

RISK FACTORS

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. Our business, financial condition, results of operations or prospects may be materially and adversely affected by any of these risks and the [REDACTED] of our H Shares may decline as a result. You may lose all or part of your [REDACTED].

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

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry; (ii) risks relating to doing business in the jurisdictions where we operate; and (iii) risks relating to the [REDACTED]. There may be additional risks and uncertainties presently not known to us or not expressed or implied below or those we currently deem immaterial could also harm our business, financial condition and results of operations. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business and financial position may be adversely affected if we are not able to continue servicing the Indonesian market effectively or if there is any adverse change in the regulatory environment, international trade policies or macroeconomic situation in Indonesia, given we derived 93.0% of revenue from Indonesian market in the six months ended June 30, 2026.

Indonesia has been our largest and most strategically significant market throughout the Track Record Period. Our sales to the Indonesian market accounted for 95.9%, 95.8%, 94.0%, 93.9% and 93.0% of our total revenue in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively. Given our concentration in Indonesia, any deterioration in our ability to effectively serve this market could have a material and adverse impact on our business operations and financial performance.

Our business, financial condition and results of operations may be materially and adversely affected if changes in Indonesian governmental policies, laws, regulations or their interpretation and enforcement were to impair our operational capabilities, restrict our business activities, delay approvals or increase our compliance and operating costs. These risks include, among others, changes to foreign investment regimes, licensing requirements, as well as the stability, consistency and predictability of the regulatory and licensing framework. In addition, we may from time to time experience delays in obtaining or renewing certain licenses or approvals due to administrative or system-related issues beyond our control.

These risks also include product standards and certification, data protection and cybersecurity, taxation (including VAT and customs duties), labor (including for foreign manpower) and social security regulations, import/export controls and environmental, health and safety requirements. For example, in Indonesia, any potential impact of such changes is more likely to arise through regulatory and compliance-related measures, including, through the implementation of the “Positive List” system (a whitelist regime) for imported goods, which must comply with relevant certification requirements set by the Indonesian government, depending on the goods’ classifications under the Harmonized System (HS) code. Additionally, under Indonesia’s Minister of Trade Regulation No. 19 of 2026 on the Implementation of Trade Through Electronic Systems Businesses, social media platforms are prohibited from facilitating direct sales transactions of goods and may only be used for advertising or promoting products or services, with actual sales transactions required to be conducted through duly licensed

RISK FACTORS

e-commerce platforms. Such regulatory environment may adversely affect our ability to sell our products in Indonesia or increase our compliance costs and may materially limit our sales activities through social media channels in Indonesia, which may in turn materially and adversely affect our business, financial condition and results of operations. Changes in international trade policies, treaties and tariffs between China and Indonesia where a substantial majority of our SMRs customers and end-consumers are located may materially affect the demand for our products, impact the competitive position of our products, or even prevent us from being able to sell products therein.

Furthermore, adverse macroeconomic developments in Indonesia, including a general economic slowdown, rising inflation, currency volatility (including depreciation of the Indonesian rupiah), increases in interest rates, tightening of credit conditions, reductions in consumer or enterprise spending, or disruptions in supply chains could weaken demand for our products. Any such developments may negatively affect our sales volumes, pricing, gross margins and profitability and could cause us to adjust or delay our business expansion plans in the local market.

Given the substantial revenue contribution from Indonesia, the occurrence of any of the foregoing events could have a disproportionate effect on us relative to companies with more diversified geographic exposure. There can be no assurance that we will be able to mitigate these risks in a timely or cost-effective manner, and as a result, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Any adverse change in Indonesian social and political environment may materially and adversely affect our business operations and financial condition.

Our business operations in Indonesia are influenced by the country’s social and political environment, which plays a significant role in shaping market conditions and opportunities. As our business is predominantly focused on the Indonesian market, we are particularly vulnerable to any deterioration in the country’s social or political stability. Social unrest, civil disturbances, or widespread protests may disrupt retail operations, damage physical stores and negatively impact consumer footfall and purchasing behavior. Such events could temporarily force store closures, disrupt transportation networks and create logistical challenges for our distribution channels, ultimately affecting our revenue and market presence.

Political instability, including changes in government leadership, policy reversals following elections, or shifts in regulatory priorities, may create an unpredictable business environment. Changes in administrative practices or sudden alterations in regulatory enforcement could necessitate unexpected operational adjustments and increase compliance costs. Furthermore, political uncertainty may lead to economic volatility, reduced foreign investment and fluctuations in currency value, all of which could indirectly affect consumer confidence and spending patterns. The political landscape in Indonesia, characterized by changes in leadership, policy updates and regulatory shifts, contributes to an evolving business environment. Such developments may require us to adapt our operational practices and ensure ongoing compliance, presenting challenges for business growth of companies operating in Indonesia including us. Political transitions can also influence economic conditions, impacting investment flows and currency movements, which in turn may affect consumer confidence and spending trends.

Regional security concerns and social tensions also pose meaningful risks to our business operations. Certain regions within Indonesia may experience intermittent social conflicts or security issues that could disrupt our retail partnerships and distribution networks. These disruptions might result in delayed market expansions, reduced market penetration and potential inventory losses.

The cumulative effect of these social and political factors could materially impact our ability to maintain stable operations, achieve growth targets and sustain profitability in the Indonesian market. We may need to allocate additional resources to monitor political developments, enhance security measures and implement contingency plans, all of which could increase operational costs and affect our financial performance.

RISK FACTORS

We face risks associated with expanding into and operating in emerging markets such as Vietnam, Thailand and the Philippines, which may adversely affect our business and results of operations.

We have expanded, and intend to continue to expand, our business into Vietnam, Thailand and the Philippines. Operating in these emerging markets exposes us to a range of risks that may be more pronounced than in our existing markets, including, among others, (i) less mature legal and regulatory systems and uncertainties in the interpretation and enforcement of laws and regulations, in particular, in areas such as taxation, customs, product standards, foreign exchange control and e-commerce; (ii) changes in or inconsistencies among local government policies and administrative practices; (iii) heightened exposure to political, social or macroeconomic instability, including changes in trade policies, import restrictions or tariffs; (iv) infrastructure constraints, logistics inefficiencies and higher distribution and compliance costs; (v) differences in consumer behaviour and preferences, which may limit our ability to successfully position and price our products and (vi) increased exposure to currency volatility, changes in regulations concerning the repatriation of profits.

If we fail to adequately understand and adapt to the regulatory, commercial and operating environment in these jurisdictions, or if any of the foregoing risks materialise, our business expansion plans in such markets may not be successful, and our sales, profitability and overall financial condition may be adversely affected.

We may not be able to successfully implement our market penetration strategy through expanding our sales and distribution channels.

The extensive sales channel we have established is the backbone of our business success. Our future growth is highly dependent on our strategy to deepen market penetration in existing regions and expand into new geographic markets within Southeast Asia, primarily by scaling our sales and distribution network. We have established an extensive network of over 36,000 distributors in Indonesia, Vietnam, Thailand and the Philippines as of June 30, 2026. We intend to replicate our business model in Indonesia across Southeast Asian markets due to the similarities in consumer behavior, income growth trends and digital adoption in retail sectors. However, the scale and volume achievable through further expansion of our sales network in such countries remain uncertain and there can be no assurance with respect to our ability to replicate our business success in the countries and regions where we currently operate or plan to enter. If we fail to enhance our market penetration in Southeast Asian markets, our business operations, financial performance and profitability may be materially and adversely affected.

We face risks in managing overseas operations, entering into and expanding across a number of countries.

We have made, and expect to continue to make, significant efforts and investments to expand our presence in Vietnam, Thailand and the Philippines and compete with local competitors. Conducting our business overseas, particularly in countries in which we have limited experience, subjects us to a number of risks, including:

- operational challenges caused by distance, language and cultural differences;
- investment of resources required to localize our business, such as the translation of our operating system into foreign languages and the adaptation of our operations to local practices, laws and regulations;
- underdeveloped logistics, delivery and digital payment landscape and lack of infrastructure support;

RISK FACTORS

- compliance with laws and regulations, including laws and regulations governing competition, pricing, payment methods, data protection and cybersecurity, privacy, Internet activities (including, electronic system and digital commerce), transportation services, logistics services, real estate tenancy, tax and social security, employment and labor, foreign ownership, environmental and other activities important to our business;
- difficulties in applying our business model into new markets, as well as difficulties in identifying, attracting and retaining regional sponsors with entrepreneurial and industry expertise and local knowledge;
- exposure to business cultures in which improper business practices may be prevalent;
- difficulties in managing, growing and staffing international operations;
- import and export restrictions and changes in trade regulations; and
- geopolitical events, including pandemics, war and terrorism.

We generate a substantial portion of revenue from our distributors and rely on our distribution network to promote and sell our products.

We rely on our distribution network to promote and sell our products. As of June 30, 2026, our extensive distribution network consisted of over 36,000 distributors, which are mainly SMRs. For the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, our revenue generated from sales to distributors amounted to RMB751.9 million, RMB773.2 million, RMB834.3 million, RMB405.8 million and RMB450.8 million, respectively, representing 82.8%, 73.7%, 68.5%, 70.7% and 64.4% of our total revenue for the same years/periods. See “Business — Sales and Distribution Network”.

Our success relies on effective management and coordination of our distribution network. If our distributors fail to market and sell our products effectively, our market reputation and ability to grow our business may be adversely affected. In addition, we may not be successful in managing our distributors’ sales activities, nor may we be successful in identifying or preventing any non-compliance with the terms of our existing distribution agreements by any of our distributors. Under our typical distribution agreement, we reserve the right to appoint our local sales representatives to act as the designated agent to liaise with the distributors they cover to promote our products and manage our distribution channels. See “Business — Sales and Distribution Network — Distributorship.” However, we may not always be able to effectively manage and control our distributors’ sales activities. If any distributor does not comply with the terms of our distribution agreements, our relationships with other distributors could be negatively impacted.

In addition, we need to effectively expand our distribution and sales network to facilitate stable and continual business growth. Any failure to effectively manage and maintain the existing distributor network or to expand our distribution network and other sales channels could adversely affect our business and financial performance. Our ability to expand distribution coverage is also affected by changes in the relevant regulatory requirements and competitive landscape and customers’ tastes, preferences and spending habits. Failure to effectively respond to such changes may result in an adverse effect on our business and prospects.

