to such preferential tax treatments is subject to review and evaluation by the relevant government authorities in China every three years. For more details of the preferential tax treatments, see Note 10 to the Accountants' Report in Appendix I to this document.

The PRC governmental authorities may decide to reduce or cancel such government grants or preferential tax treatment, or require us to repay part or all of the government grants we previously received at any time, which could adversely affect our business, results of operations, financial condition and prospects. As these government grants are provided typically on a one-off basis, there is no guarantee that we will continue receiving or benefiting from them in the future. In addition, we may not be able to successfully or timely obtain the government grants or preferential tax treatment that may become available to us in the future, and such failure could adversely affect our business, results of operations and financial condition. Furthermore, in the ordinary course of business, we are subject to complex income tax and other tax regulations, and significant judgment is required in the determination of a provision for income taxes. As such, the PRC tax authorities may successfully challenge our position and may require us to pay taxes, interest on such taxes, and/or penalties in excess of our tax provisions.

We are subject to credit risk related to delay in payment and defaults of customers, which would adversely affect our liquidity and financial condition.

We are exposed to credit risk related to delay in payment and defaults of our customers. As of December 31, 2023, 2024 and 2025, the net carrying amount of our trade receivables was RMB6.0 million, RMB13.5 million and RMB4.7 million, respectively, and we recorded impairment of trade receivables of RMB33.0 thousand, RMB102.0 thousand and RMB38.0 thousand as of the same dates, respectively. As our business continues to scale, our trade receivables balance may further grow accordingly, which may increase our risks for uncollectible receivables. We generally grant our customers credit terms up to 30 days, and generally do not require collateral or other security from our customers. We may not be able to collect all such trade receivables due to various factors that are beyond our control, including adverse operating condition or financial condition of customers, which could cause our customers to delay payments to us, request adjustments to their payment arrangements or default on their payment obligations to us. If our customers delay or default in their payments to us, we may have to make impairment provisions and write-off the relevant receivables, and our liquidity and financial condition would be adversely affected.

If we determine our prepayments, deposits and other receivables to be impaired, our results of operations and financial condition may be adversely affected.

As of December 31, 2023, 2024 and 2025, our allowance for impairment of prepayments, deposits and other receivables amounted to RMB2.2 million, RMB2.7 million and RMB3.3 million, respectively. See Note 21 to the Accountants' Report set out in Appendix I to this document for details. Our management's estimates which have been made in accordance with information available to us may be subject to further adjustment if new information becomes known. In the event that the actual recoverability is lower than expected, or that our past allowance for impairment of prepayments, deposits and other receivables becomes insufficient in light of any new information, we may need to provide an additional allowance for impairment, and our results of operations and financial condition may therefore be materially and adversely affected.

We are exposed to changes in the fair value of our financial instruments measured at fair value through profit or loss (the "FVTPL") and changes in the fair value of our equity investments designated at fair value through other comprehensive income ("FVTOCI"). Fluctuations in their values would affect our results of operations and financial condition.

During the Track Record Period, we purchased certain wealth management products issued by commercial banks in the PRC, which are recorded under financial assets measured at FVTPL. Our results of operations are affected by changes in the fair value of such financial assets measured at FVTPL. As of December 31, 2023, 2024 and 2025, the fair value of our financial assets measured at FVTPL amounted to RMB25.5 million, RMB46.1 million and nil, respectively. See Note 22 to the

Accountants' Report in Appendix I to this document for more details. During the Track Record Period, we have certain equity investments in an unlisted company, which are recorded under equity investments designated at FVTOCI. As of December 31, 2023, 2024 and 2025, our equity investments designated at FVTOCI were RMB2.3 million, RMB1.8 million and RMB0.9 million, respectively. See Note 18 to the Accountants' Report in Appendix I to this document for more details.

The fair values of financial assets measured at FVTPL are determined based on the unit price published on the websites of the counterparty bank or financial institution. The fair values of equity investments designated at FVTOCI have been estimated using a market-based valuation technique based on assumptions that are supported by price to sales multiples of comparable companies. Factors beyond our control can significantly influence and cause adverse changes to these market-observable data we use and thereby affect the fair value of such financial assets and equity investments. These factors include, but are not limited to, general economic condition, changes in market interest rates and stability of the capital markets. Any of these factors, as well as others, could cause our estimates to vary from actual results, which could materially and adversely affect our results of operation and financial condition.

If we determine our other intangible assets to be impaired, our results of operations and financial condition may be adversely affected.

As of December 31, 2023, 2024 and 2025, we had other intangible assets of RMB5.4 million, RMB4.5 million and RMB3.5 million, respectively, which mainly comprised software, patents and trademarks. As of December 31, 2023, we recognised a full impairment of a trademark with details discussed in "Financial Information — Discussion of Certain Key Items from Consolidated Statements of Financial Position — Other Intangible Assets." As a result, the carrying amount of the trademark was fully impaired by RMB11.4 million for the year ended December 31, 2023. We cannot assure you that we will not continue to incur impairment of other intangible assets in the future. The value of intangible assets is based on a number of assumptions made by our management. If any of these assumptions do not materialize, or if the performance of our business is not consistent with such assumptions, we may be required to have a significant write-off of our intangible assets and record a significant impairment loss. Furthermore, our determination on whether intangible assets are impaired requires an estimation of the carrying amount and the recoverable amount of an intangible asset. If the carrying amount exceeds its recoverable amount, our intangible assets may be impaired. The impairment of other intangible assets could have a material adverse effect on our business, financial condition and results of operations. For more information regarding our other intangible assets, see Note 15 to the Accountants' Report in Appendix I to this document.

Negative publicity with respect to us, the family care and nutrition product industry in general, our ecosystem participants or our business partners may materially and adversely affect our business, results of operations and financial performance.

As we continue our growth in business scale, broaden the scope of our products and services, and expand into foreign markets, it will be increasingly difficult to maintain the efficiency and quality of our products and services, which may negatively impact our brand and market reputation. Many factors, some of which are beyond our control, may negatively impact our brand image and corporate reputation if not properly managed. These factors include our ability to provide superior services to our ecosystem participants, successfully conduct marketing and promotional activities, manage relationships with and among ecosystem participants, respond to complaints and negative publicity, and maintain a positive perception of our company, our competitors and the family care and nutrition product industry in general. Any actual or perceived deterioration of our product or service quality, which is based on an array of factors including participants' satisfaction, rate of complaints or rate of quality accidents, could subject us to damages such as the loss of key participants. If we are unable to promote our brand image and protect our corporate reputation, we may not be able to maintain and grow our participant base, and our business and growth prospects may be adversely affected.

Incidents that reflect doubt as to the product quality or safety in the family care and nutrition product industry, including those related to our competitors, have been, and may continue to be, subject to widespread media attention. Such incidents may damage the reputation of not only the parties involved, but also the family care and nutrition product industry as a whole. Even if such parties or incidents have no relation to us, our management, our employees, our suppliers or our other business partners, such negative publicity may indirectly and adversely undermine the confidence of the participants on our platform and affect our reputation and business operations.

We are subject to the risks in relation to our offline trading partners.

In line with industry practice, we have engaged offline trading partners to expand our sales network and product reach. As of December 31, 2023, 2024 and 2025, we engaged 261, 42 and 72 offline trading partners, respectively. In 2023, 2024 and 2025, our revenue generated from sales to offline trading partners amounted to RMB39.3 million, RMB24.6 million and RMB100.9 million, respectively, accounting for 5.1%, 3.1% and 8.3% of our revenue generated from self-operated business for the same years, respectively. See "Business — Self-operated Business — Sales Channels" for details. Our success therefore partially depends on the performance of our offline trading partners and our ability to maintain long-term relationships with them. A substantial reduction in the volume of orders placed by offline trading partners, or unexpected cessation of cooperation may materially and adversely affect our business performance. In addition, our requirements on our offline trading partners to comply with sales agreements may not guarantee their strict adherence to these agreements or our prompt detection of their non-compliant activities. Any of their failure to fulfill contractual obligations or non-compliance with applicable regulatory requirements could negatively impact our business, leading to potential reputation damage, reduced sales volumes, costly litigation, or additional costs in finding new offline trading partners as replacements due to early termination.

In addition, we cannot assure you whether our offline trading partners can effectively market and sell our products successfully or maintain their competitiveness as a result of various factors. If our offline trading partners fail to promote and sell our products successfully, we may be subject to the risk of channel stuffing and reduced orders from offline trading partners, and our business, financial condition and results of operations may be materially and adversely affected.

Our business is subject to seasonal fluctuations which could have a material effect on our revenue, cash flow and results of operations.

We experience seasonality in our business, reflecting a combination of traditional retail seasonality patterns and emerging patterns associated with online platforms in particular. We typically record higher revenue in the second half of the year attributable to the year-end promotional campaigns we held. Moreover, consumers tend to increase their spending and purchase products in advance in anticipation of the year-end festive season. We generally experience less user traffic and purchase orders during the Chinese New Year holiday season in the first quarter of each year. See "Business — Seasonality" for details. We expect our revenue to continue to fluctuate based on the seasonal factor that affects the offline consumption patterns as a whole. As a result, any comparisons of our operating results between different periods within a single financial year, or between different periods in different financial years are not necessarily meaningful and cannot be relied on as indicators of our performance. Our historical financial performance has masked the impact of seasonality, but if our seasonal spending becomes more pronounced, seasonality could have a material impact on our revenue, cash flow and operating results from period to period.

