An [**REDACTED**] *in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an* [**REDACTED**] *in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material and adverse effect on our business, financial condition and results of operations. In any such case, the* [**REDACTED**] *of our H Shares could decline, and you may lose all or part of your* [**REDACTED**].

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our businesses and operations are capital intensive, and any failure to maintain sufficient capital resources and liquidity could materially and adversely affect our business, results of operations, financial condition and growth prospects.

The operation of our business requires substantial capital resources and liquidity. During the Track Record Period, we generated substantially all of our revenue from commodity trading. Commodity trading typically requires significant amounts of funds to purchase commodities for delivery to customers, meet margin requirements under derivative instruments, and fund logistics and ancillary activities that are complementary to, or often conducted in conjunction with, our trading activities, including logistics, warehousing, and processing. As a result, our business is capital intensive, and our continued operations and growth depend on our ability to maintain sufficient funding and access to liquidity.

A lack of sufficient funds could limit our ability to maintain our historical levels of trading activity or to expand such activities in the future, impair our ability to meet our payment obligations as they fall due, and prevent us from taking advantage of other business opportunities that may arise. Our cash flow position may be adversely affected by circumstances beyond our control. These circumstances may include general market disruptions, significant volatility or increases in commodity prices, or operational issues affecting our suppliers, customers or ourselves.

In addition to maintaining adequate liquidity for ongoing operations, we may require additional capital resources to support our future growth and development, including expanding our commodity trading activities, pursuing strategic investments or making acquisitions. If our funding requirements exceed our available financial resources, we may be required to seek additional financing or to defer or scale back planned expenditures. We cannot assure you that we will be able to obtain the necessary financing or that such financing will be at interest rates and on other terms that are commercially reasonable and affordable to us or consistent with our expectations. Our ability to raise additional funds will depend on various factors, including our financial condition, results of operations, general market conditions for capital raising and debt financing, as well as broader economic, political and other conditions.

If we raise additional funds through debt financing, we may be subject to higher borrowing costs, increased financial leverage, reduced income available for reinvestment, limitations on our ability to obtain additional financing, and restrictive covenants on our business and operations. Increased indebtedness could also limit our financial flexibility, reduce our ability to withstand competitive pressures and make our business more vulnerable to economic downturns by exposing us to interest rate volatility, tighter credit conditions and reduced access to funding. In addition, servicing our debt obligations may place significant demands on our cash flows. If we are unable to service our debt obligations or to comply with any applicable covenants, we may be in default, which could materially and adversely affect our business, results of operations, financial condition and growth prospects.

Our profitability is sensitive to fluctuations in commodity prices.

Our profitability is sensitive to fluctuations in commodity prices. See "Financial Information — Significant Factors Affecting Our Results of Operations — Commodity Prices" for more details. In 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, our gross profit margin of commodity trading was 0.7%, 0.6%, 0.6%, 0.1% and 1.9%, respectively.

The commodity prices are subject to various factors beyond our control, including changes in commodity supply and demand, procurement costs, energy prices, geopolitical developments, trade policies and other macroeconomic conditions. We may not be able to pass on increases in procurement costs to our customers in a timely manner, or at all, particularly in a competitive market environment. As a result, any fluctuations in commodity prices or mismatch between changes in procurement costs and trading prices may materially and adversely affect our business, results of operations, financial condition and growth prospects.

Our trading activities involve holding inventories of commodities, and any failure to effectively manage the associated inventory risks could materially and adversely affect our business, results of operations and financial condition.

As part of our trading activities, we may hold inventories of commodities for certain periods prior to delivery to customers, or inventories that are not yet contracted for sale at pre-determined prices. In particular, for profit-driven basis trading and unilateral spot trading, we may commence trading before a corresponding customer order has been secured and may therefore hold the relevant commodities for subsequent sale. See "Business — Our Business — Trading Strategies" for more details. As of December 31, 2023, 2024 and 2025 and May 31, 2026, our balance of inventories was RMB11,441.3 million, RMB16,149.0 million, RMB18,262.4 million and RMB20,962.9 million, respectively. See "Financial Information — Discussion of Certain Key Items from Our Consolidated Statements of Financial Position — Inventories" for more details.

The management of inventories requires substantial working capital and may give rise to liquidity pressure, including funding requirements for inventory purchases, storage and logistics costs, and margin obligations associated with hedging activities. During periods of heightened market volatility or operational disruption, our liquidity needs may increase significantly.

Furthermore, we remain exposed to inventory-specific operational risks, including losses arising from storage losses, damage, fire, natural disasters or other incidents. If such losses occur, we may be unable to meet our contractual delivery obligations and may be subject to legal liabilities and financial losses. In addition, insurance coverage may not be sufficient to fully cover such losses in all circumstances. Any failure to effectively manage the risks associated with our inventory holdings could materially and adversely affect our business, results of operations and financial condition.

We depend on certain key personnel and our ability to attract and retain key personnel for our operations.

The success of our business depends on our ability to attract and retain key personnel, including members of our senior management and other employees with in-depth knowledge of our industry and operations. We cannot assure you that we will be able to attract or retain qualified personnel on acceptable terms, or that our senior management or other key personnel will not retire or otherwise cease to be associated with us at any time.

We seek to retain and attract highly skilled personnel by offering competitive compensation arrangements. However, such arrangements may not be sufficient to retain existing personnel or attract new talent. The loss of any key personnel, or our inability to attract and retain suitably qualified and experienced personnel, could materially and adversely affect our business, results of operations and financial condition. In addition, if any of our key personnel fail to devote sufficient time and attention to our business, or if we are unable to replace departing personnel with individuals of comparable expertise and experience in a timely manner, or at all, our operations may be adversely affected. Any loss of key personnel, or any negative market or industry perception arising from such loss, could have a material adverse effect on our business and operations.

We are exposed to foreign currency exchange fluctuations.

The majority of our transactions are denominated in Renminbi. However, we are exposed to fluctuations in foreign exchange rates as a result of our cross-border and offshore trading activities that involve the use of currencies other than Renminbi. For example, we may import commodities into China from overseas suppliers or export commodities from China to international customers. In each case, transactions may be denominated in the currency of the relevant jurisdiction.

In 2023, 2024, 2025 and the five months ended May 31, 2026, our revenue generated from overseas countries and regions was RMB44,427.8 million, RMB31,863.2 million, RMB43,854.5 million and RMB16,244.5 million, respectively, with trading volume amounting to 14.2 million tons, 14.1 million tons, 22.2 million tons and 6.0 million tons for the respective periods. As a result, we may incur costs or receive revenues in currencies other than Renminbi. Where commodity purchase or sale transactions are denominated in foreign currencies, we may adopt a prudent foreign exchange risk management approach by entering into foreign exchange forward contracts from time to time to basically lock in exchange rates for certain anticipated foreign currency cash flows, thereby reducing the impact of exchange rate fluctuations on our costs and revenues. In 2023 and 2024, we recorded net foreign exchange gains of RMB44.0 million and RMB3.2 million, respectively. In 2025 and the five months ended May 31, 2025 and 2026, we recorded net foreign exchange losses of RMB170.5 million, RMB110.8 million and RMB151.5 million, respectively. See "Financial Information — Review of Historical Results of Operations — Other Income and Gains" for more details. However, there are generally limited hedging instruments available to effectively manage our exposure to fluctuations between the Renminbi and certain other currencies. The cost of such hedging instruments may be volatile and may, at times, outweigh the benefits of reduced currency risk. The effectiveness of such hedging instruments may also be limited, and we may not be able to hedge our foreign exchange exposures successfully, or at all.