Opening new stores in existing markets may not result in the expected level of growth in our revenue and profit, and our business, financial conditions and results of operations may be materially and adversely affected.

In addition to entering new markets, we continue to increase our penetration in markets where we have existing stores. As of June 30, 2026, we operated 5 proprietary stores in Indonesia. As we continue to open new stores in existing markets, we cannot assure you that these new stores will not cannibalize the business of our existing stores, in which case the growth in our store network may not result in the expected level of growth in our revenue and profit. If store network densification fails to

RISK FACTORS

generate sufficient economies of scale, it may lead to increased competition within the region, higher marketing and operating costs per store, and dilution of overall profitability. The expansion of our store network may therefore not achieve the anticipated revenue and profit growth. Furthermore, rapid densification may increase management complexity, result in inconsistent execution of operating standards, and strained supply chain and human resources. Some new stores may fail to achieve expected returns or successfully promote our brand due to market saturation, suboptimal locations or limited consumer demand, which could negatively affect the overall return on investment and operational stability of our store network, and may materially and adversely affect our business, financial condition and results of operations.

Failure to maintain optimal inventory level could adversely affect our business, financial condition, results of operations and prospects.

Our financial performance relies on our ability to effectively manage our inventories. Our inventories primarily include finished goods and goods in transit. As of December 31, 2023, 2024 and 2025 and June 30, 2026, we had inventories net of allowance of RMB93.8 million, RMB148.3 million, RMB183.2 million and RMB203.4 million, respectively. Our inventory turnover days were 55 days, 65 days and 79 days in 2023, 2024 and 2025, respectively, and 82 days for the six months ended June 30, 2026. See “Financial Information — Consolidated Statements of Financial Position — Current Assets and Liabilities — Inventories.”

Our inventory level is susceptible to various factors which are beyond our control, including changing fashion trends, consumer needs and market demand and regulatory changes and other policy-related factors. In addition, if we underestimate demand for our products, we may experience inventory shortages, which may, in turn, result in unfulfilled customer demands, leading to a negative impact on customer experiences and our reputation. If we overestimate demand, our inventories may include obsolete products, leading to inventory write-downs or even write-offs. There can be no assurance that we will be able to maintain optimal inventory level, and any such failure may affect our business, financial condition, results of operations and prospects.

We may not be able to accurately track our distributors’ sales of our products and their inventory levels.

Our distributors may not always be able or willing to provide us with accurate and precise information in relation to their sales and inventory levels of our products in a timely manner. As a result, our ability to accurately track our distributors’ sales and the inventory levels of our products may be limited. Our sales to distributors may not be reflective of actual sales to end-customers, and we may not be able to timely collect sufficient information and data regarding market demand for our products. Failure to accurately track the sales and inventory levels of our distributors and timely gather market information may cause us to incorrectly predict sales trends and affect our ability to quickly adjust our marketing and product strategies to respond to market changes, which may materially and adversely affect our business and financial performance.

We may not be able to effectively manage our distribution network, which may lead to overstocking or cannibalisation among our sales channels and distributors

We rely on a broad sales network to distribute our products to retail outlets and end customers. Given the large number of distributors, their dispersed locations and the involvement of downstream retail outlets, we do not have complete control over their operations, inventory levels, pricing practices, promotional activities or ultimate sales to end customers.

If our distributors purchase or hold inventory in excess of actual market demand, channel stuffing or overstocking may occur, which may distort our visibility over actual end-customer demand and reduce future orders from distributors. If they fail to distribute our products to customers in a timely manner, our products may not effectively reach retail outlets or end customers, which may adversely affect our sales performance and market coverage. If they sell products outside their authorised territories or channels, compete with each other or with our other sales channels, or conduct

RISK FACTORS

overlapping promotional activities, cannibalisation may occur within our sales network, which may disrupt our channel strategy and relationships with distributors. If they deviate from our pricing or marketing policies, our product positioning, pricing discipline and brand image may be adversely affected. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

We may not identify or respond in a timely manner to changes in consumer preferences and market trends. If we fail to continuously design and offer new products to meet the evolving consumer demand, our business operations, financial performance and profitability may be materially and adversely affected.

Our business operations and future growth depend on our ability to identify and promptly respond to consumer preferences and market demand, which may change from time to time subject to factors beyond our control, such as changes in consumption willingness, purchasing power and evolving consumer demographics. If we are unable to predict and promptly respond to consumer preferences or market demand, we may fail to continuously develop products with wide market acceptance, capture emerging growth opportunities, adopt competitive sales strategies or properly manage our inventory. Such failure could negatively impact our brand image and result in diminished consumer experience. Any of these occurrences could materially and adversely affect our business, prospects and results of operations.

Furthermore, to cater to the varying market demands, we consistently develop new brands as well as design and launch new products. However, we cannot assure you that such efforts will be successful. The success of new brands and products depends on multiple factors, including those beyond our control, such as industry trends, market demand, regulatory approvals, production efficiency, competition and consumer acceptance. Failure to launch new brands and products may materially and adversely affect our business, financial condition and results of operations.

We rely on manufacturing partners to produce our products. If our manufacturing partners fail to produce products that are of consistently high quality, or if we encounter issues such as material shortage or delay in the supply or if we fail to renew agreements with our manufacturing partners, our business, financial condition and results of operations could be materially and adversely affected.

We rely on a number of Original Equipment Manufacturer ("OEM") and Original Design Manufacturer ("ODM") suppliers as our manufacturing partners for the production of our products. Our reliance on these manufacturers exposes us to a range of operational risks, including, among others, insufficient production capacity, failure to satisfy our quality control standards, nonconformity with product specifications, inability to meet production schedules and delays in delivery. Our manufacturers may also experience disruptions beyond their control, such as equipment failures, labor disputes or shortages, shortages or price increases of raw materials, non-compliance with environmental, health and safety laws and regulations or applicable national and industry product safety and quality standards, natural disasters, fires and other unforeseen events. If any of the foregoing were to occur and we are unable to identify and qualify alternative manufacturing partners on a timely basis in accordance with our selection criteria, we could incur additional costs, face substantial delays in production and delivery, and our business, financial condition and results of operations could be materially and adversely affected.

Moreover, our manufacturing partners may procure raw materials before commencing production, therefore, our procurement costs for our sales of goods are impacted by the costs of raw materials as well as our manufacturing partners' labor costs. Changes in the procurement costs may affect our cost structure. The prices of various raw materials for our products fluctuated during the Track Record Period and may continue to fluctuate in the future. If we are unable to control our costs, our business, results of operations and financial condition would be materially and adversely affected.

RISK FACTORS

Furthermore, there can be no assurance that we will always be able to maintain and renew the agreements with our manufacturing partners on favorable terms, or at all. It may take significant time or resources to identify manufacturing partners that have the capability and resources to produce products to our specifications in sufficient volume, which could have an adverse effect on our business, financial condition and results of operations.

Our sales are subject to seasonality, which could cause our results of operations and financial condition to fluctuate.

We typically carry out more sales and marketing activities before and during key promotional events in the countries where we operate in the second half of the year, such as 99 Shopping Festival, Double Eleven Festival, Double Twelve Festival and Christmas. As a result, we may maintain higher revenue and higher levels of inventory to satisfy market demand before and during promotional seasons and relevant shopping events compared to other times of the year. On the other hand, our businesses are vulnerable to extreme or unusual weather conditions. For example, extreme weather conditions such as torrential rain and floods during rainy seasons may disrupt marketing activities. This could adversely affect the sales by local retailers, which may adversely impact our results of operations.

Disruption of our relationships and unfavorable changes in terms of our arrangements with third-party e-commerce platforms or livestreaming platforms could have a material adverse effect on our business and results of operations.

The operation of our cross-border retail business depends on our arrangements with various third-party e-commerce platforms, including Shopee and Tokopedia. We also cooperate with a selection of livestreaming platforms, such as TikTok to conduct our livestreaming sales. It is common for e-commerce platforms and livestreaming platforms to constantly update their policies. Changes in their policies, such as an increase in advertising fees for advertisement placement, may result in an increase in our costs and expenses. In addition, e-commerce and livestreaming platforms also have the right to interpret how they will implement their policies. We cannot assure you that the e-commerce platforms and livestreaming platforms that we have established cooperation relationship with will not adopt new policies, change existing policies or change the interpretation of existing policies that may be materially adverse to us. For example, there can be no assurance that these third-party platforms will not exercise their discretion to remove, either inadvertently or deliberately, our advertisements or the links to our landing pages or even suspend or terminate our advertisement placement in the future, which may materially and adversely affect our business, financial condition and results of operations. If there is any deterioration of our relationship with existing e-commerce and livestreaming platforms, or if we fail to develop relationship with such third-parties to expand the reach of our cooperation, we may not be able to find their replacement in a timely and cost-effective manner, or at all, which may materially and adversely affect our cross-border retail business and results of operations.

Our online direct sales are dependent on a limited number of e-commerce platforms, and increases in platform commission fees or adverse changes in platform policies could adversely affect our business.

A substantial portion of our online sales is generated through a limited number of third-party e-commerce platforms, primarily Shopee, Tokopedia and Lazada. As these platforms determine key aspects of their ecosystems, including commission fee structures, traffic allocation mechanisms, promotional programmes and operating policies, our ability to influence such arrangements is limited. During the Track Record Period, our average commission fee rates increased from 8.7% in 2023 to 11.3% in 2024 and 14.9% in 2025, and further increased to 16.8% for the six months ended June 30, 2026. If platform commission fees continue to increase, or if such platforms make changes to their policies, algorithms, fee structures or terms of cooperation that are unfavourable to us, we may incur higher operating costs, experience reduced profitability or be required to adjust our pricing and marketing strategies. In addition, any deterioration in our relationship with such platforms, reduction in platform traffic, or suspension or restriction of our online stores could adversely affect our business, financial condition and results of operations.

RISK FACTORS

If we fail to compete effectively and successfully in the retail sector in Southeast Asian countries where we operate, our business, financial condition and results of operations may be materially and adversely affected.

We primarily compete in the cross-border retail market and sell our products in Southeast Asia. The development of the Southeast Asian market is subject to uncertainties and may be impacted by factors such as changes in relevant laws and regulations, changes in consumer demand and public health incidents. In addition, our ability to compete effectively against existing or potential competitors depends on various factors, such as brand reputation, the diversification of product portfolio, product quality, sales and marketing capabilities and customer acquisition and retention capabilities. Some of our competitors may have competitive advantages in these areas. As competition intensifies and the presence of potential competitors increases, we may need to devote more management, financial or human resources. If we are not able to compete effectively, our market share could decline and our business, financial performance and profitability could be materially and adversely affected.