If we are unable to innovate, upgrade and enhance our technologies, our business, financial condition and results of operations could be materially and adversely affected.

In order to remain competitive and responsive to user demands, we continually upgrade, enhance, and expand our existing product and service offerings. If we fail to respond successfully to technology challenges and user needs and preferences, the demand for our digital marketplace may diminish. We will also need to enhance and launch new features and functionalities of our *Hipac* platform to enhance its utility to users and adapt to their changing preferences, in order to maintain existing participants and attract new ones. Failure to do so may significantly impair our financial performance. In addition, we may need to continuously modify and enhance our technologies to keep pace with changes in cloud-based database and infrastructure, communication, browser and database technologies. We may not be successful in either developing these modifications and enhancements or in bringing them to market in a timely fashion. Furthermore, uncertainties about the timing and nature of new technologies, or modifications to existing technologies, could increase our research and development expenses. Any failure of innovating, upgrading and enhancing our technologies could reduce the demand for our *Hipac* platform, result in user dissatisfaction and materially and adversely affect our business, financial condition and results of operations.

Our operations depend on the performance of the internet infrastructure and telecommunications networks in the PRC.

Our business depends on the performance and reliability of the internet infrastructure in the PRC. The reliability and availability of our digital marketplace depends on telecommunications carriers and other third-party providers for communications and storage capacity, including bandwidth and server storage, among other things. If we are unable to enter into or renew agreements with these providers on acceptable terms, or if any of our existing agreements with such providers are terminated as a result of our breach or otherwise, our abilities to provide our services to the users could be adversely affected. The failure of telecommunications network operators to provide us with the requisite bandwidth could interfere with the speed and availability of our digital marketplace. Service interruptions prevent users from accessing our digital marketplace and placing orders, and frequent interruptions could frustrate users and discourage them from attempting to place orders, which could cause us to lose users and harm our operating results.

We rely on third-party cloud-based infrastructure to support certain aspects of our operations. Any disruptions in the operations of such third-party providers, limitations on capacity offerings or interferences with our usage could materially and adversely affect our business, financial condition and results of operations.

Our cloud-native architecture is operated and maintained by the cloud servers in custody with third-party cloud infrastructure to support certain aspects of our business operations, such as information system security protection and data backup. We do not control, or in some cases have limited control over, the operation of the facilities or technologies from the third-party providers. Due to the nature of our business, the participants on our digital marketplace expect to access our platform at any time, without interruption or degradation of performance. Any limitation on the capacity of the cloud infrastructure provided by third-party providers could impede our ability to serve existing customers or attract new customers, which could adversely affect our business, financial condition and results of operations. We may incur significant costs and expenses for deploying alternative cloud-based infrastructure. In the event that our service agreements relating to our third-party cloud infrastructure are terminated, or there is a lapse of service, elimination of services or features that we utilize, interruption of internet service provider connectivity or damage to such facilities, we could experience interruptions in access to our systems. We may also experience significant delays and additional expenses in arranging and transferring to new facilities or re-architecting our system for deploying an alternative cloud-based infrastructure service provider, which could adversely affect our business, financial condition and results of operations.

Our information technology networks and systems may encounter malfunction, unexpected system failure, interruption, insufficiency, cyber-based attacks or security breaches, which may materially and adversely affect our reputation, business, financial condition and results of operations.

We rely on information technology networks and systems for electronic communications between our personnel and participants on our platform as well as to manage and monitor our daily operations. These information technology systems, some of which are managed by third parties, may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software, databases or components, network overload, power outages, hardware failures, computer viruses, attacks by computer hackers, telecommunication failures, user errors or catastrophic events. The occurrence of unanticipated problems that affect our information technology networks could result in interruptions in the availability of our products and services. If our information technology systems suffer damage, disruption or shutdown, we may incur substantial costs in repairing or replacing these systems. Failures in information technology systems, especially those related to platform safety and associated data, could potentially affect the ability of participants to use cloud-based features of our platform and services, hinder our ability to effectively provide our services, subject us to regulatory scrutiny, and could cause our loss of participants, data assets and trade secrets, disruption to our R&D activities, transaction errors and processing inefficiencies. Furthermore, our technological infrastructure is also vulnerable to damage from fires, floods, earthquakes and other natural disasters, power loss and telecommunication failures. If we do not effectively resolve the issues in a timely manner, our reputation, business, results of operations and financial condition may be materially and adversely affected, and we could experience delays in reporting our financial results.

We rely on a number of key operating data to evaluate the performance of our business. Any real or perceived inaccuracy or incompleteness in such data may negatively affect our reputation and business.

We track certain key operating data, such as GMV, registered buyers, transacting buyers, core buyers, buyers transaction ratio, number of SKUs, with internal tools. Our internal tools have a number of limitations and our methodologies for tracking these data may change over time, which could result in unexpected changes to our data. If the internal tools we use to track these data undercount or overcount performance or contain algorithm or other technical errors, the data we report may not be accurate. In addition, limitations or errors with respect to how we measure data (or the data that we measure) may affect our understanding of certain details of our business, which could affect our longer-term strategies. If our operating data are not accurate representations of our business, or if we discover material inaccuracies in our data, our reputation may be harmed, and our operating and financial results could be adversely affected.

We may be considered as conducting payment services as a non-financial institution without a requisite license.

Payment services in China are subject to the supervision of the PBOC. See "Regulatory Overview — Regulations Relating to the Payment Services and Prepaid Cards." According to the *Regulations on Supervision and Administration of Non-bank Payment Institutions* (《非銀行支付機構監督管理條例》) issued by the State Council on December 9, 2023, which became effective on May 1, 2024, the establishment of a non-bank payment institution shall be subject to the approval of the PBOC, and a payment business license (the "**Payment Business License**") shall be obtained. During the Track Record Period, our subsidiary conducting digital marketplace business, Hangzhou Yangtuo Internet, may be deemed to provide payment services without a Payment Business License, since we collected payments from buyers on behalf of vendors, and subsequently settled payments with vendors after deducting the commissions we are entitled to receive. In addition, during the Track Record Period, our subsidiaries, Hangzhou Yangtuo Internet and Hangzhou Yangtuo Trading, issued and sold pick-up card to buyers on our *Hipac* platform for promotion, a type of prepaid card which can be utilized by buyers for purchasing products sold by third-party vendors on our platform. See "Business — Compliance and Legal Proceedings — Compliance — Conducting Payment Services as a Non-financial Institution Without a Requisite License." The relevant government authorities have discretion in determining what practice or process constitutes payment or settlement services without a Payment Business License, the regulations are evolving and the interpretation of such regulations are subject to further uncertainties.

To rectify, we entered into cooperation agreements with licensed financial institutions in March and April 2025 to develop payment settlement functions and connect the systems (the "**Service Systems**") operated by such financial institutions with our *Hipac* platform to manage and settle payments between buyers and vendors. The Service Systems had been in full operation since August

2025, which replaced our fund settlement for all vendors operating on our platform and pick-up card practices. Pursuant to the written confirmations issued by such licensed financial institutions, the fund settlement and payment services provided by such licensed financial institutions for us comply with the relevant laws and regulations, departmental rules and regulatory documents. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any investigations against us, summoned for interview, ordered to rectify, subject to administrative penalties by the competent authorities, or pursued for criminal liability by the judicial authorities due to non-compliance with the relevant laws, regulations or regulatory requirements relating to our fund settlement and pick-up card practices.

However, we cannot assure you that our cooperation with the licensed financial institutions would suffice for all our present or future businesses. In addition, the settlement services provided by the licensed financial institutions are subject to various rules and regulations, which may be amended or reinterpreted to encompass additional requirements. In response to such changes, we may have to adjust our cooperation with the licensed financial institutions and may therefore incur higher transaction and compliance costs or regulatory loss. Any of the circumstances would have a material adverse effect on our business, results of operations and financial condition.

If we fail to obtain or maintain the requisite licenses, permits, certificates, approvals, registrations or filings required under the regulatory environment applicable to our business in any jurisdiction where we operate, or if it is time-consuming or costly to obtain or maintain such licenses, permits, certificates and approvals, our business, financial condition and results of operations may be materially and adversely affected.

Given the nature of our business as a commerce and service platform specializing in family care and nutrition products, we are required to obtain or maintain a number of licenses, permits, certificates, approvals, registrations or filings in connection with our business operations. Some of our licenses, permits, certificates, approvals, registrations or filings are subject to periodic renewal and/or reassessment by the relevant authorities, and the standards of such renewal and/or reassessment may change from time to time. There are also uncertainties regarding the interpretation and implementation of existing and future laws and regulations governing our business activities. There is no assurance that we can successfully update or renew the licenses, permits, certificates, approvals registrations and filings required for our business in a timely manner or at all, or that these licenses, permits, certificates, approvals registrations and filings are sufficient to conduct all of our present or future business.