In addition, foreign exchange rates have been subject to significant fluctuations in recent years. Any depreciation of the Renminbi against the currencies in which we incur significant costs or receive revenues may increase our operating costs in Renminbi terms and could adversely affect our margins and financial performance. In addition, movements in exchange rates may be influenced by market forces, governmental or regulatory policies, political and economic conditions and foreign exchange controls in the jurisdictions in which we operate. Any adverse movements in foreign exchange rates could increase our costs or reduce our revenues and, as a result, materially and adversely affect our business, results of operations and financial condition.

We face intense competition in our industry.

The industry in which we operate is highly competitive. We compete with a number of domestic and international companies. Mergers and acquisitions in our industry may result in even more resources being concentrated among a small number of our competitors. If we fail to compete effectively, we may no longer be able to maintain our current market position in the future. As a result, our business, results of operations, financial condition and growth prospects may be materially and adversely affected. In addition, our competitors, suppliers and customers may seek to extend their reach throughout the industry value chain, which in turn could intensify the competition in our industry. Competition could have an adverse impact on the demand for, and pricing of, our commodity products, which in turn affects our business, results of operations, financial condition and growth prospects.

Our hedging strategy may not always be effective and we do not hedge all risks.

Our trading activities involve a large number of purchase and sale transactions across multiple commodities. When we purchase a commodity from a supplier without immediately having a matching contract to sell it to a customer, a decline in the commodity price could lead to losses. Conversely, when we agree to sell a commodity to a customer without immediately having a matching contract to acquire it from a supplier, an increase in the commodity's price could result in losses as we seek to acquire it in a rising market.

To manage the risks in our trading activities related to price fluctuations and potential losses, we primarily conduct basis trading through the use of derivative instruments either on commodities' exchanges or in the over the counter ("OTC") market. If these markets are disrupted, our ability to manage price risk could be affected, which could in turn materially impact our business, financial condition, and results of operations.

We are exposed to fluctuations in commodity supply and demand and commodity prices, which could materially and adversely affect our business, financial condition and results of operations.

The current and expected supply and demand for the commodities we trade fluctuate over time as a result of a wide range of factors, including resource availability, government policies and regulatory changes, geopolitical developments and tensions, global and regional economic conditions, end-market demand for products that use such commodities, technological developments, changes in global production capacity, weather conditions and natural disasters. These factors affect global commodity markets and, in turn, influence both current and expected future commodity prices, including the shape and movement of commodity price curves. A decline in the volume of commodities traded by us, or a decline in commodity prices, could materially and adversely affect our business, financial condition and results of operations.

In addition, adverse global or regional economic and financial conditions, or downturns affecting specific countries, regions or industry sectors in which we operate, could have a material adverse effect on our business, financial condition and results of operations. For example, insolvency or financial distress of key suppliers could disrupt supply chains, lead to unmatched commodity price exposures, and reduce commodity availability. Significant price volatility may cause customers or suppliers to fail to meet contractual obligations. Tightening credit conditions could increase the cost or difficulty of obtaining financing, while declines in inventory value could result in write-downs.

As we continue to expand our operations, we are increasingly exposed to risks arising from fluctuations in global and regional supply and demand for the commodities we trade. Government policies and regulatory changes, as well as geopolitical developments and tensions, may also materially affect commodity prices and trading flows. For example, sanctions, export control, tariffs and other trade restrictions imposed by the U.S. and European countries may adversely impact

commodity prices and limit the availability of commodities for trade. During the Track Record Period, given that revenue generated from sales to the United States accounted for less than 0.4% of our total revenue in each period during the Track Record Period, we believe that we are not exposed to any material risks associated with recent international trade policies and regulations, and that such policies and regulations have not had, and are not expected to have, a material adverse effect on our business, results of operations and financial condition.

In addition, the recent geopolitical tensions and ongoing conflicts in Middle East have led to a surge in the prices of crude oil and natural gas. Consequently, such price surge resulted in fierce fluctuations in the prices of chemical products and other related commodities, rise in international shipping costs and disruption in logistics routes, which may, in turn, increase our procurement and transportation costs. Any of the foregoing factors could materially and adversely affect our business, financial condition and results of operations. However, given the limited scale of our business operations in the Middle East, we believe that the recent geopolitical tensions in the region have not had, and are not expected to have, a material adverse effect on our business, results of operations, financial condition during the Track Record Period.

Commodity trading requires access to significant amounts of freight, storage, infrastructure and logistics support and we are exposed to increases in the costs thereof.

Our trading activities involve the transportation and shipment of commodities in large quantities by sea, rail and road. As a result, our operations depend on access to sufficient storage, berthing and handling facilities at ports, freight terminals and other logistics hubs. Any limitations in such facilities may result in delays in the loading or unloading of commodities and expose us to delivery disruptions. Constraints or interruptions in rail, shipping or port capacity could impede our ability to deliver commodities to customers in a timely manner. In addition, increases in freight and transportation costs could materially and adversely affect our business, results of operations or financial condition.

With respect to road transportation, our ability to deliver the commodities we procure to customers may be adversely affected by the availability and capacity of transportation networks, as well as rising transportation costs. Such risks may be exacerbated by events including earthquakes, serious traffic accidents, labor strikes, traffic congestion during holiday seasons or other disruptions, any of which could materially and adversely affect our business, financial condition and results of operations.

We also require significant storage capacity for the commodities we trade. Any reduction in our ability to access storage facilities at customary capacity levels, or any increase in the cost of obtaining such storage capacity, could adversely affect our business. In such circumstances, we may be forced to rely on storage facilities in less favorable locations or at higher costs, which could reduce the profitability of supplying commodities to customers.

In addition, significant fluctuations in freight costs may have a material impact on the profitability of our trading activities with respect to certain commodities. We source freight services primarily from third-party providers, and any difficulty in securing sufficient freight capacity on acceptable commercial terms could materially and adversely affect our business, results of operations and financial condition.

We are subject to counterparty risk in our marketing activities.