We are exposed to risks relating to third-party logistics solutions providers.

Our delivery arrangements can be broadly divided into: (i) fulfillment services provided by third-party e-commerce platforms; (ii) logistics solutions offered by third-party logistics solutions providers; and (iii) our in-house logistics capabilities. Our collaboration with third-party logistics providers could expose us to potential service disruptions or inefficiencies. If these providers fail to meet their service obligations due to operational issues, financial difficulties or other unforeseen circumstances, our ability to deliver products to our SMR customers and end-customers in a timely manner may be impacted, which could adversely affect our reputation and customers’ confidence in our logistics arrangements. In addition, improper handling of our products by the logistics solutions providers could also result in product damage, which could lead to product liabilities or claims and damage our brand image and reputation. Furthermore, fluctuations in the prices of logistics solutions affect our ability to provide cost-effective products to our customers, and may materially and adversely affect our business, financial condition and results of operations. Any of these events could materially and adversely affect our business, financial condition and results of operations.

Constrained by Indonesia’s local logistics infrastructure and service capabilities, the logistics and supply chain system in Indonesia is relatively unstable. This may lead to fluctuations in efficiency during warehousing, shipment and distribution, increasing uncertainty in the goods transportation cycle. Our products are primarily manufactured in Chinese Mainland, while our customers are located in Southeast Asia. As a result, our supply chain involves cross-border transportation segments, where shipping costs and stability are influenced by multiple external factors. These include global fluctuations in shipping capacity supply and demand, seasonal shifts in market demand and international security conditions. The sea freight segment of our cross-border logistics operations is subject to fluctuations in shipping costs and port efficiency. Particularly, the supply of shipping capacity is affected by the size of our partners’ existing fleet, its operational efficiency, the impact of port congestion, the delivery of new vessels, among others. Such supply may be affected by regulation of maritime transportation practices by governmental and international authorities. The factors influencing the demand for and the supply of vessel capacity are outside our control and the nature, timing and degree of changes in industry conditions are also unpredictable. Further, such third-party logistics providers are exposed and vulnerable to extreme or unusual weather conditions which might lead to road damage and/or flooding and hinder them from meeting their service obligations. Such uncertainty that affects our logistics solution providers may have a material adverse effect on our business, financial position and results of operations.

Any unexpected or prolonged disruption to our warehousing network could adversely affect our business.

As of June 30, 2026, we operated 16 overseas warehousing facilities, with an aggregate GFA of over 40,000 sq.m. in major port cities in Southeast Asia such as Jakarta, Medan and Samarinda, encompassing a three-tier distribution structure of “central warehouse — regional hub — branch warehouse”. See “Business — Supply Chain Management — Warehousing Infrastructure.” In the event

RISK FACTORS

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

Furthermore, as some of the warehouses we operate for providing warehousing services through Southeast Asia are leased, we are exposed to risks in relation to unpredictable and increasing rental costs and relocation costs. Our landlords could increase the rent or impose more stringent payment terms when negotiating to renew our leases, which could, in turn, adversely affect our profitability and results of operations. We may not be able to successfully extend or renew such leases upon expiration, on commercially reasonable terms or at all, and may be forced to relocate our warehouses or offices to other sites. Such relocation may disrupt our operations and incur significant relocation costs and capital expenditures in relation to the installation of warehousing facilities and technology systems, and could in turn adversely affect our financial condition. Further, we cannot assure you that we will be able to relocate such operations to suitable alternative premises in a timely manner, and failure to relocate our operations when required could result in disruption to our business operations. In addition, we compete with other businesses for premises at certain locations or of a desirable size. In the event that we fail to relocate our operations in a timely manner, our financial position, results of operations and reputation would be adversely affected.

If we fail to continue the digitalization of our supply chain management systems, our business, financial condition and results of operations may be materially and adversely affected.

We operate in a highly competitive e-commerce landscape where the efficiency and effectiveness of supply chain management are critical to maintaining our competitiveness. Our ability to meet customer expectations for prompt delivery and product availability hinges on the continuous enhancement in the digitalization of our supply chain management systems and the adoption of further or new automated equipment for our logistics and warehousing. Failure to continue the digitalization process, in particular, the failure to further expand or enhance the digitalization of our business process may lead to inefficiencies in tracking inventory levels as well as delays or inaccuracies in order fulfillment. Under such circumstances, our business, financial condition and results of operations may be adversely affected.

In addition, if we do not sustain progress in end-to-end digital visibility and process automation, we may face increased operating costs, reduced forecasting accuracy and planning effectiveness, higher incidences of stock-outs or overstocking and diminished on-time delivery performance. A lack of timely data integration across procurement, production, logistics and warehousing could impair our ability to allocate inventory efficiently, manage capacity and respond swiftly to demand fluctuations or supply disruptions. Furthermore, insufficient digitalization could constrain our scalability, exacerbate error rates and adversely affect customer experience through order cancellations or service-level failures. Any of the foregoing could weaken our competitive position, result in lost sales opportunities, negatively affect our relationships with customers and business partners, and materially and adversely affect our business, financial condition and results of operations.

Any quality issues related to our products could expose us to product liability claims and reputational risks.

We may not be able to maintain an effective quality control system for our business, and any failure or deterioration of our quality control system would adversely affect our operations and financial conditions. We have implemented a stringent quality control and supplier onboarding criteria to ensure

RISK FACTORS

the high standard of our products. See “Business — Suppliers — Our OEM and ODM Suppliers Models — Our Selection Criteria for OEM and ODM Suppliers.” However, the system may not always be successful in detecting defects or quality issues, especially if they originate from factors beyond our direct control. We may be subject to product liability claims related to our products. Such claims could stem from allegations or proof that our products are unsafe or defective. The failure to detect, prevent, or control defects in our products, as well as the delivery of defective products to consumers, could adversely affect our business.

If any products sold by us are alleged to be unsafe or defective, we may experience reduced sales of the relevant products and may face product returns or exchanges from customers. We typically grant our distributors a warranty period of 18 months. In 2023, 2024 and 2025 and the six months ended June 30, 2026, the sales volume of products which resulted in product returns or exchanges represented 0.8%, 0.6%, 0.9% and 1.0% of the total sales volume of products we received, respectively. Any claims made against us could have a material adverse effect on our reputation, business, financial condition and results of operations. Any product recalls or any claims against us, regardless of merit, can strain our financial resources, hurt our reputation, and consume the time and attention of our management. If any claims against us are successful, we may incur liabilities, and our reputation may be severely damaged.

We recorded net current liabilities and net liabilities during the Track Record Period. There can be no assurance that we will record net current assets or net assets in the future.

As of December 31, 2023, 2024 and 2025 and June 30, 2026, we recorded net current liabilities of RMB133.8 million, RMB74.3 million, RMB97.1 million and RMB87.8 million, respectively. We recorded net liabilities of RMB87.8 million and RMB31.4 million as of December 31, 2023 and 2024, respectively, and net assets of RMB1.1 million and RMB10.4 million as of December 31, 2025 and June 30, 2026, respectively. Our net current liability position and net liability position during the Track Record Period were primarily due to the liabilities arising from redemption liabilities as current liabilities. There can be no assurance that we will be able to maintain positive net assets and positive net current assets in the future. If we continue to record net current liabilities or net liabilities, we may face liquidity risks and may not be able to repay short term indebtedness. In addition, having significant net current liabilities or net liabilities could constrain our operational flexibility and adversely affect our planned expansion plans and our business operations. Any of these events could have a material adverse impact on our business and results of operations.

Our business is subject to risks associated with our investments in IT infrastructure and R&D activities, which may materially and adversely affect our business, financial condition and results of operations.

As our business expands, we expect to continue investing in our IT systems, especially in the R&D of core technology systems such as data intelligence and our proprietary data platform. Our recognition of the related capital expenditures and technology investments typically precedes the realization of the corresponding benefits. Due to factors such as rapid technological iteration, underperformance of the newly developed applications, or changes in market demand, there may be uncertainties surrounding the payback period of such investments. The return on investment may be lower than expected, or its growth rate may fail to align with the requirements of our business development. Furthermore, if progress in our R&D efforts fails to meet expectations, the effectiveness of system integration is inadequate, or synergy capabilities of our business are insufficient, a portion of capital expenditure may not be effectively converted into actual productive capacity. We may also face the risk of being unable to fully recover the related investments or experiencing a prolonged recovery period. In such cases, the carrying value of the related assets may be subject to an impairment charge, which may materially and adversely affect our business, financial condition and results of operations.

RISK FACTORS

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

We handle personal information, including names, postal addresses and phone numbers, among others, during our ordinary course of business. See “Business — Data Privacy.” Accordingly, our business operations are subject to various data security and personal information protection laws and regulations. The PRC government has enacted a series of laws, regulations and governmental policies for the protection of cybersecurity, data security and personal information in the past few years. For instance, on June 10, 2021, the Standing Committee of the National People’s Congress promulgated the Data Security Law of the PRC (《中華人民共和國數據安全法》) (the “**Data Security Law**”, effective since September 1, 2021). The Data Security Law sets out a number of obligations on data security undertaken by entities and individuals engaged in data-related activities. It also prohibits any individual or entity in China from providing data stored in China to foreign judicial or law enforcement authorities without the approval of the competent authorities in China. Besides, the Measures for the Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》), which was promulgated by the Cybersecurity Administration of China (the “**CAC**”) on July 7, 2022 and became effective on September 1, 2022, stipulates the obligation that before applying for the security assessment of cross-border data transfer, data handlers shall conduct a self-assessment of the risks in the outbound data transfer. On November 7, 2016, the Standing Committee of the National People’s Congress promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), effective since June 1, 2017, and pursuant to which, the state is to advance the development of a socialized service system for cybersecurity, and encourage related businesses and institutions to carry out cybersecurity services such as certification, testing and risk assessment. According to the Measures for Cybersecurity Review (《網絡安全審查辦法》), which became effective in February 15, 2022, an online platform operator who possesses personal information of more than one million users must apply to the authorities for Cybersecurity Review if it intends to go listing abroad. On September 24, 2024, the State Council released the Regulations on the Management of Network Data Security (《網絡數據安全管理條例》), also known as the Network Data Regulation, which came into force on January 1, 2025. The Network Data Regulation is not only the first administrative regulation specifically for network data security, but it also serves as a comprehensive implementing regulation for the compliance requirements set out by the Cybersecurity Law, Data Security Law, and Personal Information Protection Law. See “Regulation Overview — Laws and Regulations Related to Our Business in the PRC — Regulations on Cyber Security, Data Security and Personal Information Protection.” We may also become subject to laws and regulations affecting data protection, data privacy, or information security in other jurisdictions, such as the General Data Protection Regulation (“**GDPR**”), adopted by the European Union, which became fully effective on May 25, 2018. The interpretation and application of these laws or regulations are often uncertain and in flux.