For example, one of our subsidiaries operating a minimal scale e-commerce platform, Hangzhou Shirui Internet Technology Co., Ltd. (杭州是睿網絡科技有限公司), failed to timely renew its Value-added Telecommunications Business Operations License (增值電信業務許可證) upon its expiry in July 2024. We have shut down such e-commerce platform and have transferred the domain name of such e-commerce platform to Hangzhou Yangtuo Internet, and only generated negligible revenue from such e-commerce platform during the Track Record Period. See "Business — Compliance and Legal Proceedings — Compliance — Failure to Timely Renew Our Value-added Telecommunications Business Operations License." We cannot assure you that we would not be subject to any administrative penalties for such failure. In addition, our subsidiary, Hangzhou Hitun, historically issued fixed face prepaid cards to buyers for them to purchase products from our self-operated stores under our self-operated business, which fall within the scope of single-purpose commercial prepaid cards, but failed to complete the filing formalities, which may subject us to a maximum penalty of RMB30,000 should we fail to rectify. See "Business — Compliance and Legal Proceedings — Compliance — Failure to Complete Filing Formalities for Our Prepaid Cards."

If we fail to complete, obtain, maintain or renew any of the required licenses, permits, certificates and approvals or make the necessary filings, we may be subject to various penalties, such as imposition of fines and the discontinuation or restriction of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, financial condition and results of operations.

We may be subject to administrative penalties for failure to fully comply with the relevant laws and regulations in connection with social insurance and housing provident funds.

During the Track Record Period, we failed to fully comply with the relevant laws and regulations in connection with social insurance and housing provident funds, including: (i) failed to make social insurance and housing provident funds contribution in full for certain employees, (ii) failed to register for social insurance and housing provident fund accounts for certain subsidiaries without any employees, and (iii) engaged third-party human resource agencies to pay social insurance and housing provident funds contributions for certain employees, with details discussed in "Business — Employees — Social Insurance and Housing Provident Fund." As the laws and policies relating to social insurance and housing provident fund may continue to evolve, we cannot assure you that we will not be subject to administrative penalties for such incidents. In addition, we may be subject to more stringent requirements in relation to social insurance and housing provident funds in the future, and the liabilities, costs, obligations and requirements associated with such laws and regulations may be substantial, which may adversely affect our business and results of operations.

We face risks in relation to the non-registration and title defect of our leased properties.

We lease properties in the PRC as premises primarily for our office space and business registration addresses. For details of our leased properties, see "Business — Properties." As of the Latest Practicable Date, we had 11 lease agreements failed to be registered with the relevant PRC government authorities. As advised by our PRC Legal Advisors, failure to register an executed lease agreement will not affect its validity. However, we may be subject to a fine of no less than RMB1,000 and not exceeding RMB10,000 for each unregistered lease agreement if the relevant PRC government authorities require us to rectify and we fail to do so within the prescribed time period. As a result, we may face a total maximum fine up to RMB110,000 assuming a maximum fine of RMB10,000 is imposed on each unregistered lease agreement.

In addition, as of the Latest Practicable Date, certain of our leased properties may subject us to risks in relation to their title defect, including: (i) 1 leased property with a GFA of approximately 50.00 sq.m. was leased from a lessor who failed to provide sufficient or valid title certificates or relevant authorization documents evidencing its rights to lease the property to us; and (ii) 3 leased properties with an aggregate GFA of approximately 96.00 sq.m. had been mortgaged by the landlords to third parties before entering into lease agreements with us. There may be risks that these leases may be declared invalid or terminated. If any of our leases are terminated as a result of challenges by third parties, we may be forced to relocate and incur additional costs associated therewith, and our business, financial condition and results of operations may be adversely affected.

If we are unable to attract, retain and motivate key individuals, our business, results of operations and financial condition would be materially and adversely affected.

Hiring and retaining key individuals, such as key management, technical staff, qualified executives, developers and sales personnel are critical to our business, in particular, to the optimization and branding of our digital marketplace, as well as the R&D and commercialization of our products and other services. The competition for experienced and skilled employees in our industries is increasingly intense. Changes in our management team would also disrupt our business. Our senior management and other key personnel may elect to join our competitors after the non-compete periods stipulated in the non-compete and confidentiality agreements with us have lapsed. Changes in our management team may occur from time to time, and we cannot predict whether significant resignations will occur or whether we will be able to recruit qualified personnel. If one or more of our senior management and other key personnel join a competitor, or form a competing business, our business, financial condition and results of operations may be adversely affected.

In addition, changes in the interpretation and application of employment-related laws to our workforce practices may result in increased operating costs and less flexibility in how we meet our changing workforce needs. See "Regulatory Overview — Regulations Relating to Labor and Social

Security — Labor Law and Labor Contract Law" for details. To help attract, retain and motivate key individuals, employee incentives have been, and will continue to be, an important part of our compensation. Our employee hiring and retention also depend on our ability to build and maintain a diverse and inclusive workplace culture and be viewed as an employer of choice. If our compensation programs and workplace culture cease to be viewed as competitive, our ability to attract, retain, and motivate key individuals would be weakened, which would in turn materially and adversely affect our business, results of operations and financial condition.

Acquisitions, investments or strategic alliances may fail and materially and adversely affect our reputation, business and results of operations.

We may in the future enter into strategic alliances with various third parties to pursue opportunities for collaborations, licensing, investments, acquisitions of business or technology, or partnerships that we believe would advance our development. Proposing, negotiating and implementing these opportunities may be a lengthy and complex process. Our competitors may compete with us for these opportunities or arrangements. We may not be able to identify, secure, or complete any such transactions or arrangements in a timely manner, on a cost-effective basis or acceptable terms, or at all.

Strategic alliances with third parties could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the counterparty and an increase in expenses incurred in establishing new strategic alliances, any of which may materially and adversely affect our business. We may have little ability to control or monitor their actions and to the extent strategic third parties suffer negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with such third parties.

In addition, we may acquire additional assets, technologies or businesses that are complementary to our existing business. Future acquisitions and the subsequent integration of new assets and businesses into our own would require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could adversely affect our business. Valuations supporting our acquisitions and strategic investments could change rapidly. Following any such transaction, there could be impairments in valuations or other-than-temporary declines in fair value, which could materially adversely affect our business, financial condition and operating results through the write-off of goodwill and other impairment charges. Acquisitions could also result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the incurrence of debt, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business. Our failure to address these risks or other problems encountered in connection with our future acquisitions and investments could cause us to fail to realize the anticipated benefits of such acquisitions or investments and materially and adversely affect our reputation, business and results of operations.

Our international strategy and ability to conduct business in international markets may be adversely affected by legal, regulatory, political and economic risks.

International expansion is a significant component of our growth strategy and may require significant capital investment in the future, which could strain our resources and adversely affect current performance, while adding complexity to our current operations. Operating internationally subjects us to additional risks and challenges such as: (i) limited brand recognition globally (compared with our presence in China); (ii) costs and expenses in connection with global expansion, including recruitment of local personnel and lease of new premises; (iii) ability to anticipate international consumers' and collaborators' needs and preferences; (iv) difficulties of compliance with import and export laws and the impact of tariffs; (v) wars, political and economic instability, including trade tensions; and (vi) technological and trade restrictions.

In particular, we face regulatory uncertainties and may incur substantial compliance costs when we enter into a new overseas market. Regulations in different overseas markets could vary significantly. Being compliant with laws and regulations in one jurisdiction does not necessarily mean our business practice would comply with laws and regulations in another jurisdiction and we may need to make adjustments to our business accordingly to comply with local laws. We also have to closely monitor changes in local laws and complete all necessary procedures and filings accordingly. If any of our overseas operations violate laws in the relevant jurisdictions, we could become subject to sanctions or other penalties, which could adversely affect our reputation, business, results of operations and financial condition.

We rely on a combination of intellectual property laws and contractual arrangements to protect our proprietary rights. We may not be able to effectively protect our intellectual property rights or enforce our contractual rights.

Our intellectual properties, are crucial to our business operations and success. We rely on a combination of intellectual property laws and contractual arrangements, including confidentiality and non-compete agreements with our employees and others, to protect our proprietary rights. See "Business — Intellectual Property" for details. Our efforts to enforce or defend our intellectual property rights may not be adequate or effective. We are susceptible to infringement of our intellectual property rights and any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated. Confidentiality and non-compete agreements may be breached by counterparties, and we may not be able to protect our intellectual property rights or to enforce our contractual rights effectively and timely. We may have to initiate legal proceedings to defend the ownership of our intellectual property rights against any infringement by third parties, which may be time-consuming and costly, and we might be required to devote substantial management time and resources in an attempt to achieve a favorable outcome. There can be no assurance that we will prevail in the relevant legal proceedings. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure in protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to intellectual property rights infringement or misappropriation claims by third parties, which may force us to incur legal expenses and, if determined adversely against us, may materially disrupt our business.

