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A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Cayman Companies Act as an exempted company with limited liability on 22 June 2020. Our Company has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 29 March 2022 and the principal place of business in Hong Kong is at 2206–19 Jardine House, 1 Connaught Place, Central, Hong Kong. Mr. Lee Cheuk Wang has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company is incorporated in the Cayman Islands, it operates subject to the relevant laws of the Cayman Islands and its constitution which comprises the Memorandum and the Articles. A summary of the certain provisions of the Memorandum and the Articles, and relevant aspects of the company law of the Cayman Islands is set out in Appendix III to this document.

2. Changes in the share capital of our Company

- (a) On 22 June 2020, our Company was incorporated with an authorised share capital of US\$20,000 divided into 20,000,000 Shares of par value of US\$0.001 each. Upon incorporation, 1 Share was allotted and issued as fully-paid at par value to an initial subscriber, an Independent Third Party.
- (b) On 1 July 2020, the initial subscriber transferred 1 fully paid Share to Quartet Yutong BVI.
- (c) On 1 July 2020, our Company allotted and issued 7,350,784 Shares to Quartet Yutong BVI at par value. On the same date, 3,224,153 Shares, 1,075,556 Shares and 975,556 Shares were allotted and issued as fully-paid at par value to Remit Sheng BVI, Yangtze Han Holdings Limited (which is solely owned by Mr. Nie) and Jing Sing BVI, respectively.
- (d) On 14 September 2020, Yangtze Han Holdings Limited transferred 1,075,556 Shares to Jiang Oofy BVI at a consideration of US\$1,075.556, which was determined with reference to the par value of shares concerned and was fully settled on the same date.
- (e) On 1 April 2022, the authorised share capital of our Company was increased from US\$20,000 divided into 20,000,000 Shares of a par value of US\$0.001 each to US\$5,000,000 divided into 5,000,000,000 Shares of a par value of US\$0.001 each by the creation of an additional of 4,980,000,000 Shares of par value of US\$0.001 each.
- (f) On 1 April 2022, 7,350,785 Shares, 3,224,153 Shares, 1,075,556 Shares and 975,556 Shares were transferred from Quartet Yutong BVI, Remit Sheng BVI, Jiang Oofy BVI and Jing Sing BVI respectively to Ka Lok BVI at a consideration of US\$7,350.785, US\$3,224.153, US\$1,075.556 and US\$975.556, respectively, which were determined with reference to the par value of shares concerned and were fully settled on the same date.

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- (g) On 1 April 2022, our Company allotted and issued 6,373,950 Shares to Ka Lok BVI at par value.
- (h) On 21 July 2022, our Company allotted and issued 1,000,000 Shares, credited as fully paid, to the [REDACTED] Investor at the consideration of RMB11,010,000, which was settled by the transfer of 5% equity interest in Beijing Lesimedia by the [REDACTED] Investor to Glitter Investments HK.

Immediately following completion of the [REDACTED] and the [REDACTED] (without taking into account the Shares to be allotted and issued pursuant to the exercise of the [REDACTED] or any options that may be granted under the Share Option Scheme), [REDACTED] Shares will be issued fully paid or credited as fully paid, and [REDACTED] Shares will remain unissued. Our Directors do not have any present intention to issue any of the authorised but unissued share capital of our Company and, without the prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed herein and in “A. Further information about our Company — 3. Resolutions in writing of the Shareholders” and “A. Further information about our Company — 4. Corporation reorganisation” below, there has been no alteration in the share capital of our Company since its incorporation.

3. Resolutions in writing of the Shareholders

Pursuant to the written resolution passed by the Shareholders of our Company on [date]:

- (a) our Company approved and adopted the Memorandum and the Articles with effect from the [REDACTED], the terms of which are summarised in Appendix III to this document;
- (b) conditional on (i) the [REDACTED] granting the [REDACTED] of, and permission to deal in, the Shares in issue and to be issued as mentioned in this document, and such grant and permission not having been subsequently revoked prior to the commencement of dealings in the Shares on the Stock Exchange; and (ii) the obligations of the [REDACTED] under the [REDACTED] Agreements becoming unconditional and not being terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in the [REDACTED] Agreements:
 - (i) the [REDACTED] was approved and the Directors were authorised to allot and issue the new Shares pursuant to the [REDACTED];
 - (ii) conditional on the share premium account of our Company being credited as a result of the issue of the [REDACTED] by our Company pursuant to the [REDACTED], our Directors were authorised to capitalise an amount of US\$[REDACTED] standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par [REDACTED] Shares

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and [REDACTED] Shares, such Shares to be allotted and issued to Ka Lok BVI and the [REDACTED] Investor, respectively, immediately prior to the [REDACTED];

- (c) a general unconditional mandate was given to the Directors to issue, allot and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than pursuant to a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or pursuant to a specific authority granted by the shareholders of our Company in general meeting, unissued Shares with a total nominal value not exceeding 20% of the total number of Shares in issue immediately following completion of the [REDACTED] and the [REDACTED] (but taking no account of any Shares which may be allotted and issued upon the exercise of the [REDACTED], such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the shareholders in general meeting, whichever occurs first;
- (d) a general unconditional mandate was given to the Directors authorising them to exercise all the powers of our Company to repurchase its own Shares on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares will represent up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the [REDACTED], such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles or any applicable laws, or until revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever occurs first; and
- (e) the general mandate mentioned in paragraph (b) above be extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted, or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to purchase shares referred to in paragraph (c) above.