Our marketing activities are exposed to non-performance risk by our suppliers and customers. For example, a significant increase in commodity prices could lead suppliers to refuse to honor their contractual commitments, while a price reduction could cause customers to be unwilling or unable to fulfill their purchase obligations. Additionally, customers may take delivery of commodities but fail to meet payment obligations due to financial distress or other reasons.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any non-performance by our suppliers and customers that would have a material adverse effect on our business, results of operations and financial condition. However, we cannot assure you that our efforts to reduce counterparty non-performance risk will be effective in all cases or that our financial results will not be adversely affected by the failure of one or more counterparties to fulfill their contractual obligations in the future. Any such failure could materially and adversely affect our business, results of operations and financial condition.

Our risk management policies and procedures may leave us exposed to unidentified or unanticipated risks.

Our trading activities are exposed to a wide range of risks. The nature and extent of such risks vary depending on the relevant trading strategy and primarily include credit risk, logistics risk and commodity price risk. See "Business — Our Business — Trading Strategies" for details of the principal risks associated with each trading strategy and "Business — Risk Management" for details of the corresponding risk management measures.

Our policies and procedures for identifying, monitoring and managing risks have not been fully effective in the past and may not be fully effective in the future. Certain of our risk monitoring and management methods are based on historical market behavior, which may not be an accurate predictor of future market conditions. Other risk management methods rely on the evaluation of information relating to markets, suppliers, customers and other matters that is publicly available or otherwise accessible to us, which may not in all cases be accurate, complete, timely or properly evaluated. The management of operational, legal and regulatory risks also requires, among other things, effective policies and procedures to properly record, monitor and verify a large number of transactions and events, and such policies and procedures may not always operate as intended. In addition, counterparty credit risks cannot be eliminated entirely. Any failure to adequately identify, monitor or mitigate the risks associated with our business could materially and adversely affect our business, results of operations and financial condition.

Our basis trading is exposed to market, operational, and credit risks.

Our trading activities give rise to commodity price exposures, and we use basis trading to manage such exposures. Such arrangements are subject to inherent limitations and may not be fully effective in all market conditions. In particular, basis levels are subject to volatility and may change due to a wide range of factors, including regional supply and demand conditions, inventory levels, seasonal patterns and regulatory or policy developments. As a result, adverse movements in basis levels may prevent us from effectively offsetting changes in the value of our physical positions and may result in losses.

Our basis trading activities also involve execution and operational risks. Such arrangements typically require us to manage multiple interrelated transactions, including physical commodity contracts and related futures or pricing instruments, which may not always be executed simultaneously or on identical terms. Differences in pricing timing, volumes, delivery schedules or contract tenors may result in mismatches that expose us to execution risks. Market volatility, limited liquidity or operational constraints may also restrict our ability to establish, adjust or close out related positions at desired prices or within desired timeframes. In addition, such activities are subject to operational risks arising from process failures, system limitations or human error, and, in certain cases, employee misconduct. In addition, we are exposed to credit risks in connection with our basis trading activities. Our counterparties may fail to perform their obligations under physical or related futures contracts. Any such failure could result in unhedged exposures, settlement losses or delays and could materially and adversely affect our business, results of operations and financial condition.

We plan to expand our presence in overseas markets and thus is subject to uncertainties and risks.

We have been continually advancing our international presence in overseas markets. Development and expansion in the overseas markets have been part of our long-term strategy. Accordingly, we have faced and continue to face numerous risks, including legal, regulatory, political, economic, commercial and other risks associated with manufacturing and operating in various jurisdictions, any of which could negatively affect our financial performance. These risks include: (i) lack of familiarity with local operating and market conditions; (ii) difficulties and costs of staffing and managing overseas operations; (iii) difficulties in managing relationships with local communities and potential disputes with them; (iv) labor disputes and work stoppages at our operations and suppliers; (v) complex supply chain and shipping logistical challenges; (vi) legal, regulatory, political, economic and commercial instability and uncertainty; (vii) changes in foreign trade policies and regulations by local authorities, including those in relation to economic sanctions, export controls, and import restrictions, as well in trade barriers such as unfavorable changes in tariffs or quotas, particularly, in light of navigating the changing relationships between major economies; (viii) difficulty in coping with possible conflict of laws resulting from sanctions and import/export controls measures of different jurisdictions where we operate; (ix) complexities relating to compliance with foreign anti-bribery, anti-corruption and anti-money laundering regulations and antitrust laws; (x) difficulty in enforcing agreements and collecting overdue receivables through local legal systems; and (xi) foreign currency exchange rate fluctuations.

We operate in both PRC and various overseas jurisdiction, where economic, regulatory, and governance environments have evolved in recent decades. Changes in market conditions or regulations across these regions may impact our business, prospects, results of operations and financial condition. Moreover, if foreign governments implement laws or regulations restricting investment in Chinese entities and we are deemed to be subject to such restrictions, the [**REDACTED**] and [**REDACTED**] in our H Shares, our business prospects, results of operations, financial conditions and future capital raising may be adversely affected.

Our historical results of operations may not be indicative of our future performance.

Our historical results and growth may not be indicative of our future performance. We may be unable to sustain the same level of results of operations and financial performance, or our revenue, gross profit and net profit may decline. We may also encounter unforeseen difficulties in operations. Failure to address these risks and challenges may affect our business and financial performance. You should therefore not rely on our historical results of operations as indication of our future performance.

We utilize factory warehouses certified by futures exchanges to generate exchange-recognized warehouse receipts, and any withdrawal or non-renewal of such certifications may adversely affect our business operations.

As of the Latest Practicable Date, we had 20 factory warehouses certified by futures exchanges in China, including the Shanghai Futures Exchange, the Dalian Commodity Exchange, the Zhengzhou Commodity Exchange and the Guangzhou Futures Exchange. These certified warehouses enable us to generate exchange-recognized warehouse receipts that may be used as delivery instruments for the settlement of futures contracts. Although our utilization of such warehouse receipts during the Track Record Period business was limited, the certifications represent market recognition of our trading and service capabilities and provide operational efficiencies for our trading activities by allowing us to defer physical delivery arrangements in certain circumstances. If any futures exchange were to suspend, revoke or refuse to renew the certification of our factory warehouses, or if we were otherwise unable to maintain such certifications, we may be required to rely on alternative delivery arrangements, including physical

delivery settlement. Such alternative arrangements may result in increased delivery costs, reduced operational efficiency, and less flexibility in managing delivery flows. As a result, our reputation, business and results of operations may be adversely affected.

We may be adversely affected by economic sanctions administered by the United States, the European Union, the United Kingdom, the United Nations, Australia and other relevant sanctions authorities.

The United States and other jurisdictions or organizations, including the EU, the UK, the United Nations and Australia, have implemented economic sanctions through executive orders, legislation and other governmental measures. See "Regulatory Overview — Law and Regulations in Relation to International Sanctions" and "Regulatory Overview — U.S. Export Controls". These sanctions may target certain countries or regions, industry sectors, groups of companies or persons, and/or organizations.