We may be exposed to intellectual property rights infringement or misappropriation claims by third parties during the course of our operations. We may incur expenses and require attention of management in defending against these third-party infringement claims, regardless of their merit. An adverse determination in any such litigations or proceedings to which we may become a party could subject us to liabilities to third parties, require us to seek consent or licenses from third parties, pay ongoing fees or royalties, or subject us to injunctions prohibiting the provision and marketing of our relevant products or services. To the extent that such consents or licenses are not available to us on commercially reasonable terms or at all, we may be required to expend considerable time and resources sourcing alternative technologies or rebranding our products or services, if any, or we may be forced to delay or suspend the relevant products, services or the promotion of the relevant brand. Protracted litigation could also result in reduced customers. In addition, we could face disruptions to our business operations as well as damages to our reputation as a result of such claims, and our business, financial condition and results of operations could be materially and adversely affected.

Additionally, the application and interpretation of intellectual property right laws and regulations, as well as the procedures and standards for granting trademarks, patents and copyrights are evolving. There can be no assurance that courts or regulatory authorities would agree with our legal analysis. If we were found to have violated the intellectual property rights of third parties, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. As a result, our reputation, business and financial condition may be materially and adversely affected.

We face payment and fraud risks that could materially and adversely affect our business.

Requirements on our *Hipac* platform relating to user authentication and fraud detection are complex. If our security measures do not succeed, our business may be adversely impacted. In addition, bad actors around the world use increasingly sophisticated methods to engage in illegal activities involving personal information, such as unauthorized use of another's identity or payment information, unauthorized acquisition or use of credit or debit card details and bank account information, and other fraudulent use of another's identity or information. We may be subject to additional risk and liability exposure, including negligence or other claims, if participants on our platform misappropriate user information for their own gain or facilitate the fraudulent use of such information. Bad actors may use our platform, including the payment processing and disbursement methods, to engage in unlawful or fraudulent conduct, such as money laundering, terrorist financing, fraudulent sale of services, breaches of security, leakage of data, piracy or misuse of software and other copyrighted or trademarked content, and other misconduct. Participants on our platform who are subjected or exposed to the unlawful or improper conduct of other users or other third parties, including law enforcement, may seek to hold us responsible for the conduct of other users or other third parties and may lose confidence in our platform, decrease or cease to use our platform, seek to obtain damages and costs, or impose fines and penalties. We may suffer reputational damage as a result of the occurrence of any of the above.

We cannot ensure that any of our measures will stop illegal or improper uses of our platform. We may receive in the future, complaints from users and other third parties concerning misuse of our platform. We have also brought claims against users and other third parties for their misuse of our platform, and may be required to bring similar claims in the future. Even if these claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business and operating results.

We may be involved in legal or administrative proceedings and commercial disputes, which could materially affect our business, financial condition and results of operations.

We may be subject to claims and various legal and administrative proceedings in the ordinary course of business or pursuant to governmental or regulatory enforcement activities. Regardless of the merit of particular claims, legal and administrative proceedings, such as litigations, injunctions and governmental investigations, may be expensive, time-consuming or disruptive to our operations and distracting to management, and may lead to administrative measures, settlements, injunctions, fines, penalties, negative publicity, or other results that could have material adverse effect on our reputation, business, financial condition, results of operations, and prospects. In recognition of these considerations, we may enter into arrangements to settle litigation and resolve such disputes. No assurance can be given that such arrangements can be obtained on acceptable terms or that litigation will not occur. These arrangements may also significantly increase our operating expenses.

New legal or administrative proceedings and claims may arise in the future. If one or more legal or administrative matters are resolved against us or an indemnified third party for amounts in excess of our management's expectations or certain injunctions are granted to prevent us from using certain technologies in our platform and services, our business and financial conditions could be materially and adversely affected. Further, such an outcome could result in significant compensatory or punitive monetary damages, disgorgement of revenue or profits, remedial corporate measures, injunctive relief or specific performance against us that could materially and adversely affect our financial condition and operating results. In addition, from time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. It is possible that the administrative and court authorities would not interpret and enforce the statutory provisions and contractual terms in a manner favorable to us, and it may be more difficult to predict the outcome of any administrative and court proceedings that we may be involved in the future.

The changes in international political relationships, trade policies and trade barriers, or the escalation of trade tensions, may have an adverse effect on our business operations.

As we seek to expand our global footprint, our business operations and financial performance may be influenced by international political relationships, trade policies and trade barriers, or the escalation of trade tensions. International trade policies and geopolitics are subject to frequent changes and uncertainties, often driven by factors beyond our control. Although we operate primarily within the PRC market, our *Hipac* platform may sell products that are of imported brands or contain raw materials from foreign countries/regions. Such countries/regions may, to the extent needed, impose new or additional import tariffs, trade restrictions or other trade barriers affecting the importation of such products or raw materials, which may lead to higher procurement costs. Our business is therefore subject to constantly changing international economic, regulatory, social and political conditions, and local conditions in foreign countries and regions. We cannot assure you that we will always be able to obtain a steady supply in time and at competitive prices. In that case, our profitability and operational capabilities may be adversely affected by these changing trade policies.

Political tensions as a result of trade policies could reduce trade volume, cross-border investment, technological exchange, and other economic activities between major economies, resulting in a material adverse effect on global economic conditions. Furthermore, any escalation in existing trade tensions or the advent of a trade war, or news and rumors of the escalation of a potential trade war, could affect consumer confidence. If any new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated, such changes could have an adverse effect on our business, financial condition and results of operations.

We are subject to risks associated with foreign exchange rate fluctuations.

The fluctuation in the value of RMB against other currencies is subject to changes resulting from the PRC government's policies and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. It is difficult to predict how market factors or government policies may impact the exchange rates between the RMB and other currencies in the future. We incurred net foreign exchange losses of RMB6.0 million and RMB4.8 million in 2023 and 2024, respectively, and recorded net foreign exchange gains of RMB1.8 million in 2025. We cannot assure you that we will not continue to incur foreign exchange loss in the future. In addition, there are limited instruments available to us for the reduction of our foreign currency risk exposure at reasonable costs. All of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

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

We are exposed to fraudulent or illegal activities or other misconduct by our employees, customers, suppliers or other third parties, that could subject us to liabilities, fines and other penalties imposed by government authorities and negative publicity. There can be no assurance that the internal control policies we adopted and the reporting channel we established will prevent fraud or illegal activity by such parties or ensure that similar incidents will not occur in the future. See "Business — Risk Management and Internal Control" for details of our internal control measures. Any illegal, fraudulent, corrupt or collusive activity by our employees, customers, suppliers or other third parties, including, but not limited to, those in violation of anti-corruption, anti-money laundering or anti-bribery laws, could subject us to negative publicity that could severely damage our brand and reputation and, if conducted by our employees, could further subject us to significant financial and other liabilities to third parties and fines and other penalties imposed by government authorities. Accordingly, our failure to detect and prevent fraudulent or illegal activities or other misconduct by our employees, customers, suppliers or other third parties could materially and adversely affect our business, results of operations, financial condition and prospects.

We have limited control over vendors and other relevant users on our platform. If any unreal, illegal, inaccurate, incomplete, false, misleading or otherwise inappropriate contents are published or made available by them on our platform, we could be subject to reputation damages, liabilities or legal proceedings, our business, financial condition and results of operations could be materially and adversely affected as a result.

Upstream vendors on our *Hipac* platform could create, edit, manage, publish, upload, and maintain product-related information, including product details, descriptions, shipping terms, and other relevant data, enabling downstream buyers to browse, search and place orders. Our platform service agreements with vendors provide that vendors are responsible for ensuring that the product information posted is genuine, legitimate, accurate, not misleading and does not violate relevant laws or regulations or infringe any third parties' rights, while we are entitled to inspect the information posted by vendors and deal with any inappropriateness identified. We are not able to ensure the compliance of information posted on our platform with applicable laws, regulations and rules in a timely manner or at all. If any inappropriate content is discovered on our platform, or any content proves to be unreal, illegal, inaccurate, incomplete, false or misleading, or the actions of third parties breach laws, we could be subject to reputation damages, liabilities or legal proceedings, our business, financial condition and results of operations could be materially and adversely affected as a result. In addition, the users of our platform may access and process personal information and data through our platform, where we may have limited control over their actions. If any of them fail to comply with applicable cybersecurity or data privacy laws, or infringe the right or interest of any individuals or other entities, our business could be directly or indirectly disrupted.

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

Historically, during our self-operated business, certain payment for our products were settled by third parties (the "**Actual Payers**"), instead of the buyers who placed orders with us (the "**Relevant Buyers**") (the "**Third-party Settlement Practice**"). In 2023, 2024 and 2025, the total GMV of the transactions involving Third-party Settlement Practice amounted to RMB29.1 million, RMB27.1 million and RMB20.0 million, respectively, representing approximately 3.4%, 2.9% and 1.6% of our total GMV of self-operated business (excluding GMV of direct sales to consumers through major e-commerce platforms) during the same years, respectively. See "Business — Our Customers — Third-party Settlement Practice" for details.

