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- (ii) upon the initiation process of new products, according to the Product Pricing Process Management Measures, the product managers of the Company will (1) sort out the selling price of (a) at least two to three benchmark core key competing products offered by industry peers and (b) the Company's comparable products, (2) analyze the cost of the Company's products, (3) based on the market price of the relevant competing products, and the cost of the Company's new products, evaluate the pricing strategy, profit margin and other factors with the sales department, (4) determine the product standard retail price and (5) submit the relevant product's standard retail price for internal approval. In principle, once the standard retail price of a single product is determined, it is updated into the standard retail price list, which is applicable to all the Company's offline distributors, including Union Yutai. When the Company introduces new products based on its pipelines, product sales, and market research on the EBN market every year, it follows the same pricing process as described above. Meanwhile, the standard retail prices of the products which are no longer available for sale are removed from the standard retail price list. Through such update procedure, the standard retail prices of the Company's products could be ensured to be fair and reasonable compared to the industry peers;
- (iii) all the Company's products available for sale have standard retail prices. The relevant selling price offered by the Company to Union Yutai is calculated based on a discount rate of the standard retail price, which is in line with those the Company offers to all the comparable independent offline distributors;
- (iv) to ensure Union Yutai's compliance with the 2025 Union Yutai EBN Products Purchase and Sales Framework in relation to its exclusive right in Tianjin City, (1) as a part of the ongoing market supervision procedures, the Company pays regular or special visits to its distributors and inspects, among others, Union Yutai's operation; (2) the Company verifies the authorized distribution regions of its shipped products by examining the relevant (Sales thevterminated(distreng