During the Track Record Period, we procured and distributed commodities on a global scale. While we primarily conducted domestic trading within China, we also, to a lesser extent, imported commodities into China and exported commodities from China to overseas markets. In addition, we conducted triangular trading and local trading in overseas markets from time to time, primarily for ferrous metals and steelmaking raw materials. During the Track Record Period, we did not transact in countries or regions subject to comprehensive territorial sanctions. In addition, to mitigate potential sanctions, export control and import restriction risks, we have implemented a sanctions compliance policy and provide periodic training to relevant employees on topics such as the overview of Export Administration Regulations ("**EAR**") and the application of the Entity List and Specially Designated Nationals and Blocked Persons List ("**SDN List**"). We also maintain internal controls over counterparty selection and management through our enterprise resource planning ("ERP") system, under which counterparties must be selected from an approved counterparty database prior to contract execution. Counterparties identified as involving elevated compliance risks, including sanctions-related risks, may be subject to internal review and classified as restricted (including blacklisted or greylisted), after which they will be blocked from being selected for new transactions in the system. As advised by our International Sanctions Legal Advisor after performing the procedures they deem necessary, since we did not engage in Primary Sanctioned Activity and did not have business activities in Comprehensively Sanctioned Countries during the Track Record Period, our transactions did not represent a risk of violation of applicable international sanctions and export control regulations. Our PRC Legal Advisor is of the view that, during the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant PRC laws and regulations relating to import restrictions in all material respects, on the basis that no material administrative penalties or regulatory actions had been imposed on us by the relevant PRC governmental authorities.

International Sanctions laws and regulations are constantly evolving, and new persons and entities are regularly added to the list of Sanctioned Persons. New requirements or restrictions could come into effect which might increase the scrutiny on our business. Our business and reputation could be adversely affected if the authorities of the U.S., the EU, the UK, the United Nations, Australia or any other jurisdictions were to determine that any of our activities constitutes a violation of the sanctions they impose or provides a basis for them to impose sanctions against our Group. In such events, our financial results may be materially and adversely affected. Any of the above factors could lead to, among others, business disruptions and loss of sales, which could have a material and adverse effect on our business operations and overall growth strategies.

Expansion and acquisitions of our investments in businesses, products, technologies or production capacity could subject us to risks and uncertainties.

We plan to continually and actively seek strategic opportunities for acquisitions of or investments in businesses and products that we believe would benefit our sales network. We may not be able to successfully execute our expansion and acquisition plans, and complete the relevant

transactions as expected. Our ability to grow through acquisitions and investments depends upon our ability to identify, acquire and integrate suitable targets and to obtain necessary financing on reasonable terms. In particular, acquisitions and investments may involve significant risks and uncertainties, including (i) difficulties in integrating acquired companies, personnel, equipment, facilities or products, as applicable, into our business to realize the anticipated benefits and synergies; (ii) challenges in determining an appropriate purchase price for the target, which may result in overvaluation or failure to fully reflect potential risks; (iii) diversion of our management's time and attention from other business operations; (iv) higher integration costs than anticipated; and (v) difficulties in retaining key employees of acquired businesses.

Meanwhile, we may be unable to achieve the anticipated effects or returns from our investments and recover such investments in time. An acquisition could also impair our results of operations by causing us to incur debt or amortize acquired intangible assets. We may also discover deficiencies in internal controls, data adequacy, integrity and security, service quality, regulatory compliance and liabilities in acquired businesses which we did not uncover prior to such acquisitions. Consequently, we may be subject to penalties, lawsuits or other liabilities.

We recorded net operating cash outflows historically and there can be no assurance that we will not have net cash outflow in the future.

We recorded net cash outflows from operating activities during the Track Record Period. See "Financial Information — Liquidity and Capital Resources — Cash Flows Analysis." Net operating cash outflow could impair our ability to make necessary capital expenditures and constrain our operational flexibility as well as adversely affect our ability to meet our liquidity requirements. We may continue to experience net cash outflows from our operating activities in the future and as we expand. If we are unable to maintain adequate working capital, we may default in our payment obligations and may not be able to meet our capital expenditure requirements or pursue our growth strategies, which may have a material adverse effect on our business, results of operations, financial condition and prospects.

We may get exposed to credit risks, which could negatively impact our financial condition, results of operations and operating cash flow.

We are exposed to credit risk related to delay in payment and defaults of our customers. As of December 31, 2023, 2024 and 2025 and May 31, 2026, the balances of our trade and notes receivables amounted to RMB5,142.8 million, RMB6,399.2 million, RMB5,584.8 million and RMB6,390.3 million, respectively. As of December 31, 2023, 2024 and 2025 and May 31, 2026, we recognized impairment of trade and notes receivables of RMB569.8 million, RMB389.3 million, RMB461.1 million and RMB511.7 million, respectively.

Our trade and notes receivables balance may continue to increase along with our business growth, which may increase our credit risks. We cannot guarantee that customers will settle our trade receivables within the credit period, and our trade receivable balances and average turnover days may increase in the future. Moreover, macroeconomic conditions could also result in financial difficulties for our customers, including operational and liquidity difficulties, limited access to the credit markets, insolvency or bankruptcy, and as a result could cause our customers to delay payments to us or default on their payment obligations to us. Under certain circumstances, we may have to sue our customers for outstanding payments, which may cost our additional resources for the litigations. If we are unable to collect trade receivables from customers, our business, financial condition and results of operations may be materially and adversely affected.

Fair value changes for our financial assets at fair value through profit or loss and derivative financial instruments may materially and adversely affect our results of operations and financial performance.

As of December 31, 2023, 2024 and 2025 and May 31, 2026, our financial assets at fair value through profit or loss amounted to RMB476.3 million, RMB600.7 million, RMB1,327.2 million and RMB4,139.1 million, respectively. In addition, we invested in derivative financial instruments from time to time during the Track Record Period, which were also measured at fair value with changes recognized in profit or loss. See "Financial Information — Discussion of Certain Key Items from Our Consolidated Statements of Financial Position."

For investments underlying our financial assets at fair value through profit or loss and derivative financial instruments with no quoted market prices in an active market, their fair values are estimated by using valuation techniques. These techniques include net asset value of underlying investments and discounted cash flows. Valuation techniques are certified by independent and recognized business valuers before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Valuation models established by the valuer make the maximum use of market inputs and rely as little as possible on the specific data. However, some inputs, such as the probability of redemption of preference shares, require management estimates and assumptions, which are adjusted if necessary. Should any of the estimates and assumptions be changed, it might lead to a change in the fair value of the financial assets and derivative financial instruments.

The fair value of our financial assets at fair value through profit or loss and derivative financial instruments are subject to other factors beyond our control. We are exposed to credit risk in relation to the investments underlying our financial assets at fair value through profit or loss, which may adversely affect the net changes in their fair value. Furthermore, foreign currency risk and commodity price risk derived from our investments in derivative financial instruments may lead to fluctuations in their fair value changes, contributing to the volatility of our financial performance. We cannot assure you that market conditions and regulatory environment will create fair value gains and we will not incur any fair value losses on our investments underlying financial assets at fair value through profit or loss and derivative financial instruments in the future. If the fair value of our financial assets at fair value through profit or loss and derivative financial instruments were to fluctuate due to these reasons, our business, financial condition and results of operations could be materially adversely affected.