We are subject to various risks relating to such Third-party Settlement Practice during the Track Record Period, including: (i) potential demands for fund restitution from Actual Payers without contractual obligations with us; (ii) limited visibility into the origin and intended use of Actual Payers' funds; and (iii) possible claims from liquidators of the Actual Payers. In the event of any claims from the Actual Payers or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us in respect of any third-party settlements, we may have to use additional financial and managerial resources to defend against such claims or legal proceedings, and our financial condition and results of operations may be adversely affected as a result. We have entered into a collaboration agreement with a licensed commercial bank in China in March 2025, pursuant to which, we will implement a one-stop payment and settlement system through the bank to collect payments and automatically verify payer/buyer information to avoid Third-party Settlement Practice. The payment and settlement system had been in full operation since August 2025, thereby preventing future Third-party Settlement Practice. Any failure in their effectiveness could leave us exposed to the aforementioned risks.

Increasing focus with respect to ESG matters may expose us to additional risks. Failure to keep up with the evolvement in social trends and policies relating to ESG matters may adversely affect our business, financial condition and results of operations.

In recent years, public awareness of ESG has been increasing. Given the nature of our business, we do not believe our business is subject to significant ESG-related risks, as we do not operate any production facilities. Nonetheless, we monitor environmental and climate-related risks that may impact on our business, strategy and financial performance and evaluate the magnitude of the resulting impact over the short-, medium- and long-term horizons. See "Business — Environmental, Social and Governance Matters." Changes in social trends and policies associated with environmental protection, public health and other ESG issues may have growing influence on our business model and daily operations. With growing attention on ESG matters, investors are increasingly focused on ESG issues and tend to incorporate ESG performance into their investment decisions, while consumers are becoming more environmentally conscious, preferring products and services with green and environmentally friendly design and production. Any new ESG concern or change in social trends and political policies relating to ESG matters may require us to adjust our practices in a way that could adversely impact our results of operations. Failure to adapt to or comply with the evolving expectations and standards of ESG, regardless of whether there is a legal requirement to do so, could adversely affect our reputation, business operations and financial condition.

Failure to comply with laws and regulations on cybersecurity, information security, data privacy and protection could result in claims and penalties imposed by relevant government authorities, which could harm our brand and reputation, and materially and adversely affect our business operations and financial performance.

Our business requires us to collect, use, store, transmit and share personal information, with respect to our users in relation to and to the extent necessary for their usage of our *Hipac* platform and other services, and with respect to our corporate users and their employees. The PRC government has in recent years tightened the regulation on the collection, storage, sharing, use, disclosure and protection of personal information. See "Regulatory Overview — Regulations Relating to Cybersecurity and Data Protection" for more information. The regulatory developments relevant to cybersecurity, data protection and personal information protection could generally impact the data collection, use, storage and other data processing activities conducted by us. We have adopted various measures to ensure legal compliance. See "Business — Cybersecurity and Data Privacy and Protection" for more information. However, the laws and regulations regarding cybersecurity, data protection and personal information protection in China are generally complex and evolving, with uncertainty as to the interpretation and application thereof, which may lead to uncertainty about the scope of our responsibility in this regard. As such, we cannot assure you that our cybersecurity, data protection and personal information protection measures are, and will be, always considered sufficient under applicable laws and regulations.

On June 17, 2025, we and our PRC Legal Advisors in respect of PRC data compliance law conducted a consultation through telephone on a namely basis with the China Cybersecurity Review, Certification and Market Regulation Big Data Center (中國網絡安全審查認證和市場監管大數據中心) (the "**CCRC**"), which is delegated by the CAC to accept applications for cybersecurity review and therefore the competent organization for such consultation. During the consultation, the staff of CCRC confirmed that a listing in Hong Kong does not fall within the scope of the term of "listing abroad (國外上市)" under the *Measures for Cybersecurity Review* (《網絡安全審查辦法》) (the "**Review Measures**"). Given that (i) CCRC has confirmed that listing in Hong Kong does not constitute a listing abroad; (ii) as of the Latest Practicable Date, we have not received any official notification from relevant regulatory authorities designating our network facilities and information systems as Critical Information Infrastructure ("**CII**"), and therefore we are not deemed as a CII operator; and (iii) as of the Latest Practicable Date, we had not received any notice that we are required to conduct a cybersecurity review or our data processing activity affects or may affect national security, therefore, our PRC Legal Advisors in respect of PRC data compliance are of the view that as of the Latest Practicable Date, we were not required to file cybersecurity review under the Review Measures for our operations and proposed [REDACTED]. However, as further advised by our PRC Legal Advisors in respect of PRC data compliance law, the interpretation and implementation of these laws and regulations with respect to the cybersecurity review keep evolving, we cannot assure you that there will not be any additional regulatory requirements regarding the cybersecurity review relating to the new laws and regulations, and we are suggested by our PRC Legal Advisors in respect of PRC data compliance law that we should keep abreast of the applicable laws and regulations in this regard and implement all necessary measures in a timely manner to ensure compliance with the relevant laws and regulations.

As of the Latest Practicable Date, we had not conducted any cross-border data transfer activities of important data or personal information exceeding the volume threshold that requires us to apply for a security assessment of cross-border data transfer, to file with a standard contract for cross-border data transfer or to obtain a personal information protection certification. As our business continues to grow, there may be circumstances where we engage in such cross-border transfers of personal information and important data, including in order to satisfy the legal and regulatory requirements, in which case we may need to comply with the foregoing requirements as well as any other limitations under PRC laws then applicable. Complying with these laws and requirements could cause us to incur substantial expenses or require us to alter or change our practices in ways that could harm our business. Additionally, as there may be further interpretations of such measures, we cannot assure you that we will be able to comply with such regulations in all respects, and we may be ordered to rectify or terminate any actions that are deemed illegal by regulatory authorities.

As of the Latest Practicable Date, we had not been subject to any material administrative penalties, mandatory rectifications, or other sanctions by any competent regulatory authorities in relation to cybersecurity and data protection, nor had there been material cybersecurity and data protection incidents or infringement upon any third parties, or other material legal proceedings, administrative or governmental proceedings, pending or, to the best of our knowledge, threatened against or relating to us.

The regulatory developments relevant to cybersecurity, data security and personal information protection could impact the industry where we operate. We may incur substantial costs to comply with such laws and regulations, to communicate with our users and address their concerns in cybersecurity, data security and personal information protection, and to improve our information technology system. We may from time to time be required to rectify or further improve our internal measures regarding cybersecurity, data security and personal information protection. However, such compliance measures we implement may turn out to be ineffective. Any failure or perceived failure by us to comply with all applicable laws and regulations regarding cybersecurity, data security and personal information protection, or any failure or perceived failure of our business partners to do so, or any failure or perceived failure of our employees to comply with relevant laws and regulations, may result in negative publicity and legal proceedings or regulatory actions against us, and could result in fines, revocation of licenses, suspension of relevant operations or other legal or administrative penalties, which may in turn damage our reputation among our existing and potential customers and subject us to fines and damages, which could have a material adverse effect on our business, financial condition and results of operations.

We have customary insurance coverage, and any claims beyond our insurance coverage may result in us incurring substantial costs and a diversion of resources.

We maintain insurance policies that are required under PRC laws and regulations as well as other insurance policies based on our assessment of our operational needs and industry practice. In line with industry practice in the PRC, we do not maintain certain types of insurances, such as business interruption insurance or key-man insurance. Our insurance coverage may be insufficient to cover any claim for product liability, damage to our fixed assets or employee injuries. It may also be difficult for us to find insurance coverage for some of our business activities such as credit insurance for our overseas expansion strategies. Any uninsured risks may result in substantial costs and the diversion of resources, which could adversely affect our business, financial condition, and results of operations.

We may need additional capital and may not be able to obtain it in a timely manner or under commercially acceptable terms, or at all.

We may, in the future, require additional cash resources to finance our continued growth or other future developments. To the extent that we raise additional financing by issuance of additional equity securities, our Shareholders may experience dilution. To the extent we engage in debt financing, the incurrence of indebtedness would result in increased debt servicing obligations and could result in operating and financing covenants that may, among others, restrict our operational flexibility or our ability to pay dividends. Servicing such debt obligations could also be burdensome to our operations. If we fail to service such debt obligations or are unable to comply with such debt covenants, we could be in default under the relevant debt obligations and our liquidity and financial condition may be materially and adversely affected.

Our ability to obtain additional capital on commercially acceptable terms is subject to a variety of uncertainties, some of which are beyond our control, including general economic and capital market conditions, credit availability of financial institutions, receipt of necessary government authorities' approvals, investors' confidence in us, the performance of the family care and nutrition product industry in general, and our operating and financial performance in particular. We cannot assure you that future financing will be available in amounts or on terms commercially acceptable to us, if at all. In the event that additional financing is not available or is not available on terms commercially acceptable to us, our business, financial condition, results of operations and prospects may be adversely affected.

Our risk management and internal control systems may not be adequate or effective in all respects, which may materially and adversely affect our business, financial condition and results of operations.

Our success depends on our ability to effectively utilize our standardized management system, information technology systems, resources and internal controls. For details on our risk management and internal control systems, see "Business — Risk Management and Internal Control." However, due to the inherent limitations in the design and implementation of risk management and internal control systems, we cannot assure you that our risk management and internal control systems will be able to identify, prevent and manage all risks. Our internal control procedures are designed to monitor our operations and ensure their overall compliance. Nonetheless, our internal control procedures may be unable to identify all non-compliance incidents in a timely manner or at all.