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

RISK FACTORS

Misconduct, non-compliance and oversights by our employees or third parties could harm our business and reputation.

Misconduct and oversights by our employees could subject us to liability or negative publicity; there can be no assurance that our employees will not engage in misconduct or commit oversights that could materially and adversely affect our business, financial condition and results of operations.

In addition, misconduct and oversights by our business partners, including our OEM and ODM suppliers, offline logistics service providers, as well as other third parties who have entered business relationships with our business partners, could subject us to liability or negative publicity. Although we have strict standards to choose our business partners, we cannot rule out the possibility of incurring liabilities or suffering losses due to any non-compliance by third parties, who may be subject to regulatory penalties or punishments because of their regulatory compliance failures, which may, directly or indirectly, affect our business. We cannot be certain whether such a third party has infringed or will infringe any other parties’ legal rights or violate any regulatory requirements. We cannot assure you that we will be able to identify irregularities or non-compliances in the business practices of our business partners or other third parties, or that such irregularities or non-compliance will be corrected in a prompt and proper manner. The legal liabilities and regulatory actions on our business partners or other third parties involved in our business may affect our business activities and reputation, which may in turn affect our results of operations.

If we are unable to obtain, maintain and protect our intellectual property (“IP”) rights or prevent third parties from infringement of our IP rights, our ability to compete could be materially and adversely affected.

Our business relies significantly on our ability to protect our IP rights. We hold a number of well-recognized brands, and our product sales under proprietary brands accounted for 90.4%, 90.8% and 93.4% of our revenue in 2023, 2024 and 2025, respectively, and 92.8% and 96.6% for the six months ended June 30, 2025 and 2026, respectively. As of the Latest Practicable Date, we had 211 patents registered with the National Intellectual Property Administration of the PRC, and three pending patent applications in Chinese Mainland. There are also ten registered patents and eight pending patent applications in Indonesia. As of the Latest Practicable Date, we had 58 trademarks registered in Chinese Mainland and 9 pending trademark applications, along with 272 registered trademarks and 18 pending trademark applications in overseas countries and regions such as Indonesia and Thailand. As of the Latest Practicable Date, we had 175 copyrights registered with and 2 pending copyright applications in the National Copyright Administration of the PRC, along with 1 registered copyright in Indonesia. See “Business — Intellectual Property.” However, the protection of IP rights is subject to various risks. We may not be able to file and prosecute all necessary or desired patent applications within a reasonable cost or timeframe. Failure to identify patentable aspects of our product development output in a timely manner could result in the loss of patent protection and allow competitors to develop and commercialize similar products, which could significantly impact our overall business. In addition, we may not be able to prevent third parties from infringing upon or misappropriating our IP rights. Such infringement or misappropriation could lead to significant legal costs and divert management’s attention from our business operations, which could adversely affect our business, financial condition and results of operations.

We may be subject to claims by third parties for IP infringement or other allegations.

The industry in which our business operates is characterized by a large number of patents, trademarks and other intellectual properties, some of which may be of questionable scope, validity or enforceability. As a result, there is uncertainty in the industry regarding patent protection and infringement, and we cannot be certain that the conduct of our business does not and will not infringe, misappropriate or otherwise violate any patents, trademarks, copyrights, trade secrets, or other proprietary rights of third parties. Due to the similarity of certain design elements and our diversified product portfolio, and due to the fact that we engage ODM and OEM suppliers to manufacture our products, we may, from time to time, be involved in IP disputes where third parties claim our products infringe their IP rights. IP litigation is usually complex, and the results of IP litigation are

RISK FACTORS

unpredictable. These claims and any resulting lawsuits, if resolved adversely to us, could subject us to significant liability for damages, impose temporary or permanent injunctions against our solutions or business operations, or invalidate or render unenforceable our IP rights, which could adversely affect our business, financial condition and results of operations.

Failure to comply with the laws and regulations on environmental, social and corporate governance (“ESG”) matters, and failure to achieve certain or all ESG targets and/or plans, may subject us to penalties and/or adversely affect our business, financial condition and results of operations.

Relevant regulatory authorities and public advocacy groups have been increasingly focused on ESG related issues in recent years. As a result, our business has become more sensitive to changes in ESG-related laws, regulations and policies as well as evolving investor expectations. Increased scrutiny on ESG practices may hinder our access to capital and increase our regulatory compliance costs. If we fail to adapt to or comply with such evolving expectations and standards, or are perceived to have responded inadequately to ESG-related concerns, we may suffer reputational damage, which could materially and adversely affect our business, financial condition and the price of our Shares.

Furthermore, although we do not operate in a high-pollution sector and have no manufacturing processes, we have established certain environmental targets and plans. See “Business — Environmental, Social and Governance (ESG).” Failure to achieve, or any modification or discontinuation of, such targets and plans may adversely affect our corporate image and, in turn, our business, financial condition and results of operations.

Failure to maintain effective pricing strategies and any downward changes in the prices of our products may have a material adverse effect on our business and results of operations.

Demand for our products is generally sensitive to price. Our approach to pricing our products has had, and may continue to have, a significant impact on our revenue and profit margin. In addition, our competitors’ pricing strategies are beyond our control and could significantly affect the results of our pricing strategies. If we fail to meet our customers’ price expectations, or if we are unable to compete effectively with our competitors when they engage in aggressive pricing strategies and cannot effectively adjust our cost structure due to potential downward changes in the prices of our products, it could have a material 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 governmental policies and depends to a large extent on 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. With the development of foreign exchange markets and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further reforms to the exchange rate regime.

Our sales to consumers in our cross-border retail business are primarily denominated and settled in foreign currencies, with the remaining mainly denominated and settled in currencies of the countries to which we sell our products. We mainly pay our suppliers in Chinese Mainland in Renminbi. As a result, changes in the exchange rates between the foreign currency, in particular the Indonesian Rupiah and Renminbi could affect our results of operations and competitiveness against overseas sellers. According to Frost & Sullivan, the monthly average IDR/RMB exchange rate, expressed as RMB per 100 IDR, showed a general downward trend during the Track Record Period and up to July 2026. The exchange rate decreased from approximately RMB0.0445 per 100 IDR in January 2023 to approximately RMB0.0384 per 100 IDR in June 30, 2026, representing a depreciation of the Indonesian Rupiah against Renminbi of 13.7% during the Track Record Period. It further decreased to approximately RMB0.0381 per 100 IDR in July 2026, representing a further depreciation of approximately 0.8% after the Track Record Period and up to July 2026. For further details, see

RISK FACTORS

“Industry Overview — Monthly IDR/RMB Exchange Rate Trend And Reasons For Depreciation.” During the Track Record Period, we had net foreign exchange gains of RMB6.1 million in 2023, net foreign exchange losses of RMB2.0 million and RMB18.2 million in 2024 and 2025, respectively, and net foreign exchange losses of RMB4.2 million and RMB17.9 million for the six months ended June 30, 2025 and 2026, respectively, primarily due to unrealized exchange loss arising from the payables within the Group due to the depreciation of Rupiah against Renminbi during this period. In addition, in Indonesia, applicable regulations require that certain payments, including dividends and other distributions declared and payable on the share capital of a company, be made in Indonesian Rupiah and, where applicable, converted into foreign currencies for remittance offshore. In particular, fund transfers exceeding a prescribed threshold must be conducted through authorized Indonesian banks, and such bank shall be subject to reporting requirements to the Indonesian Central Bank (Bank Indonesia). These regulatory requirements may result in additional administrative procedures, potential delays or increased compliance costs in connection with cross-border fund transfers. There can be no assurance that future changes in foreign exchange regulations or their interpretation and enforcement will not impose additional restrictions on our ability to convert or remit funds, which may adversely affect our liquidity, cash flow management and financial condition.

The value of the Renminbi against other foreign currencies may fluctuate due to a number of factors, all of which are beyond our control. Any significant depreciation of other foreign currencies against Renminbi may have a negative impact on our gross profit while any appreciation of other foreign currencies may have a positive impact on our gross profit. We may choose to mitigate the impact of a depreciation of other foreign currencies by increasing our products’ selling prices after taking the competitive landscape of our products into consideration.

In order to manage foreign exchange risk, we generally enter into foreign currency hedging contracts. The contracts have the effect of converting our foreign currency at a fixed rate on a specific date so that we are not exposed to changes in foreign currency rates during a specific period of time. During the Track Record Period, such arrangements resulted in net foreign exchange loss of RMB0.9 million in 2023, loss of RMB1.3 million in 2024 and gain of RMB0.7 million in 2025. For the six months ended June 30, 2025 and 2026, such arrangements resulted in net foreign exchange gains of RMB0.01 million and RMB3.5 million, respectively. If we are unable to manage our exposure to foreign exchange rate risk successfully, we may be adversely affected by exchange rate fluctuations, particularly given the limited effectiveness of foreign exchange hedging instruments with respect to RMB at reasonable costs. Our financial condition and results could nevertheless be adversely affected by adverse fluctuations of the foreign exchange rates. 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.

Furthermore, if interest rate is increased by the PBOC, or market disruptions in the United States, EU and other countries or regions, our cost of borrowing may increase, and our ability to access sources of liquidity upon which we may rely to finance our operations and satisfy our debt obligations as they become due may be adversely affected. We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges. Any failure to access sources of liquidity at reasonable costs to finance our operations or meet our obligations may materially and adversely affect our business, prospects, financial condition and results of operations.

If our suppliers stop granting us favorable credit terms or shorten the existing credit terms granted to us, our liquidity condition may be adversely affected.