We are subject to risks and uncertainties associated with our investments in associates.

We have invested in associated companies and may continue to do so in the future. The performance of such associates has affected, and will continue to affect, our results of operations and financial position. Our investments in associates, recorded as investments accounted for using the equity method, which amounted to RMB831.1 million, RMB764.5 million, RMB700.3 million and RMB969.9 million, respectively, as of December 31, 2023, 2024 and 2025 and May 31, 2026.

Our investments in associates are subject to liquidity risk. Our investments in associates are not as liquid as other investment products as there is no cash inflow until dividends are received even if the associates reported profits under the equity method of accounting. Furthermore, our ability to promptly sell one or more of our interests in our associates in response to changing economic, financial and investment conditions is limited. The market is affected by various factors, such as general economic conditions, availability of financing, interest rates and supply and demand, many of which are beyond our control. We cannot predict whether we will be able to sell any of our interests in the associates for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a purchaser and to complete the relevant transaction. Therefore, the illiquidity nature of our investment in associates may significantly limit our ability to respond

to adverse changes in the performance of our associates. The success of an associate depends on a number of factors, some of which are beyond our control. As a result, we may not be able to realize the anticipated economic and other benefits from such associates, such as receiving dividends from them.

We received government grants and preferential tax treatment during the Track Record Period, and any discontinuation of government grants or preferential tax treatment or any change in the relevant policies may adversely affect our results of operations and financial performance.

During the Track Record Period, we received certain government grants and preferential tax treatment according to relevant policies. Certain of our PRC subsidiaries are entitled to preferential tax treatments and other government incentives. See "Financial Information — Review of Historical Results of Operations — Other Income and Gains." The government grants we received during the Track Record Period represented various forms of incentives and subsidies granted to our Group by local government authorities in the PRC. We cannot guarantee that we will receive such government grants and preferential tax treatment in the future, and our financial condition and results of operations may be adversely affected if we fail to obtain such government grants in the future.

There is uncertainty about the applicability or recoverability of our deferred tax assets.

We had deferred tax assets of RMB797.6 million, RMB1,350.8 million, RMB1,385.7 million and RMB1,447.5 million as of December 31, 2023, 2024 and 2025 and May 31, 2026. We recognize deferred tax assets for deductible temporary differences, the carry forward of any unused tax credits and any unused tax losses to the extent that our management determines that it is probable that we will generate future taxable profit against which such deferred tax assets can be utilized. See Note 3 and Note 29 to the Accountants' Report set out in Appendix I for further details on our accounting policy with respect to deferred tax assets and on the movements of our deferred tax assets during the Track Record Period.

Such determination requires significant judgment from our management on the tax treatments of certain transactions as well as assessment on the probability, timing and adequacy of future taxable profits for the deferred tax assets to be recovered. If such judgments turn out to be imprecise, we may need to adjust our tax provisions accordingly. In addition, when we utilize deferred tax assets against our future taxable profit, we charge them to our income statement accordingly, which in turn would decrease our tax payables. Furthermore, we cannot predict any future movements in our deferred tax assets and to what extent they may affect our financial position in the future. Any of these events may have a material adverse effect on our business, financial condition and results of operation.

Our transfer pricing arrangements may be subject to scrutiny by the relevant tax authorities in the countries and regions where we operate.

During the Track Record Period, we conducted our operations through subsidiaries in China and multiple overseas jurisdictions to expand our operation in the international markets. Our cross-border intra-group transactions primarily include purchase and sales of the commodities we trade, to facilitate payment convenience for our overseas customers.

There is no assurance that the relevant tax authorities would not subsequently challenge the appropriateness of our intra-group transactions arrangement or that the relevant regulations or standards governing such arrangement will not be subject to future changes. If the relevant tax authorities later find that the pricing policy and the terms that we applied are not appropriate, such authorities may require us to re-assess our pricing policy and re-allocate the income or adjust the taxable income. Any such reallocation or adjustment could result in a higher tax liability for us and may adversely affect our business, financial condition and results of operations.

We may not be able to fulfill our obligations in respect of contract liabilities, which may adversely affect our business, financial condition and results of operations.

Contract liability is the obligation to transfer goods or services to a customer for which we have received a consideration (or an amount of consideration that is due) from the customer. As of December 31, 2023, 2024 and 2025 and May 31, 2026, our contract liabilities amounted to RMB4,954.1 million, RMB6,312.8 million, RMB7,498.5 million and RMB10,917.5 million, respectively. If we fail to honor our obligations under our contracts with customers, we may not be able to convert such contract liabilities into revenue, and our customers may also require us to refund the prepayments they have made, which may in turn adversely affect our liquidity position and financial condition. In addition, if we fail to honor our obligations under our contracts with customers, it may also adversely affect our relationship with such customers, which may in turn affect our results of operations in the future.

Failure to comply with PRC property-related laws and regulations regarding certain properties may adversely affect our business.

We own and lease properties in China in connection with our business operations. Some of these properties do not meet certain property-related requirements under PRC laws and regulations. For example, as of the Latest Practicable Date, the actual use of certain leased properties was inconsistent with the designated property use as specified in their property ownership certificates. According to our PRC Legal Advisor, for such properties, the landlord may be subject to fines by relevant government authorities, and we may not be able to continue our use of such properties.

As of the Latest Practicable Date, certain leased properties for operation were not registered and filed with the competent PRC government authorities as required by applicable PRC laws and regulations. We cannot assure you that the lessors will cooperate and complete the registration in a timely manner. Our PRC Legal Advisor has advised us that failure to complete the registration and filing of lease agreements will not affect the validity of such lease agreements but could result in the imposition of fines ranging from RMB1,000 to RMB10,000 for each lease agreement that is unregistered if we fail to rectify the non-compliance within the time frame prescribed by the relevant authorities.

As of the Latest Practicable Date, certain lessors of our lease properties have not provided us with the property ownership certificate or any other relevant authorization documents evidencing the rights of lessors to lease the properties. If the lessor is not the owner of the property and the lessor has not obtained consent from the owner or their lessor, our lease could be invalidated or terminated as a result of challenges by third parties. If that occurs, we may have to renegotiate the leases with the landlords or other parties who have the right to lease the properties, on terms less favorable to us, or we may be forced to relocate, which may negatively influence our business and results of operations.

Since we require various approvals, licenses, permits and certifications to operate our business, any failure to obtain or renew any of these approvals, licenses, permits and certifications could materially and adversely affect our business and results of operations.