Our risk management and internal control procedures also rely on effective implementation by our staff. We cannot assure you that such implementation will not involve any human errors or mistakes, which may materially and adversely affect our business, financial condition and results of operations. As we are likely to continuously optimize our *Hipac* platform and introduce new features, as well as offer a broader and more diverse range of product and service offerings in the future, the diversification of our product and service offerings will require us to continue to enhance our risk management capabilities. If we fail to timely adapt our risk management policies and procedures to our evolving business, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Our business growth and results of operations may be affected by changes in global and regional macroeconomic conditions, increased labor costs, natural disasters, health epidemics and pandemics, and social disruption and other outbreaks.

Uncertainties about global economic conditions and regulatory changes and other factors including fluctuation of interest rates, inflation level, conditions in the lower-tier market, unemployment, access to credit, consumer confidence and other macroeconomic factors may pose risks and materially and adversely affect demand for our products and services. In addition, natural disasters, the outbreak of a widespread health epidemic or any severe epidemic disease such as the COVID-19, acts of war, terrorism or other force majeure events beyond our control may disrupt our R&D and commercialization activities and business operations, all of which could adversely affect our business, results of operations, financial condition and prospects.

In addition, there may be an increase in the labor costs in the future. Increases in labor cost may increase our cost of sales and expenses arising from our business operations, and we may not be able to pass on such increase to our customers. We may also experience a shortage of labor from time to time. Any such shortage could hinder our ability to provide timely product delivery to customers and maintain or expand our business operations, which could materially and adversely affect our business, financial condition, results of operations and prospects.

We have granted, and may continue to grant, share options, which may further increase our share-based payments expenses, adversely affect our financial performance, and dilute existing Shareholders' stake.

We have adopted the 2015 Share Incentive Scheme and the 2023 Share Incentive Scheme to attract and retain personnel and to promote the success of our business. See "Appendix IV — Statutory and General Information — D. [REDACTED] Share Incentive Schemes" for details. We recorded equity-settled share-based payments of RMB2.9 million, RMB28.4 million and RMB237.7 million for the years ended December 31, 2023, 2024 and 2025, respectively. 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. However, issuance of additional Shares with respect to such share-based payment may dilute the shareholding percentage of our existing Shareholders. Moreover, expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore have a material and adverse effect on our financial performance.

Our Single Largest Shareholder Group has substantial control over our Company and the interests of our Single Largest Shareholder Group may not be aligned with the interests of the other Shareholders.

Prior to and immediately following the completion of the [REDACTED], our Single Largest Shareholder Group will retain substantial control over our Company. Subject to our Articles of Association and the Cayman Companies Act, the Single Largest Shareholder Group 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 our Single Largest Shareholder Group may differ from the interests of other Shareholders and they are free (other than on any matters that they are required to abstain from voting) to exercise their votes according to their interests. To the extent that the interests of the Single Largest Shareholder Group conflicts with the interests of other Shareholders, the interests of other Shareholders may be disadvantaged and harmed.

Failure to renew our current leases on reasonable terms or to relocate to desirable alternatives for our facilities could materially and adversely affect our business and results of operations.

As we lease properties in various places as premises primarily for our office space and business registration addresses, our operations are susceptible to fluctuations in the property rental market. Before the expiry of each of our leases, we have to negotiate the terms of renewal with respective lessors. We may not be able to successfully extend or renew our leases upon expiration of the current term on commercially reasonable terms, or at all, and may therefore be forced to relocate our affected operations. This could disrupt our operations and result in significant relocation expenses, which could adversely affect our business, financial condition and results of operations. In addition, we compete with other businesses for premises at certain locations or of desirable sizes. As a result, even though we could extend or renew our leases, rental payments may significantly increase as a result of the high demand for the leased properties. In addition, we may not be able to locate desirable alternative sites for our facilities as our business continues to grow, and failure in relocating our affected operations could adversely affect our business and operations.

RISKS RELATING TO OUR OPERATIONAL ENVIRONMENT

Failure to respond to PRC's economic and social evolvement as well as government policies could adversely affect our business and prospects.

We generate substantially all of our revenue from the PRC. Substantially all of our businesses, assets, operations are located in the PRC. As a result, our business, financial condition and results of operations are subject, to a significant degree, to the economic, social and regulatory environment in the PRC. The PRC government regulates the economy and the industries by imposing industrial policies and regulating the macro economy through fiscal and monetary policies. During the past few decades, the PRC government has taken various actions to promote market economy and the establishment of sound corporate governance in business entities. Our performance has been and will continue to be affected by the Chinese economy. COVID-19 had a negative impact on the economy starting from the first quarter of 2020. Moreover, the macroeconomic environment is facing numerous other challenges. We are unable to predict all the risks that we face as a result of current economic, social, and regulatory developments and many of these risks are beyond our control. All such factors may materially and adversely affect our business operations and financial performance.

Failure to respond to changes and development with respect to the PRC laws, regulations and rules may subject us to risks.

We conduct our business primarily through operating subsidiaries in the PRC, which are governed by the PRC laws and regulations. The PRC legal system is based on written statutes. The legal system in China evolves rapidly, some of the current laws and regulations are relatively new and may be amended in the future, which may affect our judgment on the relevance of legal requirements and the value of your investment. Meanwhile, laws, regulations or enforcement policies, including those regulating the family care and nutrition product industry in China, are evolving. Any enforcement actions against us could have a material adverse effect on us. Any litigation or enforcement proceedings may be protracted and may result in substantial cost and diversion of resources and management attention, negative publicity, and damage to reputation. In addition, such changes may subject our business and operations to increased uncertainties and risks. We are required to constantly keep ourselves up-to-date on the evolving policies and rules, and may not be aware of violation of these policies and rules until after such violation has occurred.

We may be deemed to be a PRC tax resident enterprise under the EIT Law, which could result in unfavorable tax consequences to us and our non-PRC shareholders.

We are a company incorporated under the laws of the Cayman Islands. Under the EIT Law and its implementation rules, if an enterprise incorporated outside the PRC has its "de facto management bodies" within the PRC, such enterprise would generally be deemed as a "PRC resident enterprise" for tax purposes and be subject to an EIT rate of 25% on its global income. "De facto management bodies" is defined as the body that has actual overall management and control over the business, personnel, accounts and properties of an enterprise. The SAT has issued several circulars, as amended from time to time, to clarify certain criteria for the determination of the "de facto management bodies" for foreign enterprises controlled by the PRC enterprises. In particular, on April 22, 2009, the *Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies* (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) (the "**Circular 82**") promulgated by the SAT and last amended on December 29, 2017 sets out the standards and procedures for determining whether the "de facto management body" of an enterprise incorporated outside the PRC and invested by PRC enterprises or PRC enterprise group as the major controlling shareholders located within the PRC. Moreover, SAT issued the *Chinese-Controlled Offshore Incorporated Resident Enterprises Income Tax Regulation (Trial Implementation)* (《境外註冊中資控股居民企業所得稅管理辦法(試行)》), which took effect on September 1, 2011 and last amended on June 15, 2018, to provide more guidance on the implementation of Circular 82 and clarify the reporting and filing obligations of such "Chinese-controlled offshore incorporated resident enterprises." However, there have been no official implementation rules regarding the determination of the "de facto management bodies" for foreign enterprises not controlled by the PRC enterprises (including companies like ourselves). We believe that we should not be regarded as a PRC tax resident enterprise. Nevertheless, if we are regarded as a PRC tax resident enterprise by the PRC tax authorities, we would have to pay the EIT at a rate of 25% for our entire global income, which may materially and adversely affect our profits and hence our retained profit available for distribution to our Shareholders.

You may be subject to the PRC withholding tax on dividends from us and the PRC income tax on any gains realized on the transfer of our Shares.

Under the EIT law and the relevant implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and your jurisdiction of residence that provides otherwise, the PRC withholding tax at a rate of 10% is normally applicable to dividends from a PRC source paid to investors that are "non-resident enterprises," which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but whose relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such is generally subject to a 10% PRC income tax if such gain is regarded as income derived from sources within the PRC. Under the *PRC Individual Income Tax Law* (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to PRC income tax at a rate of 20% for individuals. Any PRC tax may be reduced or exempted under applicable tax treaties or similar arrangements.

If we are treated as a "PRC resident enterprise," dividends we pay with respect to our Shares, or the gain realized from the transfer of our Shares, may be treated as income derived from sources within the PRC and as a result be subject to the PRC income taxes described above. If PRC income tax is imposed on gains realized through the transfer of our Shares or on dividends paid to our non-resident investors, the value of your [REDACTED] in our Shares may be materially and adversely affected.

We may face regulations with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.

On February 3, 2015, the SAT issued the *Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises* (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (the "**Circular 7**"), which abolished certain provisions in the *Notice of the State Administration of Taxation on Strengthening the Administration of Enterprise Income Tax on Non-resident Enterprises' Equity Transfer Income Expired* (《國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知》) (the "**Circular 698**"), which was previously issued by the SAT on December 10, 2009, as well as certain other rules providing clarification on Circular 698. Circular 7 provided comprehensive guidelines relating to, and also heightened the PRC tax authorities' scrutiny over, indirect transfers by a non-resident enterprise of assets (including equity interests) of a PRC resident enterprise (the "**PRC Taxable Assets**"). Under Circular 7, the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC Taxable Assets, when a non-resident enterprise transfers PRC Taxable Assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC Taxable Assets, by disregarding the existence of such overseas holding company and considering the transaction to be a direct transfer of PRC Taxable Assets, if such transfer is deemed to have been conducted for the purposes of avoiding PRC enterprise income taxes and without any other reasonable commercial purpose.