We experienced fluctuations in our trade and other payables and turnover days during the Track Record Period. As of December 31, 2023, 2024 and 2025 and June 30, 2026, our current trade and other payables amounted to RMB122.6 million, RMB170.5 million, RMB183.8 million and RMB162.0 million, respectively, representing 24.3%, 28.6%, 27.1% and 24.9% of our total current liabilities, respectively, as of the same dates. We are generally granted a credit period of 30 to 90 days by our OEM and ODM suppliers on purchases of goods. In 2023, 2024 and 2025 and the six months ended June 30, 2026, our trade payables turnover days were 57 days, 62 days, 68 days and 60 days,

RISK FACTORS

respectively. We cannot assure you that we will continue to successfully negotiate and obtain favorable credit terms from our suppliers, as the credit terms granted by suppliers may be influenced by a number of factors that are beyond our control, such as the financial performance and position of our suppliers, the raw material prices and general economic conditions. If our suppliers shorten the credit period granted to us, our liquidity condition may be materially and adversely affected.

We may not be successful in implementing our channel expansion strategies.

We intend to further expand offline and online sales channels to enhance our product presence and brand awareness, which could be time-consuming and may incur significant costs. See “Business — Development Strategies.” The successful expansion into new sales channels depends on multiple factors, including comprehensive market research, channel compatibility with our brand and product image, adequate resource allocation, technological capabilities for integration and adaptation, efficient supply chain management, building strong partnerships and relationships, regulatory compliance, awareness of the competitive landscape and effective risk management. We cannot assure you that our expansion strategies can be successfully implemented. Failure to implement our expansion strategies successfully could have a material adverse impact on our business, financial condition and results of operations.

We are subject to risks associated with our acquisition strategy.

We may invest in or acquire companies that may generate synergies with our existing capacities, such as potential suppliers and international logistics solutions providers, and we may also invest in or acquire companies that have strong sales channel presences in the markets of Indonesia, Vietnam, Thailand and the Philippines to further increase our market share and enhance brand equity. The cost of identifying and completing investments and acquisitions can be high, and there can be no assurance that we will be able to identify suitable candidates for acquisitions, become successful bidders, complete acquisitions on favorable terms, or have the funds to carry out the ideal acquisitions. These transactions may also incur a significant increase in our interest expense, leverage and debt service requirements if we incur additional debt to pay for an acquisition or investment, issue common stock that would dilute our current shareholders’ percentage ownership, or incur asset write-offs and restructuring costs and other related expenses. In addition, our acquisition and investment activities involve various risks and uncertainties. We may face valuation risks, as the assessment of potential targets may be affected by information asymmetry, market fluctuations or overly optimistic assumptions, which could result in us paying consideration that exceeds the intrinsic value of the target business.

We may also encounter integration risks following the completion of acquisitions, including challenges in integrating the acquired businesses, brands, corporate culture, management systems and personnel. If we fail to effectively integrate the acquired businesses, we may not be able to realise the expected synergies and our existing operations may be adversely affected. There can be no assurance that our acquisitions and other strategic investments will be successful and will not materially adversely affect our business, financial condition or results of operations.

Our sales and marketing activities may not be effective.

Our sales and marketing activities are important to enhance our brand recognition and enlarge our consumer base. We use various approaches to promote our products, including (i) placing advertisements on SMRs’ shops and third-party e-commerce platforms that we partner with; and (ii) utilizing other off-site online channels such as social media and search engines. We recorded marketing and advertising expenses of RMB37.8 million, RMB43.2 million, RMB70.3 million and RMB46.0 million in 2023, 2024 and 2025 and the six months ended June 30, 2026, respectively. We recorded commission fees to third-party e-commerce platforms of RMB14.7 million, RMB30.5 million, RMB56.5 million and RMB44.4 million in 2023, 2024 and 2025 and the six months ended June 30, 2026, respectively. The aggregate amount of marketing and advertising expenses and commission fees to third-party e-commerce platforms represented 5.8%, 7.0%, 10.4% and 12.9% of our total revenue in 2023, 2024 and 2025 and the six months ended June 30, 2026, respectively. Our sales and marketing activities may become increasingly costly, and may not yield economically meaningful results. For

RISK FACTORS

example, we paid a substantial amount of commission fees to third-party e-commerce platforms as part of our marketing activities and the commission rate of such e-commerce platforms charge is beyond our control. Furthermore, we cannot assure you that our efforts in sales and marketing activities will always be effective, or that we are able to effectively manage advertising expenditures so that it can consistently deliver favorable cost-benefit outcomes. Any of the foregoing risks could materially and adversely affect our business, financial condition and results of operations.

Our operations may be affected by and subject to licensing, approval and other requirements under laws and regulations of various jurisdictions where we operate or sell products.

We operate in Chinese Mainland and also conduct our sales and business operations in Southeast Asian countries including Indonesia, Vietnam, Thailand and the Philippines. Our business requires us to obtain and renew, from time to time, a multitude of approvals, licenses and permits. See “Regulatory Overview.” If we fail to obtain, maintain or renew any necessary approval, license or permit for our operations in a timely manner or at all, or if the scope of our operations exceeds the scope permitted under the applicable approvals, licenses and permits, we may be subject to fines, penalties or suspension of operations or even revocation of operating licenses, and our business, financial condition and results of operations may be materially and adversely affected. We are also subject to the laws and regulations of various jurisdictions. Multiple aspects of our business will be adversely affected if we fail to ensure compliance with those laws and regulations, mainly including licensing, regulation and standards in relation to the sale of our products, privacy laws and regulations and import and export requirements. In addition to the risk of costly and time-consuming regulatory compliance, we cannot assure you that we will obtain all approvals or required licenses and permits.

Furthermore, there can be no assurance that our internal control policies will always be adequate and/or effective. Any failure of compliance may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease, and may include corrective measures requiring capital expenditures or remedial actions. We may be required to compensate those suffering loss or damage by reason of our activities, and may have civil or criminal fines or penalties imposed upon us for violation of applicable laws or regulations. Any change in laws and regulations or policies affecting us or our operations, or their interpretation, could materially and adversely affect our operations or increase our compliance expenses, which could, in turn, materially and adversely affect our business.

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

We had revenue of RMB908.4 million, RMB1,048.7 million and RMB1,216.9 million in 2023, 2024 and 2025, respectively, and RMB573.0 million and RMB699.4 million for the six months ended June 30, 2025 and 2026, respectively. We had net profit of RMB18.3 million, RMB20.4 million and RMB48.0 million in 2023, 2024 and 2025, respectively, and RMB21.7 million and RMB24.8 million for the six months ended June 30, 2025 and 2026, respectively. See “Financial Information — Description of Major Components of Our Results of Operations.” Our future growth and profitability are affected by a number of factors, such as our ability to develop new products, our ability to successfully implement our business development strategies in a cost-effective manner and our ability to effectively manage our costs and expenses and continuously improve operational efficiency. Accordingly, you should not rely on the revenues of any prior period as an indication of our future performance. We may also incur unforeseen expenses, or encounter difficulties, complications or delays in deriving revenue or achieving profitability. If we are unable to generate adequate revenues and manage our expenses, we may continue to incur significant losses and have accumulated losses in the future and may not be able to achieve or subsequently maintain profitability.

We may not be able to maintain our profit margin in the future.

In 2023, 2024 and 2025, we achieved gross profit margins of 33.6%, 35.6% and 37.1%, respectively, and 36.9% and 38.7% for the six months ended June 30, 2025 and 2026, respectively. For the same periods, our net profit margins were 2.0%, 1.9% and 3.9%, respectively, and 3.8% and 3.5% for the six months ended June 30, 2025 and 2026, respectively. As our profitability is dependent upon a

RISK FACTORS

number of factors some of which are beyond our control, such as price of raw materials, advertising costs, procurement costs, costs of logistics services, labor and other production costs, market competition, the market demands and inflationary pressures. In particular, our profitability is sensitive to procurement costs. We may not be able to pass on any increase in such costs to our customers immediately or at all. If we fail to pass on such increase in costs to our customers, our profitability may be adversely affected. Therefore, there can be no assurance that we will be able to maintain such gross profit margins or net profit margins in the future as those in the Track Record Period. Any prices and costs fluctuation would have a material adverse impact on our profit margin. Accordingly, our financial condition may be adversely affected.

We may from time to time become a party to litigation, other legal and contractual disputes, claims and administrative proceedings that may materially and adversely affect our business and reputation.

We may from time to time be subject to various litigation, legal or contractual disputes, claims or administrative proceedings in the ordinary course of our business, including, but not limited to, various disputes with or claims from our suppliers, customers, business partners and other third parties. Ongoing or threatened litigation, legal or contractual disputes, claims, or administrative proceedings may divert our management's attention and other resources. Furthermore, any litigation, legal or contractual disputes, claims or administrative proceedings which are initially not of material importance may escalate and become important to us, due to a variety of factors such as the subject matter of the disputes, the likelihood of loss, the monetary amount at stake and the parties involved. If any adverse verdict, judgment or award is rendered against us or if we settle with any third parties, we may be required to pay significant monetary damages or assume other liabilities. In addition, negative publicity arising from litigation, legal or contractual disputes, claims or administrative proceedings may damage our reputation and adversely affect the image of our brands and products, which may further materially and adversely affect our business.

In addition, we may encounter compliance issues in the course of our business operations, which may lead to administrative proceedings, and may materially and adversely affect our business, financial condition and results of operations. We cannot assure you that we will not be involved in legal or other proceedings in the future. Any negative outcome of such proceedings may materially and adversely affect our business, financial condition and results of operations.

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

According to relevant PRC laws and regulations, we are required to make social insurance premium payments and contributions to housing provident funds for our employees. We failed to make full contributions to the social insurance and housing provident funds in the full amount for certain employees during the Track Record Period. As advised by our PRC Legal Adviser, as for social insurance, the relevant PRC authorities could order us to pay, within a prescribed time limit, the outstanding amount with an additional late payment penalty at the daily rate of 0.05%, and if we fail to make the overdue contributions within such time limit, a fine equal to one to three times the outstanding amount may be imposed. In case we are overdue in the payment and deposit of, or underpay the housing provident fund, the authority could order us to make the payment and deposit within a prescribed time limit, and where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a court in China for compulsory enforcement. As of the Latest Practicable Date, we had not received any material complaint from our employees.

RISK FACTORS

Failure to comply with laws and regulations regarding certain of our leased properties may adversely affect our business, financial condition and results of operations.

We have owned and leased properties in connection with our business operations. Certain properties we leased have title defects, inconsistent usage or other compliance-related defects. As a result, there can be no assurance that we will not be subject to any punishment, challenges, lawsuits or other actions taken against us with respect to these properties.