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to maintain approvals, licenses, permits and certifications in order to operate our business. We cannot guarantee that we will be able to obtain and maintain all requisite approvals, licenses, permits and certifications for our business operations. In addition, as the regulatory regime for the industries in which we operate continues to evolve, new laws, regulations and regulatory requirements are promulgated and implemented. We may be required to obtain approvals, licenses, permits and certifications that we do not currently have for our existing business or new scope of business that we may expand into in the future. In the event of noncompliance, we may have to incur significant expenses and divert substantial management time to rectify the incidents. In the future, if we fail to obtain or maintain the necessary approvals, licenses, permits and certifications required

by relevant laws and regulations or if we are deemed to have conducted business operations requesting certain approvals, licenses, permits and certifications without having one, we may be subject to fines or the suspension of operations of the relevant business segments or facilities that do not have all the requisite approvals, licenses, permits and certifications, which could materially and adversely affect our business and results of operations. See "Regulatory Overview" for further details on the requisite approvals, licenses, permits and certifications for business operations.

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

Companies operating in the PRC have to participate in various employee benefit plans required by the government, including certain social insurance, housing provident funds and other welfare-oriented payment obligations. The requirement and implementation of employee benefit plans may vary considering the different levels of economic development in different locations in the PRC, and the relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments. Employers who fail to make adequate payments as required may be subject to late payment fees, fines and/or other penalties. There is no assurance that our historical and current practice will at all times be deemed in full compliance with relevant laws and regulations by government authorities.

During the Track Record Period, we did not make adequate contributions to the social insurance and housing provident funds with respect to certain of our employees, as required by the relevant PRC laws and regulations, and our Company and certain of our subsidiaries engaged third-party human resource agencies to pay social insurance and housing provident funds for certain of our employees. See "Business — Employees — Social Insurance and Housing Provident Funds."

Our PRC Legal Advisor has advised us that, pursuant to relevant PRC laws and regulations, if we fail to pay the full amount social insurance as required, we may be ordered by the relevant PRC authorities to pay the outstanding social insurance contributions within a prescribed time limit and may be subject to an overdue charge of 0.05% of the delayed payment per day. If such payment is not made within the stipulated period, the competent authority may further impose a fine from one to three times the amount of any overdue payment. Our PRC Legal Advisor has further advised us that, pursuant to relevant PRC laws and regulations, if we fail to pay the full amount of housing provident fund contributions as required, the housing provident fund management center may order us to make the outstanding payment within a prescribed time limit. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement.

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

We may not be able to protect our intellectual properties against infringement.

We consider our trademarks and other intellectual property rights to be critical to our success and competitive advantage. We register and protect such intellectual property rights to the extent that we are able to under relevant local laws. See "Business — Intellectual Property." We cannot assure you that the steps we have taken to protect our intellectual property rights are sufficient, or that such intellectual property rights will not be subject to infringement in the future. Any unauthorized use of such intellectual property rights could harm our brands and reputation, which could adversely affect our financial condition and results of operations. In addition, our results of operations may be adversely affected as a result of incurring additional costs and the diversion of management's attention when initiating any intellectual property right claims.

We are subject to various risks relating to the Third-Party Payment Arrangements.

During the Track Record Period, some of our customers settled payments with us through accounts of third-party payors other than the contractual counterparties under the corresponding agreements or relevant parties who assumed unlimited personal liabilities for the payment obligations thereunder. See "Business — Internal Control — Third-Party Payment Arrangements."

We were subject to various risks relating to such Third-party Payment Arrangements, such as (i) possible claims from third-party payors for return of funds as they were not contractually indebted to us and possible claims from liquidators of third-party payors and (ii) potential money-laundering risks as we have limited knowledge about the source of the funds utilized by the third-party payors and their identities. In the event of any claims from third-party payors or their liquidators, or legal proceedings (whether civil or criminal or regulatory actions) instituted or brought against us to demand return of the relevant payment or for violation or non-compliance of laws and regulations, we will have to spend significant financial and managerial resources to defend against such claims, legal proceedings or regulatory actions, and we may be forced to comply with the court ruling or order and return the payment for the products that we sold.

If any fraud, bribery or other misconduct is committed by our employees, suppliers, customers or other third parties, we may be subject to economic losses and reputational damage.

We may face fraud, bribery or other misconduct committed by employees, suppliers, customers or other third parties, which could lead to financial losses and penalties from government authorities. Our internal control procedures may not be able to promptly identify all non-compliance, suspicious transactions, fraud, corruption, bribery or other misconduct, nor prevent or stop such occurrences. Our risk management systems and internal control capabilities are limited by the information and risk management tools and technologies available to us. Our ability to implement and maintain strict internal controls may be affected by the continual expansion of our business scale. Any misconduct by third parties that harms our interests could result in negative publicity, damage our reputation and lead to litigation and other legal proceedings, as well as administrative or criminal penalties, thereby adversely affecting our business and financial performance.

If our third-party service providers do not satisfactorily fulfill their commitments and responsibilities, our business and financial performance could be adversely affected.

In conducting our business, we rely on certain services provided by third parties to support various aspects of our operations, such as logistics service providers. These third parties face risks similar to ours, such as business interruption, system failure and human error, risks related to cybersecurity and data protection, as well as their own legal, regulatory and market risks. Our third-party service providers may not be able to fulfill their respective commitments and responsibilities in a timely manner and in accordance with the terms agreed with us or applicable laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material failure in fulfillment of commitments or responsibilities by our third-party service providers. However, there can be no assurance that such third-party service providers will fully perform their contractual obligations in the future.

Additionally, we may not be able to control the business operations or governance and compliance systems, business practices, and operating procedures of our third-party service providers. If we are unable to effectively manage our relationships with third-party service providers, or if our third-party service providers fail to satisfactorily fulfill their commitments and responsibilities for any reason, our business, operating results and financial condition will be affected. There can be no assurance that we can continue or extend relationships with our current third-party service providers on terms acceptable to us, or that we will be able to establish relationships with new third-party service providers to ensure accurate, timely and cost-efficient

delivery of such services. When existing contracts with third-party service providers expire, we may not be able to renew them on terms favorable to us or find suitable replacements in a timely manner, which could adversely affect our business and financial performance.

We may be subject to complaints, disputes and lawsuits in the ordinary course of our business.

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material threatened or pending complaints, disputes or lawsuits relating to contract breach, employment or labor disputes, intellectual property infringement or environmental matters, which would have a material adverse effect on our business. However, there is no assurance that such complaints, disputes or lawsuits filed by or against us will not occur in our future operations. Any complaints, disputes and lawsuits filed by or against us, whether or not meritorious, could result in significant costs and diversion of resources, and could cause serious damage to our reputation. In addition, complaints, disputes and lawsuits filed against us may result from improper supplies to us, while our suppliers may not compensate us for any costs incurred by us as a result of such complaints, disputes and lawsuits in a timely manner, or at all. In that case, our business and financial condition may be negatively affected.

Our insurance coverage may be insufficient to cover all potential liabilities or losses.

We maintain different types of insurance policies to cover our operations. See "Business — Insurance." According to Frost & Sullivan, our existing insurance coverage is in line with industry practice and adequate for our business operations. However, there may be circumstances under which certain types of losses, damages and liabilities are not covered by our insurance policies. If we were to incur substantial losses and liabilities that are not covered by our insurance policies, we could suffer significant costs and diversion of our resources, which could have a material and adverse effect on our business, financial condition and results of operations.