Although Circular 7 contains certain exemptions, it remains unclear whether any exemptions under Circular 7 will be applicable to the transfer of our Shares or to any future acquisition by us outside of the PRC involving PRC Taxable Assets, or whether the PRC tax authorities will reclassify such transaction by applying Circular 7. Therefore, the PRC tax authorities may deem any transfer of our Shares by our Shareholders that are non-resident enterprises, or any future acquisition by us outside of the PRC involving PRC Taxable Assets, to be subject to the foregoing regulations, which may subject our Shareholders or us to additional PRC tax reporting obligations or tax liabilities. Potential [REDACTED] should consult their professional advisors if they are in any doubt as to the tax implications of subscribing for, purchasing, holding, disposing of and [REDACTED] in the Shares. Please see "Information about this Document and the [REDACTED]."

The PRC government's regulations on foreign currency conversion may limit our foreign exchange transactions and affect the value of your [REDACTED].

We receive substantially all of our revenue in RMB. Under our current corporate structure, the company in the Cayman Islands may rely on dividend payments from our PRC subsidiaries, to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE, by complying with certain procedural requirements. Therefore, our PRC subsidiaries are able to pay dividends in foreign currencies to us without prior approval from SAFE, subject to the condition that the remittance of such dividends outside of the PRC complies with certain procedures under PRC foreign exchange regulation. However, approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may further establish more procedural requirements in the future for current account transactions, which may result in our failure to pay dividends and other distributions in foreign currencies to our shareholders.

We may face stringent approval processes under the M&A Rules and certain other PRC laws and regulations if we grow our business by acquiring complementary businesses in the future.

The M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, and some other regulations and rules concerning mergers and acquisitions established procedures and requirements on the merger and acquisition activities by foreign investors, including requirements in some instances that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. Furthermore, according to the M&A Rules, if a PRC entity or individual plans to merger or acquire its related PRC entity through an overseas company legitimately incorporated or controlled by such entity or individual, such a merger and acquisition will be subject to examination and approval by MOFCOM. There is possibility that the relevant PRC regulators may promulgate new rules or explanations requiring that we obtain approval of MOFCOM for our completed or ongoing mergers and acquisitions. There is no assurance that we can obtain MOFCOM approval for our mergers and acquisitions, and if we fail to obtain those approvals, we may be required to suspend our acquisition and be subject to penalties.

Moreover, the *Anti-Monopoly Law* (《反壟斷法》) requires that the relevant anti-monopoly authority shall be notified in advance of any concentration of undertaking if certain thresholds are triggered. On February 7, 2021, the *Anti-Monopoly Committee of the State Council published the Anti-Monopoly Guidelines on Platform Economy* (《關於平台經濟領域的反壟斷指南》), which specifically requests operators to report to the anti-monopoly enforcement authority prior to undertaking any concentration in the field of platform economics. In addition, the *Rules of Ministry of Commerce on Implementation of Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors* (《商務部實施外國投資者併購境內企業安全審查制度的規定》) issued by the MOFCOM that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. Furthermore, the *Measures for the Security Review of*

Foreign Investment (《外商投資安全審查辦法》), which was jointly released by the NDRC and the MOFCOM and became effective on January 18, 2021, clarify the authority and procedures for the national security review. According to the Measures for the Security Review of Foreign Investment, foreign investors or their related parties in China, who engage in any foreign investment with national security concerns, shall make applications to the relevant authorities in advance for national security review. Those rules prohibit any activities attempting to bypass security review, for example by structuring a transaction through a proxy or contractual control arrangements.

In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the abovementioned regulations and other relevant rules to complete such transactions could be time-consuming, and could affect our ability to expand our business or maintain our market share.

We may rely on dividends paid by our subsidiaries for our cash needs, and regulations of the PRC laws on the ability of our PRC subsidiaries to distribute dividends to us could adversely affect our ability to utilize such funds.

As a holding company, we conduct substantially all of our business through our subsidiaries incorporated in the PRC. We may rely on dividends paid by these PRC subsidiaries for our cash needs, including the funds necessary to pay any dividends and other cash distributions to our Shareholders. The payment of dividends by entities established in the PRC is subject to regulatory requirements. Regulations in the PRC currently permit payment of dividends only out of accumulated profits as determined in accordance with accounting standards and regulations in the PRC. Each of our PRC subsidiaries is required to set aside (i) at least 10% of its after-tax profit based on PRC accounting standards each year to its general reserves or statutory capital reserve funds until the aggregate amount of such reserves reaches 50% of its respective registered capital; and (ii) discretionary reserve funds as approved by its shareholders meeting. As a result, our PRC subsidiaries are restricted in their ability to transfer a portion of their net assets to us in the form of dividends, loans or advances. In addition, certain loan agreements signed or to be signed by our PRC subsidiaries may contain covenants that restrict their ability to pay out dividends. These limitations on the ability of our PRC subsidiaries to transfer funds to us limit our ability to receive and utilize such funds.

PRC regulations of loans to and direct investments in PRC entities by offshore holding companies may delay or prevent us from using the [REDACTED] of the [REDACTED] to make loans or additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Any funds we transfer to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration with relevant government authorities in the PRC. According to the relevant PRC regulations on foreign-invested enterprises in the PRC, capital contributions by us to our PRC subsidiaries are subject to the requirement of making necessary filings in the Enterprise Registration System and registration with other government authorities in the PRC. In addition, any foreign loan provided by us to our PRC subsidiaries is required to be registered with the SAFE, or its local counterparts. We may not be able to complete such recording or registrations on a timely basis, or at all, with respect to future capital contributions or foreign loans by us directly to our PRC subsidiaries. If we fail to complete such recording or registration, our ability to use the [REDACTED] of this [REDACTED] and to capitalize our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

On March 30, 2015, the SAFE promulgated the *Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises* (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**SAFE Circular 19**"), which took effect on June 1, 2015 and last amended on March 23, 2023. On June 9, 2016, the SAFE promulgated the *Circular on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign*

Exchange (《關於改革和規範資本項目結匯管理政策的通知》) (the "**SAFE Circular 16**"), and was amended on December 4, 2023. SAFE Circular 19 and SAFE Circular 16 prohibit foreign-invested enterprises from, among other things, using RMB funds converted from their foreign exchange capital for expenditure beyond their business scope, investment and financing (except for bank financial products and structured deposits with risk rating results of not higher than Grade II, unless otherwise specifically provided by relevant laws and regulations), providing loans to non-affiliated enterprises or constructing or purchasing real estate not for self-use with the exception for enterprise engaging in real estate development and leasing operation. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to transfer to and use the [REDACTED] from this [REDACTED] in the PRC, which may materially and adversely affect our business, financial condition and results of operations.

PRC regulations relating to offshore investment activities by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiaries to liabilities or penalties, limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.

The SAFE has promulgated several regulations that require PRC residents and PRC corporate entities to register with and obtain approval from local counterparts of the SAFE in connection with their direct or indirect offshore investment activities. The SAFE Circular 37 was promulgated by the SAFE in July 2014 and requires PRC residents or entities to register with SAFE or its local counterparts in connection with their establishment or control of an offshore entity, for the purpose of overseas investment or financing, with assets or equity interests of onshore companies or offshore assets or interests held by the PRC residents or entities, referred to in SAFE Circular 37 as a "special purpose vehicle." Further, on February 13, 2015, SAFE promulgated the SAFE Circular 13, which came into effect on June 1, 2015 and was partially abolished on December 30, 2019. SAFE Circular 13 provides that banks shall directly examine and handle foreign exchange registration under both domestic direct investment and overseas direct investment. SAFE and its local counterparts shall indirectly regulate the foreign exchange registration of direct investment through banks. These regulations apply to our Shareholders who are PRC residents and may apply to any offshore acquisitions that we make in the future.

Under these foreign exchange regulations, PRC residents who make, or have previously made, prior to the implementation of these foreign exchange regulations, direct or indirect investments in offshore companies are required to register those investments. In addition, any PRC resident who is a direct or indirect shareholder of an offshore company is required to update the previously filed registration with the local counterpart of the SAFE, with respect to that offshore company, to reflect any material change involving its round-trip investment, capital variation, such as an increase or decrease in capital, transfer or swap of shares, merger or division.

If any PRC shareholder fails to make the required registration or update the previously filed registration, the PRC subsidiary of that offshore parent company may be restricted from distributing their profits and the proceeds from any reduction in capital, share transfer or liquidation to their offshore parent company, and the offshore parent company may also be restricted from injecting additional capital into its PRC subsidiary. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions, including but not limited to (i) the requirement by the SAFE to return the foreign exchange remitted overseas or into the PRC within a period of time specified by the SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas or into the PRC and deemed to have been evasive or illegal; and (ii) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive or illegal.