As of the Latest Practicable Date, for one leased property, the lessor with whom we enter into lease agreement did not provide valid property ownership certificate or sufficient documentation to prove the right to lease the property to us for our intended use. Therefore, we cannot ensure that they have the rights to lease or sublease such properties to us for our intended use. Furthermore, according to applicable PRC laws and regulations, the lessor and the lessee to a lease agreement are required to file the lease agreement with relevant government authorities within 30 days after the execution of the lease agreement. As of the Latest Practicable Date, we had not filed our lease agreements for three properties we leased with the local housing administration authorities as required under PRC laws and regulations. As advised by our PRC Legal Adviser, if we and the lessor fail to handle filing for such lease registration as required by the relevant competent authorities, we may be subject to a fine of RMB1,000 to RMB10,000 for each unregistered lease agreements. See “Business — Properties — Leased Properties”

If we are challenged by third parties or government authorities upon any of the circumstances stated above, we may be subject to fines and may be forced to relocate, as the case may be, and, as a result, our business, results of operations, financial performance and prospects may be adversely affected.

Our Indonesian subsidiaries have duly maintained valid title and regulatory compliance for their owned properties and typically included contractual safeguards in the lease agreements requiring the relevant lessors to comply with applicable ownership, licensing and regulatory requirements. During the Track Record Period, no legal actions, claims or enforcement proceedings were taken against our Indonesian subsidiaries in respect of the properties owned or leased by them. Notwithstanding the foregoing, in respect of the leased properties, our Indonesian subsidiaries may remain subject to risks arising from any non-compliance by the relevant lessors with their regulatory obligations as property owners, which are beyond our Indonesian subsidiaries’ control. See “— Risks Relating to Our Business and Industry — Any unexpected or prolonged disruption to our warehousing network could adversely affect our business”.

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

Under the laws and regulations in the countries and regions where we operate, arrangements and transactions among related parties may be subject to audit or challenge by the relevant tax authorities. During the Track Record Period, we carried out our operations mainly in Chinese Mainland, Indonesia, Vietnam, Thailand, and the Philippines. See “Business — Intra-group Transactions.” We could face material and adverse tax consequences if the relevant tax authorities determine that certain intra-group transactions of ours do not represent arm’s length negotiations and consequently adjust any of those entities’ income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, increase our tax liabilities. If we fail to rectify such incident within the limited timeframe required by the relevant tax authorities, the relevant tax authorities may impose late payment interest or surcharge and other penalties on us for any unpaid taxes. In addition, a transfer pricing arrangement may give rise to tax recoverable in certain jurisdictions as a result of tax adjustments. There can be no assurance that we could successfully recover the tax recoverable from the relevant tax authorities. Our business, financial condition and results of operations may therefore be materially and adversely affected.

RISK FACTORS

Our insurance coverage may be insufficient to cover all of our potential losses.

We maintain insurance coverage over our daily operations. We cannot assure you that our insurances will provide adequate coverage for all the risks in connection with our business operations. If we were to incur substantial losses and liabilities that are not covered by our insurance policies, we may be required to bear our losses to the extent that our insurance coverage is insufficient. As a result, we could suffer significant costs and diversion of our resources, which could have a material and adverse effect on our business, financial condition and results of operations.

Force majeure events, natural disasters, acts of war, terrorism or other factors beyond our control may materially and adversely affect our business, financial condition and results of operations.

Force majeure events, natural disasters, acts of war, terrorism or other factors beyond our control could adversely affect the economies, infrastructure and lives of people in the regions in which we operate. Our operations may be subject to the threat of floods, earthquakes, dust storms, snowstorms, fires or droughts, power, water or fuel shortages, malfunctions, breakdowns and failures of information management systems, unexpected maintenance or technical problems, or be vulnerable to potential war or terrorist attacks. Severe natural disasters could result in loss of life, injury, destruction of assets and disruption of our business and operations. Acts of war or terrorism could also injure our employees, cause loss of life, disrupt our business operations and impair our markets. Any of these factors, as well as other factors beyond our control, could materially and adversely affect the overall business sentiment and environment, lead to uncertainty in the regions in which we operate, cause our business to suffer losses that we cannot predict, and have a material and adverse effect on our business, financial condition and results of operations.

We are exposed to credit risks related to our trade receivables.

We are exposed to credit risks related to the delay in payment of our distributors. Our trade receivables represent the amounts due from our customers for the products sold or services performed in our ordinary course of business. As of December 31, 2023, 2024 and 2025 and June 30, 2026, our trade receivables were RMB12.0 million, RMB29.1 million, RMB30.7 million and RMB30.1 million, respectively. We decide trading terms with our customers on a case-by-case basis. We normally grant a credit period of 0 to 30 days for qualified customers. Trade receivables are generally settled in accordance with the terms of the respective contracts. In 2023, 2024 and 2025, we had impairment losses on trade receivables of RMB0.8 million, RMB1.4 million and RMB0.3 million, respectively. For the six months ended June 30, 2025, we recorded impairment losses on trade receivables of RMB0.2 million, while for the six months ended June 30, 2026, we recorded reversals of impairment losses of RMB0.2 million.

Although we maintain internal controls and procedures for credit approval, periodic credit assessments, receivables aging monitoring and collection efforts, we cannot assure you that our distributors will settle their outstanding balances in full and on time. Our ability to collect trade receivables is subject to, among other things, our distributors’ financial condition, liquidity and operating performance. Any deterioration in a distributor’s business, cash flow constraints, insolvency or payment delays by its end customers may result in overdue receivables, bad debt losses and increased working capital requirements. If we fail to effectively manage our credit exposure, enforce collection measures or make adequate impairment provisions, our liquidity, financial condition and results of operations could materially and adversely affected.

In addition, our distributors operate independently and we have limited visibility and control over their funding arrangements and receivables management. Macroeconomic uncertainties, industry downturns, intensified competition, product returns, price adjustments or other adverse market conditions may further impair distributors’ payment capability and extend our collection cycle.

RISK FACTORS

Failure to fulfill our obligations in respect of contract liabilities could materially and adversely affect our results of operation, liquidity and financial position.

Our contract liabilities primarily represent advance payments from customers upon which the performance obligations have been established, while the underlying products or services are yet to be provided. There can be no assurance that we will be able to fulfill our obligations in respect of contract liabilities as the completion of existing and future orders from our enterprise customers are subject to various factors, including, for example, products we procure from our OEM suppliers and transportation provided by our logistics service suppliers, and normal operations of our business. If we were not able to fulfill our obligations with respect to our contract liabilities, the amount of contract liabilities will not be recognized as revenue, and we may have to return the advanced payments made by our customers or provide alternative compensation for the deferred revenue due to the customers. As a result, our results of operations, liquidity and financial position may be adversely affected.

Failure to comply with relevant laws, regulations and rules on occupational health and safety could subject us to investigations and administrative penalties, which may adversely affect our business, results of operations and financial condition.

As we engage a considerable number of employees in our daily business operations, we are particularly sensitive to legal and regulatory requirements in connection with occupational health and safety, the violation of which may subject us to administrative penalties. During the Track Record Period, we did not encounter any incident resulting from our non-compliance with occupational health and safety laws and regulations that has resulted in a material adverse effect on our financial condition and results of operations. However, we cannot assure you that we will not be subject to regulatory actions or administrative penalties in the future. With a view to ensuring compliance with relevant laws and regulations on occupational health and safety, we have adopted certain internal rules to enhance our compliance with laws, regulations and rules in connection with occupational health and safety. See “Business — Environmental, Social and Governance (ESG).” However, we cannot assure you that we or our employees will fully comply with relevant laws and regulations on occupational health and safety in the future. If we fail to comply with the relevant laws and regulations, we could be subject to disciplinary warnings or administrative penalties, which may in turn adversely affect our reputation, our business, financial condition and results of operations.

Enforcement of stricter labor laws and regulations and increases in labor costs in Chinese Mainland and Southeast Asian countries where we operate may adversely affect our business and results of operations.

We are subject to various labor-related laws and regulations in the jurisdictions in which we operate, including requirements to make contributions to statutory social insurance and housing provident funds for our employees in Chinese Mainland. For details of the applicable labor-related law and regulations in China, see “Regulatory Overview — Laws and Regulations Related to Our Business in the PRC — Regulations on Labor, Social Insurance and Housing Accumulation Funds”. During the Track Record Period, we had not fully contributed to social insurance and housing provident funds for some of our employees. We may be required to make corrections, pay any shortfall in social insurance and housing provident fund contributions within a prescribed time period and to pay penalties if we fail to do so, or we may be subject to additional contribution, late payment fee and/or penalties imposed by the relevant PRC authorities for non-compliance.

In addition, in Indonesia, we are required to register our employees in the national social security programs, comprising Manpower Social Security Agency which covers work accidents, old-age benefits, pension, death benefits and loss of employment, and the Health Social Security Agency. Indonesian laws also require our Indonesian subsidiaries to maintain valid participation certificates for their employees in the requisite social security programs, remit the required contributions monthly and ensure that wages are paid in compliance with the applicable minimum wages requirements. Based on the development of labor protection laws in China and Southeast Asian countries where we operate, we expect that our labor costs, including wages and employee benefits, will continue to increase, which may adversely affect our financial condition and results of operations.

RISK FACTORS

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

We may be subject to tax exposure in various jurisdictions.

We operate in countries and regions overseas and are subject to various taxes. Due to the fact that the tax environment can be different in different jurisdictions and that the regulations regarding various taxes, including but not limited to corporate income tax and tariffs are complex, our international operations may expose us to risks associated with the overseas tax policy changes. Dealing with such regulatory complexities and changes may require us to divert more managerial and financial resources, which in turn could affect our financial condition and results of operations.

In addition, we are subject to review, audit and inquiry by local and overseas tax authorities and other governmental authorities with respect to our tax returns or other tax matters. The tax treatment of our transaction arrangements may be subject to interpretation by the relevant tax authorities, and we cannot assure you that any such review or interpretation will not result in adverse determinations, additional tax assessments, penalties or interest, which may materially and adversely affect our business, financial condition and results of operations.

Reductions of export tax rebates on our exported products could adversely affect our profitability and results of operations.