Failures or security breaches of our information technology systems could affect our business.

Information technology is an important part of our business operations, and we increasingly rely on our information technology systems to monitor and manage all aspects of our business including procurement, quality control, warehousing and logistics, sales and distribution. Our information technology systems may be vulnerable to a variety of interruptions, including natural disasters, telecommunications failures, computer viruses, cyber-attacks, hackers, unauthorized access attempts and other security breaches. The technology security initiatives and disaster recovery plans we have implemented to address these may not be adequate. Any significant failure of our systems, including failures that prevent our systems from functioning as intended could cause transaction errors, processing inefficiencies and loss of customers and sales, resulting in a negative impact on our operations or business reputation. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material malfunctioning, failure or security breach of our IT system. However, we cannot assure you that such interruptions in our IT system will not occur in the future.

In addition, the laws and regulations regarding privacy and data protection are relatively new and constantly evolving. If we are unable to comply with the applicable data protection and information security laws, or to address any data privacy and protection concerns, such actual or alleged failure could damage our reputation, impair our brand image and could subject us to significant legal, financial and operational consequences. If our network security is compromised, and such information is stolen or obtained by unauthorized persons or used inappropriately, we may be subject to litigation and other proceedings brought by customers and relevant authorities. Any such proceedings could divert our management's attention, result in significant financial losses and expenses, and negatively affect customers' perception of our brand.

We are subject to complex and evolving ESG requirements, which require us to devote substantial time and resources for compliance.

There is an increasing focus on corporate responsibility and a number of regulations and requirements on ESG performance pose reputational, regulatory and other risks to us. We believe that it is our responsibility to devote substantial time and resources to develop technology and products designed to reduce carbon footprint and maintain environmentally friendly business operations. Not all of our competitors may seek to establish climate or other ESG targets and goals, or at a comparable level to ours, which could adversely affect our competitiveness in the relevant market. If we are unable to satisfy such new criteria or are unable to respond or perceived to be inadequately responding to sustainability concerns, [**REDACTED**] may conclude that our policies with respect to corporate responsibility are inadequate and choose to invest in our competitors. We risk damage to our brand and our reputation in the event that our corporate responsibility procedures or standards do not meet the standards set by various third parties. In addition, in the event that we communicate certain initiatives and goals regarding ESG matters, we could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could be criticized for the scope of such initiatives or goals. Any of these circumstances could cause negative publicity, and our business operations could be adversely impacted.

We face risks related to health epidemics and other outbreaks, and events such as wars and acts of terrorism, which could significantly disrupt our operations.

Our business is subject to risks related to outbreaks of a widespread health epidemic or other events such as war, acts of terrorism, environmental accidents, power shortages or communication interruptions. The occurrence of any of the foregoing events may harm the global and regional economy in general, disrupt the industry in which we operate, and have an adverse effect on our business, results of operations and financial condition.

RISKS RELATING TO THE JURISDICTIONS IN WHICH WE OPERATE

We need to ensure our compliance with relevant laws or regulations, and changes in the regulatory regime relating to the sectors where we operate our business may materially and adversely affect our business, financial condition and results of operations.

Our business is subject to various compliance and operational requirements under applicable laws and regulations. Complying with laws, rules and regulations may require investments of various related resources, and any material non-compliance may expose us to liability or penalty. In case of any material non-compliance, we may have to incur significant expenses and divert substantial management time to rectifying such non-compliance incidents.

The operations of our business are subject to various laws, rules and regulations at the regional and national levels of the industry in which we operate in China. See "Regulatory Overview." In recent years, the PRC government has, on many occasions, promoted the development of regulations in the commodity industry services and trading sector. New laws, rules or regulations and revisions to any existing laws, rules and regulations can impose additional compliance costs, reduce our revenue, and require us to change our operations to ensure compliance or otherwise change our business. In addition, there can be no assurance that we will successfully adapt to the interpretation or implementation dynamics of current regulatory regulations, as well as new regulations that may come into effect. Failure to do so may adversely affect our business, financial condition and results of operations.

Policies and regulations regarding foreign currency conversion may impact our foreign exchange transactions, including dividend payments to holders of our Shares and our ability to finance in foreign currencies.

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

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

It may be complex to effect service of process upon us or our management or to enforce against them or us any judgments obtained from foreign courts.

We are a company incorporated under the PRC laws and a majority of our assets are located in Chinese Mainland. In addition, most of our Directors and senior management reside in Chinese Mainland. As a result, it may be complex for [**REDACTED**] to effect service of process outside of Chinese Mainland upon us, our Directors, or senior management or to enforce judgments obtained against us in courts outside Chinese Mainland. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in Chinese Mainland only if the jurisdiction has a treaty with Chinese Mainland or if the jurisdiction has been otherwise deemed by the courts of Chinese Mainland to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements. On July 3, 2008, the Supreme People's Court and the Government of the Hong Kong Special Administrative Region promulgated the Arrangement between the Mainland and the HKSAR on Reciprocal Recognition and Enforcement of the Decisions of Civil and Commercial Cases under Consensual Jurisdiction (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the "2008 Arrangement"). Under the 2008 Arrangement, where any designated court of Chinese Mainland or Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement, the party concerned may apply to the relevant court of Chinese Mainland or Hong Kong court for recognition and enforcement of the judgment. On January 25, 2024, the Supreme People's Court and the Department of Justice under the Government of the Hong Kong Special Administrative Region promulgated the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "2024 Arrangement"), which became effective on January 29, 2024. The 2024 Arrangement regulates, among others, the scope and particulars of judgments, the procedures and methods of the application for recognition or enforcement, the review of the jurisdiction of the court that issued the original judgment, the circumstances where the recognition and enforcement of a judgment shall be refused, and the approaches towards remedies for the reciprocal recognition and enforcement of judgments in civil and commercial matters between the courts in Chinese Mainland and those in Hong Kong. However, the 2008 Arrangement will remain applicable to a "choice of court agreement in writing" within the meaning of 2008 Arrangement which is made before the effective date of 2024 Arrangement.

We may be subject to additional regulatory requirements relating to new laws and regulations in connection with overseas securities [REDACTED] and [REDACTED] issued by PRC government authorities.

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

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

Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and a non-PRC investor's jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in the PRC, or which have an establishment or place of business in the PRC if the relevant income is not effectively connected with such establishment or place of business. Any gains realized on the transfer of shares by such investors are subject to a 10% PRC income tax rate if such gains are regarded as income from sources within the PRC unless a treaty or similar arrangement provides otherwise.

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

over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70). As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges. To our knowledge, in practice, the PRC tax authorities have not sought to collect individual income tax from non-PRC resident individuals on gains from the transfer of listed shares of PRC resident enterprises on overseas stock exchanges. However, there is no assurance as to whether further implemented laws, regulations, or practices in the future would result in levying income tax on non-PRC resident individuals on gains from the sale of H shares.