We may not be fully informed of the identities of all our Shareholders or beneficial owners who are PRC residents, and therefore, we may not be able to identify all our Shareholders or beneficial owners who are PRC residents to ensure their compliance with SAFE Circular 37 or other outbound investment related rules. In addition, we cannot provide any assurance that all of our Shareholders or beneficial owners who are PRC residents will comply with our request to make, obtain or update any applicable registrations or comply with other requirements required by the SAFE Circular 37 or other outbound investment related rules in a timely manner. Even if our Shareholders or beneficial owners who are PRC residents comply with such request, it cannot provide any assurance that they will successfully obtain or update any registration required by the SAFE Circular 37 or other outbound investment related rules in a timely manner due to many factors, including those beyond our and their control. Failure by any Shareholders or beneficial owners to comply with SAFE Circular 37, SAFE Circular 13 or other related regulations could subject us to fines or legal sanctions, restrict our investment activities in the PRC and overseas or cross-border investment activities, limit our subsidiaries' ability to make distributions, pay dividends or other payments to us or affect our ownership structure, which could adversely affect our business and prospects.

In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the foreign exchange regulations. This may restrict our ability to implement our acquisition strategy and could materially and adversely affect our business and prospects.

Failure to comply with PRC regulations regarding the registration requirements for employee share incentive plans may subject the PRC plan participants or us to fines and other legal or administrative penalties.

In February 2012, the SAFE promulgated the *Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Share Incentive Plans of Overseas Publicly Listed Company* (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (the "**SAFE Circular 7**"), which replaced the earlier rules promulgated by the SAFE in March 2007 and January 2008. Under the SAFE Circular 7 and other relevant requirements and regulations, PRC residents who participate in stock incentive plans in an overseas publicly listed company are required to register with the SAFE or other branches and complete certain other procedures. The PRC resident participants of stock incentive plans are required to retain a qualified PRC agent, which could be the Chinese subsidiary of such overseas listing public company or other qualified institutions selected by the PRC subsidiary, to register with the SAFE and complete other procedures on behalf of such participants for stock incentive plans. The participants must also retain an overseas entrusted institution to complete matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes.

SAFE Circular 37 stipulates that the PRC residents who participate in a share incentive plan of an overseas non-publicly listed special purpose company may register with SAFE or its local branches before such PRC residents exercise the share options. Upon the completion of the [REDACTED], we and our PRC employees who have been granted share options will be subject to these regulations. It cannot provide any assurance that they will successfully obtain or update any registration required by the SAFE Circular 7 or other related rules in a timely manner, or even at all. Failure of our PRC share option holders to complete their SAFE registrations may subject these PRC residents to fines and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to distribute dividends to us, or otherwise materially adversely affect our business operations.

We may be adversely affected if our shareholders and beneficial owners who are PRC entities fail to comply with the relevant PRC overseas investment regulations.

On December 26, 2017, the NDRC promulgated the *Administrative Measures for Overseas Investments of Enterprises*, or NDRC Order No. 11 (《企業境外投資管理辦法》), which took effect as of March 1, 2018. According to NDRC Order No. 11, non-sensitive overseas investment projects are subject to record-filing requirements with the NDRC or its local branch. On September 6, 2014, MOFCOM promulgated the *Administrative Measures on Overseas Investments* (《境外投資管理辦法》), which took effect as of October 6, 2014. According to this regulation, overseas investments of PRC enterprises that involve non-sensitive countries and regions and non-sensitive industries are subject to record-filing requirements with a local MOFCOM branch. According to the *Regulations on Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions* (《境內機構境外直接投資外匯管理規定》), which was promulgated by SAFE on July 13, 2009 and took effect on August 1, 2009, PRC enterprises must register for overseas direct investment with a local SAFE branch.

We may not be fully informed of the identities of all our shareholders or beneficial owners who are PRC entities, and we cannot provide any assurance that all of our shareholders and beneficial owners who are PRC entities will comply with our request to complete the overseas direct investment procedures under the aforementioned regulations or other related rules in a timely manner, or at all. If they fail to complete the filings or registrations required by the overseas direct investment regulations, the relevant authorities may order them to suspend or cease the implementation of such investment and make corrections within a specified time, which may adversely affect our business, financial condition and results of operations.

You may experience difficulties in effecting service of the legal process and seeking recognition and enforcement of judgments across jurisdictions.

The legal systems across different jurisdictions vary significantly. Therefore, the effecting service of legal process and the process of recognizing and enforcing any judgments may be different across jurisdictions and are subject to treaties or arrangements providing for the recognition and enforcement of judgments made by courts of other jurisdictions. As a result, investors may experience difficulties to effect service of process and/or recognize and enforce any judgments for disputes brought in other jurisdictions. The PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of many other jurisdictions.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our Shares. The [REDACTED] of our Shares may be volatile and an active [REDACTED] market for our Shares may not develop.

No public market currently exists for our Shares. The initial [REDACTED] for our Shares to the public will be the result of negotiations between our Company and the [REDACTED] (for themselves and on behalf of the [REDACTED]), and the [REDACTED] may differ significantly from the [REDACTED] of the Shares following the [REDACTED]. We have applied to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED] in, the Shares. A [REDACTED] on the Stock Exchange, however, does not guarantee that an active and liquid trading market for the Shares will develop, or if it does develop, that it will be sustained following the [REDACTED], or that the [REDACTED] price of the Shares will not decline following the [REDACTED].

In addition, the [REDACTED] price and [REDACTED] volume of the Shares may be subject to significant volatility in responses to various factors, including variations in our operating results; changes in financial estimates by securities analysts; announcements made by us or our competitors; regulatory developments in the PRC affecting us, our customers or our competitors; investors' perception of us and of the investment environment globally; developments in the markets where we operate; changes in pricing made by us or our competitors; acquisitions by us or our competitors; the depth and liquidity of the market for our Shares; additions to or departures of our senior management members; release or expiry of lock up or other transfer restrictions on our Shares; sales or anticipated sales of additional Shares; and the general economy and other factors. Moreover, it is possible that our Shares may be subject to changes in price not directly related to our performance.

You will incur immediate and significant dilution and may experience further dilution if we issue addition Shares in the future.

The [REDACTED] of the [REDACTED] is higher than the net tangible asset value per Share immediately prior to the [REDACTED]. Therefore, purchasers of the [REDACTED] in the [REDACTED] will experience an immediate dilution. Our existing Shareholders will receive an increase in the pro forma consolidated net tangible asset value per Share of their Shares. There can be no assurance that if we were to immediately liquidate after the [REDACTED], any assets will be distributed to Shareholders after the creditors' claims. To expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the [REDACTED] may experience dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time.

Future sale or perceived sale of our Shares in the public market by major Shareholders or issuance by us of significant amounts of our Shares following the [REDACTED] could materially and adversely affect the price of our Shares and our ability to raise additional capital in the future.

Prior to the [REDACTED], there has not been a public market for our Shares. Future sales or perceived sales by our major Shareholders, or issuance by us of significant amounts of our Shares after the [REDACTED], could result in a significant decrease in the prevailing [REDACTED] of our Shares. Only a limited number of the Shares currently outstanding will be available for sale or issuance immediately after the [REDACTED] due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our Shares in the public market or the perception that these sales may occur could significantly decrease the prevailing [REDACTED] for our Shares and our ability to raise equity capital in the future.

We may not pay any dividends on our Shares.

We cannot guarantee when, if, or in what form, dividends will be paid on the Shares following the [REDACTED]. A declaration of dividends must be proposed by our Board and will be based on, and limited by, various factors, including our business and financial performance, capital and regulatory requirements and general business conditions. Furthermore, we may not have sufficient profits to make dividend distributions to Shareholders in the future, even if our financial statements prepared under HKFRS indicate that our operations have been profitable. See "Financial Information — Dividends and Dividend Policy" for more details on our dividend policy.

There may be difficulties in protecting your interests under the laws of the Cayman Islands.

Our corporate affairs are governed by our Memorandum and Articles of Association, and by the Cayman Companies Act and the common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority Shareholders could differ from those established under statutes or judicial precedent in Hong Kong or other jurisdictions with which minority Shareholders are more familiar. Such differences could mean that minority Shareholders could have different protections than they would have under the laws of Hong Kong or other jurisdictions with which minority Shareholders are more familiar.

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

Certain facts and other statistics in this document, particularly in the section headed "Industry Overview," are obtained from the Frost & Sullivan Report, which was commissioned by us, and from information provided by the government. While we believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in the reproduction of the information, the information from official government sources has not been prepared or independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], any of our or their respective affiliates or advisors or any other parties involved in the [REDACTED], and, therefore, we cannot assure you as to the accuracy and reliability of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case in other jurisdictions. You should consider carefully how much weight or importance you should attach to or place on such information or statistics.

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

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, and growth opportunities for existing operations, plans and objectives of management, certain pro forma information and other matters. See "Forward-looking Statements" for typical words and expressions identifying forward-looking statements. These forward-looking statements, including, among others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessary estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set out in "Risk Factors" in this document. Accordingly, such statements are not a guarantee of future performance, and 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.

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

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

You should read the entire document carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the [REDACTED].

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