We export most of our products from Chinese Mainland to Southeast Asian countries and conduct our sales to the SMRs and also through third-party e-commerce platforms. Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on the Policies of Value-Added Tax and Consumption Tax for Exported Goods and Services (《財政部、國家稅務總局關於出口貨物勞務增值稅和消費稅政策的通知》), promulgated on May 25, 2012 and amended on December 9, 2014 and January 20, 2020, unless otherwise provided by law, exported goods and services are subject to VAT refund policies. Under applicable PRC laws, we are entitled to apply to the PRC tax authorities for VAT refunds on our export sales. However, we cannot assure you that the PRC government’s refund policies will not change or that the refund policies we currently enjoy will remain favorable to us. If such policies change, refund rates are reduced, or refunds are suspended or terminated, our costs would increase, which could materially and adversely affect our business, financial condition and results of operations.

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

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

Although most of our offshore subsidiaries have substantive business operations in the countries or regions where they are located, as we are a PRC enterprise, our offshore subsidiaries may be questioned by the competent regulatory authorities, and if our offshore subsidiaries are deemed PRC

RISK FACTORS

resident enterprises, they could be subject to the EIT at 25% on their global income, except that the dividends they receive from our PRC subsidiaries, if any, may be exempt from the EIT to the extent such dividend income constitutes “dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise.” Nonetheless, it remains subject to future interpretation as to what type of enterprise would be deemed a “PRC resident enterprise” for such purposes. The EIT on our subsidiaries’ global income could significantly increase our tax burden and affect our cash flows and profitability.

Changes in the economic, political and social conditions, as well as government policies in the countries and regions where we operate, could adversely affect our business and prospects.

A substantial part of our assets and operations is located in Southeast Asia. Accordingly, our business, financial condition and results of operations could also be influenced by political, economic and social conditions in Southeast Asia markets. Economic growth in each of our geographic markets has been uneven, both geographically and among various sectors within any one of the relevant economies. Any economic downturn, whether actual or perceived, a further decrease in economic growth rates or an otherwise uncertain economic outlook in our geographic markets or any other market in which we may operate could affect our business, financial condition and results of operations. Changes in the economic or political environment could increase our costs, increase our exposure to legal and business risks, disrupt our operations and affect our results of operations.

Our business, financial condition, results of operations and prospects are significantly impacted by the political situation in countries where we operate, some of which have historically been subject to periods of instability, including political violence, contested elections and military coups.

An increase in the frequency, severity or geographic reach of violent crimes, political turmoil and similar events could have a material adverse effect on investment and confidence in, and the performance of the economy of those countries where we operate. Any such destabilization could cause interruption to our business and materially and adversely affect our financial conditions, results of operations and prospects, including through operational delays due to temporary closure of offices and disruptions to supply chains and logistics.

Uncertainty with respect to the Indonesian legal system could adversely affect our business and results of operations.

In Indonesia, the legal system is based on civil law and relies primarily on written statutes. The commercial and civil laws in Indonesia have their roots in Dutch law, which existed prior to Indonesia’s independence in 1945, although such laws have been amended and supplemented by subsequent legislation and regulations.

The application of legal principles in Indonesia often depends on subjective criteria, such as the good faith of the parties involved and principles of public policy. Indonesian judges have broad fact-finding powers and a high level of discretion in exercising those powers. The judicial and administrative decisions by Indonesian courts and governmental agencies generally do not constitute binding precedents (*stare decisis*) and are not always comprehensively published. Such uncertainty in the legal system and regulatory framework creates inconsistencies in the interpretation, implementation and enforcement of Indonesian laws and regulations across different authorities and jurisdictions. In addition, the fast evolving and fragmented nature of the legal and regulatory requirements can adversely affect our business operations in Indonesia, including through delays in licensing and permit approvals, inconsistent regulatory treatment, or challenges in enforcement of regulatory or contractual rights, which may lead to suspension, and even termination of the relevant projects or activities. We have implemented regulatory compliance policies to mitigate these risks. However, the sufficiency and effectiveness of such measures cannot be assured, and the extent of our exposure to the relevant risks varies depending on further evolution of the legal and regulatory environment, administrative practices by the government, or judicial interpretation, which are beyond our control. These factors may disrupt our business operations in Indonesia, incur loss of staff and assets, and materially and adversely affect our business, financial condition, results of operations and prospects.

RISK FACTORS

Differences in legal systems and enforcement in the jurisdictions where we operate could adversely affect our operations and increase our compliance cost.

Legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes, and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value, and in the absence of clear or comprehensive written statutory provisions, legal outcomes may be more difficult to predict.

We are subject to variation embedded in the legal systems of some geographic markets where we operate. Laws and regulations that have recently been enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses is not settled. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate. Local courts may have discretion to reject the enforcement of foreign awards or arbitration awards. These elements may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats may be attempted to extract payments or benefits from us.

Furthermore, certain legal systems in the geographic markets where we operate are based in part on their respective government policies and internal rules, some of which are not published on a timely basis or at all, and may be amended or changed rapidly from time to time. There are other circumstances where key regulatory definitions are unclear, imprecise or missing, or where interpretations that are adopted by certain regulatory bodies are inconsistent with interpretations adopted by the other regulatory bodies, or even, a court in analogous cases. As a result, there is possibility that we may not be aware of a violation of certain policies or rules until some time after the violation. In addition, administrative and court proceedings in certain of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention.

It is possible that a number of laws and regulations may be adopted or construed to apply to us in our geographic markets and elsewhere that could affect our businesses and operations. Scrutiny and regulation of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing this regulation. Changes in current laws or regulations or the imposition of new laws and regulations in our geographic markets may slow the growth of the logistics industry and affect our business, financial condition and results of operations.

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 China, or which have an establishment or place of business in China 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

RISK FACTORS

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. 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 Ministry of Finance of the PRC (“MOF”) 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 can be no assurance that the PRC tax authorities will not change these practices, which could result in levying income tax on non-PRC resident individuals on gains from the sale of H Shares.

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

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

The PRC EIT Law imposes a tax rate of 25% on business enterprises. Some of our subsidiaries are entitled to preferential tax treatment. See “Financial Information — Description of Major Components of Our Results of Operations — Income Tax.” To the extent there are any changes in the laws and regulations governing preferential tax treatment or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. In addition, the PRC government may amend or restate regulations on income, withholding, value-added and other taxes. Non-compliance with the PRC tax laws and regulations may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to PRC tax laws and regulations and tax penalties or fines could affect our businesses, financial condition and results of operations.

We also operate in countries and regions overseas and are subject to various taxes. Due to the fact that the tax environment can be different in different jurisdictions and that the regulations regarding various taxes, including but not limited to corporate income tax and tariffs and import or export duties, are complex, our international operations may expose us to risks associated with the overseas tax policy changes. Dealing with such regulatory complexities and changes may require us to divert more managerial and financial resources, which in turn could affect our financial condition and results of operations.

RISK FACTORS

You may have limited recourse in effecting service of legal process, seeking recognition or enforcement of foreign judgments against us, our Directors and our senior management.

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

On July 14, 2006, the Supreme People’s Court of the PRC and Hong Kong entered into 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 Pursuant to Choice of Court Agreements between Parties Concerned (《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》), or the 2006 Arrangement. Under the 2006 Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case under a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. On January 18, 2019, the Supreme People’s Court of the PRC and Hong Kong entered into 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》), or the 2019 Arrangement, which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between the PRC court and Hong Kong court. The 2006 Arrangement was superseded upon the effectiveness of the 2019 Arrangement on January 29, 2024.

In certain jurisdictions, we are subject to restrictions on foreign investment.

The regulatory landscape for foreign investment is dynamic and varies significantly across different countries and regions where we operate in Southeast Asia. Governments may revise their laws, policies, or administrative interpretations, potentially imposing new restrictions, ownership caps, licensing conditions or operational mandates on foreign-invested enterprises. Such changes could include stricter national security or sectoral reviews and requirements for local partnership or divestment. Any such developments could impact our ability to maintain or extend our operational presence, affect our ownership structure, increase our compliance costs and ultimately materially and adversely affect our business, financial condition and results of operations.

For example, our ability to operate and expand in Indonesia is subject to compliance with the foreign investment regime established under Indonesian law. As advised by our Indonesian Legal Adviser, pursuant to Presidential Regulation (“PR”) No. 10 of 2021 on Investment Business Sectors, as amended by PR No. 49 of 2021 (“PR No. 10/2021”), the business activities of our Indonesian subsidiaries currently permit up to 100% foreign ownership without restrictions. For details, please see “Regulatory Overview — Laws and Regulations in Relation to Our Business in Indonesia”. However, there can be no assurance that such regulatory position will remain unchanged. In particular, any update to our business registration, including expansion of business activities resulting in additional Klasifikasi Baku Lapangan Usaha Indonesia (“KBLI”) classifications, may affect the applicability of the grandfathering principle and subject us to applicable partnership requirements under PR No. 10/2021. In addition, future amendments to PR No. 10/2021 or other relevant foreign investment regulations in Indonesia, or changes in their interpretation or enforcement, may impose new foreign ownership restrictions or compliance requirements on our Indonesian operations, which could adversely affect our business, results of operations and financial condition.

Under this regulatory framework, business activities are categorized into those that are closed to foreign investment, reserved for cooperatives and micro, small and medium enterprises (“MSMEs”), subject to specific requirements (including foreign ownership limitations), or fully open to foreign investment. Our continued compliance with the applicable foreign investment classification and requirements is critical to our operations. In addition, Indonesian regulators increasingly assess not only

RISK FACTORS

formal shareholding structures but also the beneficial ownership and control of companies, in order to prevent circumvention of ownership limits through nominee arrangements or complex corporate structures. Any failure to meet the applicable requirements, or any regulatory change that reclassifies our business activities or tightens foreign investment restrictions, could adversely affect our legal ability to operate, expand or restructure our business in Indonesia.

While we were not subject to material restrictions on foreign investment in Vietnam, Thailand and the Philippines during the Track Record Period, based on our current business operation there can be no assurance that future changes in applicable laws, regulations or government policies will not result in the imposition of new restrictions on foreign investment in these jurisdictions.

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

Conversion and remittance of foreign currencies are subject to certain foreign exchange regulations. There can be no assurance that, under a certain exchange rate, we would have sufficient foreign exchange to meet our foreign exchange needs. For example, under the PRC current foreign exchange regulation system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the State Administration of Foreign Exchange (the “SAFE”); however, we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by or registered with the SAFE or its local branch unless otherwise permitted by law. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to Shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from the SAFE to convert RMB into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be affected. Moreover, non-compliance with any applicable foreign exchange regulations could subject us to administrative penalties and fines, and could affect our business and reputation.