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

Our operations are subject to PRC tax laws and regulations and our offshore subsidiaries may be treated as a resident enterprise for PRC tax purposes.

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. The PRC tax laws and regulations might be subject to interpretations and adjustments by relevant authorities from time to time. We cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or actions that could materially and adversely affect our business, financial performance and results of operations.

Under the EIT Law and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), enterprises established under the laws of jurisdictions outside of Chinese Mainland with "de facto management bodies" located in Chinese Mainland may be considered PRC resident enterprises for tax purposes and may be subject to the PRC EIT at the rate of 25% on their global income. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Resident Enterprises on the Basis of De Facto Management Bodies (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) (Guo Shui Fa [2009] No. 82) (the "Circular 82"), specifies that certain Chinese-controlled offshore incorporated enterprises, defined as enterprises incorporated by enterprises or enterprise groups within Chinese Mainland as major controlling shareholders under the laws of foreign countries (regions) will be classified as resident enterprises if all of the following conditions are met: (i) senior management personnel and departments that are responsible for daily production, operation and management are located mainly within Chinese Mainland; (ii) financial and personnel decisions are subject to determination or approval by bodies or persons in Chinese Mainland; (iii) primary properties, accounting books, company seal, and minutes of board meetings and shareholders' meetings are located or kept within Chinese Mainland; and (iv) at least half of the directors with voting rights or senior management reside within Chinese Mainland. The SAT has subsequently provided further guidance on the implementation of Circular 82.

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

RISKS RELATING TO THE [REDACTED]

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

There was no [**REDACTED**] market for our H Shares prior to the [**REDACTED**]. There can be no guarantee that a [**REDACTED**] for our H Shares with adequate liquidity and [**REDACTED**] volume will develop and be sustained following the completion of the [**REDACTED**]. In addition, the [**REDACTED**] of our H Shares is expected to be fixed by agreement between the [**REDACTED**] (for itself and on behalf of the [**REDACTED**]) and us, which may not be indicative of the [**REDACTED**] of our H Shares following the completion of the [**REDACTED**]. If an active [**REDACTED**] market for our H Shares does not develop following the completion of the [**REDACTED**], the [**REDACTED**] and liquidity of our H Shares may be materially and adversely affected.

The [REDACTED] and [REDACTED] volume of our H Shares may be volatile, which could lead to substantial losses to [REDACTED].

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

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

The market price of our H Shares could decline as a result of future [**REDACTED**] of a substantial number of our H Shares or other securities relating to our H Shares in the [**REDACTED**] market, or the [**REDACTED**] of new shares or other securities, or the perception that such [**REDACTED**] or [**REDACTED**] may occur. Future [**REDACTED**], or anticipated [**REDACTED**], of substantial amounts of our securities, including any future [**REDACTED**], could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution of their holdings if we [**REDACTED**] more securities in the future. New shares or shares-linked securities [**REDACTED**] by us may also confer rights and privileges that take priority over those conferred by the H Shares.

You will incur immediate and significant dilution if the [REDACTED] is higher than the net tangible asset value per H Share and may experience further dilution if we [REDACTED] additional Shares in the future.

The initial [**REDACTED**] of our H Shares is higher than the net tangible asset value per Share of the outstanding Shares issued to our existing Shareholders immediately prior to the [**REDACTED**]. Therefore, [**REDACTED**] of our H Shares in the [**REDACTED**] will experience an immediate dilution in terms of the [**REDACTED**] net tangible asset value. In addition, we may consider [**REDACTED**] and [**REDACTED**] additional Shares or equity-related securities in the future to raise additional funds, finance acquisitions or for other purposes.

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

Immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), our Controlling Shareholders will hold approximately [**REDACTED**]% of the [**REDACTED**] share capital of the Company. Our Controlling Shareholders will have the ability to exercise significant influence over us, including matters relating to the nomination and election of our Directors, business strategies, dividends and other distributions and major corporate activities, including securities offerings, acquisitions or investments. The interests of our Controlling Shareholders may not align with those of our other Shareholders

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

Our historical dividends may not be indicative of our dividend policy in the future. We cannot assure you when and in what form dividends will be paid on our Shares after the [**REDACTED**]. The declaration and distribution of dividends is at the complete discretion of the Board, and our ability to pay dividends or make other distributions to our Shareholders is subject to various factors, including our business and financial performance, capital and regulatory requirements and general business conditions. We may not be able to have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. As a result of the above, we cannot assure you that we will make/can make dividend payments on our Shares in the future. See "Financial Information — Dividends."

If we retain most, or all, of our available funds and any future earnings after the [**REDACTED**] to fund the development and commercialization of our pipeline products, we may not expect to pay any cash dividends in the foreseeable future. Therefore, you may not be able to rely on an [**REDACTED**] in our Shares as a source for any future dividend income.

Even if our Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions (if any) received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our Board. Accordingly, the return on your [**REDACTED**] in our Shares will likely depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate in value after the [**REDACTED**] or even maintain the [**REDACTED**] at which you [**REDACTED**] the Shares. You may not realize a return on your [**REDACTED**] in our Shares and you may even lose your entire [**REDACTED**] in our Shares.

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, growth opportunities for existing operations, plans and objectives of management, certain [**REDACTED**] information and other matters. The words "aim," "anticipate," "believe," "could," "predict," "potential," "continue," "expect," "intend," "may," "might," "plan," "seek," "will," "would," "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are 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. Consequently, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and [**REDACTED**] should not place undue reliance on them.

Certain facts, forecasts and other statistics in this document derived from various publicly available governmental and official sources have not been independently verified and may not be reliable.

This document, particularly the section headed "Industry Overview" contains information and statistics relating to the industry in which we operate in China and globally, as well as other economic data. Such information and statistics are derived from various governmental and official sources. We believe that the sources of the information are appropriate, and we have taken reasonable care in extracting and reproducing such information. However, the information derived from official government sources has not been independently verified by us, the Sole Sponsor, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**] or any of their respective affiliates or advisors, and no representation is given as to its accuracy. Collection methods of such information may be ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. In all cases, our [**REDACTED**] should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

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

You are strongly advised to read the entire document carefully and are cautioned against placing any reliance on the information in any press article or any other media coverage which contains information not disclosed or not consistent with the information included in this document.

Prior to the completion of the [**REDACTED**], there may be press and media coverage regarding our Group and the [**REDACTED**]. Our Directors would like to emphasize to prospective [**REDACTED**] that we do not accept any responsibility for the accuracy or completeness of such information, and such information is not sourced from or authorized by our Directors or our management team. Our Directors make no representation as to the appropriateness, accuracy, completeness and reliability of any information or the fairness or appropriateness of any forecast, view or opinion expressed by the press or other media regarding our Group or our H Shares. In making decisions as to whether to [**REDACTED**] in our H Shares, prospective [**REDACTED**] should rely only on the financial, operational and other information included in this document.