Payment of dividends is subject to restrictions under the PRC laws and laws of certain jurisdictions where we operate.

Under PRC law, dividends may be paid only out of distributable profit. Distributable profit is our profit as determined under PRC GAAP or IFRS Accounting Standards, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in years in which we are profitable. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years.

In addition, we are required to comply with the dividend distribution rules prescribed by the PRC regulatory authorities when determining our dividend payout ratios and there can be no assurance that the amounts of our dividend distribution and our capital available to support the development and growth of our business will not be affected in the future.

Moreover, as the calculation of distributable profits under PRC GAAP is different from the calculation under IFRS Accounting Standards in certain respects, our subsidiaries may have distributable profits under one accounting standard but not under the other. Accordingly, we may not receive sufficient distributions from our subsidiaries, which could adversely affect our cash flows and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

We are a holding company and rely on dividends and other distributions from our principal operating entities to meet our offshore cash and financing requirements, including payment of dividends to Shareholders, inter-company loans, debt servicing and operating expenses. The ability of our

RISK FACTORS

subsidiaries to make such distributions may be restricted by debt covenants and applicable laws and regulations, which generally permit dividend payments only out of retained earnings and subject to applicable accounting standards and regulatory requirements. For example, under Thai laws, rules and regulations, each of our subsidiaries incorporated in Thailand is required to set aside, every time the dividend payment is made, at least 5% of the profits generating from the business of the company until the reserve fund reaches 10% of the capital of the company. A PRC company is required to allocate at least 10% of their respective accumulated after-tax profits each year, if any, to fund certain capital reserve funds until the aggregate amount of these reserve funds have reached 50% of the registered capital of the enterprises. A PRC company is not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year. As a result of these laws, rules and regulations, our principal operating entities and consolidated affiliated entities in Thailand and the PRC are restricted in their ability to transfer a portion of their respective net assets to their shareholders as dividends, loans or advances. In addition, registered capital and capital reserve accounts are also restricted from withdrawal in the PRC, up to the amount of net assets held in each operating subsidiary. Further, under Indonesian laws, our Indonesian subsidiaries are required to appropriate a portion of net profits to statutory reserves until the accumulated reserves reach at least 20% of issued and paid-up capital, after which remaining profits may be distributed subject to shareholders’ approval.

We may rely to a significant extent on dividends and other distributions from our principal operating subsidiaries to fund offshore cash and financing requirements, and any limitation on their ability to make payments to us due to applicable laws and regulations could have a material adverse effect on our business. For example, the current foreign exchange control regulations do not restrict the ability of our subsidiaries in Thailand to distribute dividends to us. However, if the amount is USD0.2 million or more in the relevant currency, a form must be submitted to an authorized agents of the Bank of Thailand (e.g., commercial banks) together with relevant supporting documents. The relevant regulations may be changed and the ability of these subsidiaries to distribute dividends to us may be restricted in the future. Further, the Philippine law requires that dividends may only be declared out of unrestricted retained earnings; and there are regulations requiring registration of the foreign investment with the Bangko Sentral ng Pilipinas (“BSP”), the Philippine Central Bank, to be able to source from the Philippine banking system foreign currency to be used in repatriating capital or remitting dividends outside the Philippines.

RISKS RELATING TO THE [REDACTED]

There has been no previous public market for our H Shares prior to the [REDACTED] and you may not be able to resell our H Shares at or above the price you pay, or at all.

Prior to the completion of the [REDACTED], there has been no public market for our H Shares. There can be no assurance that there will be an active trading market for our H Shares or such market, if developed, will be sustained after completion of the [REDACTED]. The [REDACTED] is the result of negotiations between us, the [REDACTED] (for themselves and on behalf of the [REDACTED]), which may not be indicative of the price at which our H Shares will be traded following completion of the [REDACTED]. The market price of our H Shares may drop below the [REDACTED] at any time after completion of the [REDACTED].

The trading volume and trading price of our H Shares may be volatile, which could result in substantial losses to you.

In addition, the [REDACTED] and [REDACTED] of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong SAR, Chinese Mainland, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in Chinese Mainland that have [REDACTED] their securities in Hong Kong SAR may affect the volatility in the price of and [REDACTED] for our H Shares. Many companies based in Chinese Mainland have [REDACTED] their securities, and some are in the process of preparing for [REDACTED] their securities, in Hong Kong SAR. Certain of these companies have

RISK FACTORS

experienced significant volatility, including significant price declines after their [REDACTED]. The [REDACTED] performances of these securities of such companies at the time of or after their [REDACTED] may influence the overall investor sentiment towards Chinese Mainland-based companies [REDACTED] in Hong Kong SAR, whether positively or negatively, and consequently may impact the trading performance of our H Shares. These broad market and industry factors may significantly affect the market price and volatility of our H Shares, regardless of our actual operating performance, and may result in losses on your [REDACTED] in our H Shares.

You will incur immediate and substantial dilution and may experience further dilution 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. In order to expand our business, we may consider [REDACTED] 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. Furthermore, we may issue Shares pursuant to any existing or future equity incentive plan, which would further dilute our Shareholders’ interests in us.

Future sales or perceived sales of a substantial amount of our Shares in the public market, especially by our Directors, executive officers and substantial Shareholders, could materially and adversely affect the prevailing market price of our Shares.

Future sales of a substantial number of our Shares, especially by our Directors, executive officers and substantial Shareholders, or the perception or anticipation that such sales might occur, could negatively impact the market price of our Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate. A certain amount of the Shares controlled by our existing Shareholders are subject to certain lock-up periods beginning on the date on which trading in our Shares commences on the Stock Exchange. While we currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, there can be no assurance that they will not dispose of any Shares they may own now or in the future. Market sale of Shares by such Shareholders and the availability of these Shares for future sale may have a negative impact on the market price of our Shares.

In addition, our [REDACTED] may be converted into H Shares subject to regulatory approvals and compliance with relevant regulatory requirements. Any conversion of our [REDACTED] will increase the number of H Shares available on the market and may affect the [REDACTED] of our Shares.

Share-based payment may cause shareholding dilution to our existing Shareholders and adversely affect our financial performance.

We have adopted [REDACTED] Share Option Scheme for the benefit of our employees as remuneration for their services provided to us in order to incentivize and reward the eligible persons who have contributed to the development of and value creation for our Company. For further information of the [REDACTED] Share Option Scheme, see “Statutory and General Information — D. [REDACTED] Share Option Scheme” in Appendix VI to this document. We may continue to utilize such share-based incentives in the future to attract and retain talent critical to our growth. The exercise of option or issuance of new Shares in accordance with such Share Option Scheme may dilute the shareholding percentage of our existing Shareholders. Expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore adversely affect on our financial conditions.

RISK FACTORS

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

Our Controlling Shareholders have substantial influence over our business, including matters relating to our management, policies and decisions regarding mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of Directors and other significant corporate actions. Immediately following the completion of the [REDACTED], our Controlling Shareholders will be entitled to exercise [REDACTED]% of the voting rights of the Company. This concentration of ownership may discourage, delay or prevent a change in control of the Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of the Company and might reduce the price of our H Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. It is possible that our Controlling Shareholders may exercise its substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

There can be no assurance that we will declare and distribute any dividends in the future. If we do not pay dividends in the foreseeable future after the [REDACTED], you must rely on price appreciation of our H Shares for a return on your [REDACTED].

We cannot assure you when and in what form dividends will be paid on our H 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, there can be no assurance that we will make/can make dividend payments on our H Shares in the future. See “Financial Information — Dividend.”

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 new product candidates, 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 H Shares as a source for any future dividend income.

Even if our Board decides to declare and pay dividends, the timing, number and form of future dividends, if any, will depend on our future results of operations and cash flow, our financial condition, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions and other factors deemed relevant by our Board. Accordingly, the return on your [REDACTED] in our H Shares will likely depend entirely upon any future price appreciation of our H Shares. There can be no assurance that that our H Shares will appreciate in value after the [REDACTED] or even maintain the price at which you purchased the Shares. You may not realize a return on your [REDACTED] in our H Shares and you may even lose your entire [REDACTED] in our H Shares.

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications, contained in this document.

This document, particularly the section headed “Industry Overview”, contains information and statistics relating to the industry in which we operate. Such information and statistics have been derived from the report prepared by Frost & Sullivan, either commissioned by us or publicly accessible, and other publicly available sources. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. Neither we, the Sole Sponsor, the [REDACTED] nor our or their respective affiliates or advisors or any other party involved in the [REDACTED] have verified the information from official government sources and no representation is given as to its accuracy. Collection methods of such

RISK FACTORS

information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. In addition, there can be no assurance that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

Market price and trading volume may decline if securities or industry analysts do not publish research or reports about our business, or if any adverse recommendations are published.

The trading market for our H 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 H Shares or publish negative opinions about us, the market price for our H 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 market price or trading volume of our H Shares to decline.

Our future financing may cause dilution of your shareholding or impose restrictions on our operations.

In order to raise capital and expand our business, we may consider offering and issuing additional Shares or other securities convertible into or exchangeable for our Shares in the future other than on a pro rata basis to our then existing Shareholders. As a result, the equity interest of those Shareholders may experience dilution in net asset value per Share. If additional funds are to be raised through debt financing, certain restrictions may be imposed on our business operations, which may further limit our ability or discretion to pay dividends, increase our risks in adverse economic conditions, adversely affect our cash flows or limit our flexibility in business development and strategic plans.

You should read the entire document carefully and should not rely on any information contained in press articles or other media in making investment decisions with respect to our H Shares.

Prior to the publication of this document, there may have been press and media coverage regarding us and the [REDACTED], which may include certain information not contained in this document. We have not authorized the disclosure of any such information in the press or other media. We make no representation as to the appropriateness, accuracy, completeness or reliability of such information, and disclaim responsibility for such information. Accordingly, [REDACTED] are cautioned to make their investment decisions with respect to our H Shares on the basis of the information contained in this document only and should not rely on any other information. By applying to purchase our H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document.

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

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as “believe,” “expect,” “estimate,” “predict,” “aim,” “intend,” “will,” “may,” “plan,” “consider,” “anticipate,” “seek,” “should,” “could,” “would,” “continue” and other similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved, and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.