4. Corporation reorganisation

The companies comprising our Group underwent the Reorganisation in preparation for the [REDACTED] of our Shares on the Stock Exchange. See "History and development" in this document for further details relating to the Reorganisation.

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5. Changes in the Share Capital of Subsidiaries

Our subsidiaries during the Track Record Period are set out in note 1 of the Accountants’ Report in Appendix I to this document.

Apart from the alternations disclosed in “History and development” in this document, there has been no alternation in the share capital of any of the subsidiaries of our Company within the 2 years immediately preceding the date of this document.

6. Repurchase of the Shares by our Company

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary [REDACTED] on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(i) Shareholder’s approval

All proposed repurchases of Shares (which must be fully paid up) by a company with a primary [REDACTED] on the Stock Exchange must be approved in advance by an ordinary resolution of the Shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a written shareholder’s resolution of our Company dated [date], a general unconditional mandate (the “**Repurchase Mandate**”) was given to the Directors authorising any repurchase by our Company of Shares on the Stock Exchange or on any other stock exchange on which the securities may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of not more than 10% of the aggregate nominal value of our Company’s share capital in issue immediately following the completion of the [REDACTED] but excluding any Shares which may be issued pursuant to the exercise of the [REDACTED] until at the conclusion of our next annual general meeting, or the expiration of the period within which our Company’s next annual general meeting is required to be held under any applicable laws of the Articles, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors, whichever occurs first.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with our Articles and the applicable laws and regulations of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

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(iii) Trading restrictions

The total number of Shares which our Company may repurchase is up to 10% of the total number of our Shares in issue immediately after the completion of the [REDACTED] (but not taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED]). Our Company may not issue or announce a proposed issue of Shares for a period of 30 days immediately following a repurchase of Shares (other than an issue of securities pursuant to an exercise of outstanding prior to such repurchase) without the prior approval of the Stock Exchange. Our Company is also prohibited from repurchasing Shares on the Stock Exchange if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. Our Company is required to procure that the broker appointed by our Company to effect a repurchase of Shares discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require. As required by the prevailing requirements of the Listing Rules, an issuer shall not purchase its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the 5 preceding trading days on which its shares were traded on the Stock Exchange.

(iv) Status of repurchased Shares

All repurchased Shares (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those Shares must be cancelled and destroyed. Under the Cayman Companies Act, unless otherwise resolved by the directors, a company's repurchased shares shall be treated as cancelled and the amount of the company's issued share capital shall be reduced by the aggregate value of the repurchased shares accordingly although the authorised share capital of the company will not be reduced.

(v) Suspension of repurchase

Pursuant to the Listing Rules, our Company may not make any repurchases of Shares after inside information has come to its knowledge until the information is made publicly available. In particular, under the requirements of the Listing Rules in force as of the date hereof, during the period of 1 month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for our Company to publish an announcement of our Company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and in each case ending on the date of the results announcement,

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our Company may not repurchase Shares on the Stock Exchange unless the circumstances are exceptional.

(vi) Procedural and reporting requirements

As required by the Listing Rules, repurchases of Shares on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the Stock Exchange business day following any day on which our Company may make a purchase of Shares. The report must state the total number of Shares purchased the previous day, the purchase price per Share or the highest and lowest prices paid for such purchases. In addition, our Company's annual report is required to disclose details regarding repurchases of Shares made during the year, including a monthly analysis of the number of shares repurchased, the purchase price per Share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.

(vii) Connected persons

A company is prohibited from knowingly repurchasing securities on the Stock Exchange from a connected person (as defined in the Listing Rules) and a connected person shall not knowingly sell its securities to the company on the Stock Exchange.

(b) Reasons for repurchase

Our Directors believe that it is in our and our Shareholders' best interests for our Directors to have general authority to execute repurchases of our Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of repurchase

In repurchasing securities, we may only apply funds legally available for such purpose in accordance with our Memorandum and Articles of Association, the Cayman Companies Act or any other applicable laws of Cayman Islands and the Listing Rules.

Any payment for the repurchase of Shares will be drawn from the profits or share premium of our Company or from the proceeds of a fresh issue of Shares made for the purpose of the repurchase and, in the case of any premium payable on the purchase over the par value of the Shares to be bought back must be provided for, out of either or both of the profits of our Company or from sums standing to the credit of the share premium account of our Company. Subject to the Cayman Companies Act, a repurchase of Shares may also be paid out of capital.

On the basis of the current financial position of our Company as disclosed in this document and taking into account the current working capital position of our Company, our Directors believe that, if the repurchase mandate were to be exercised in full, it might have a material adverse effect on our working capital and/or the gearing position as compared with the position disclosed in this document. However, our Directors do not propose to exercise the repurchase mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which, in the opinion of our Directors, are from time to time appropriate for us.

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The exercise in full of the current repurchase mandate, on the basis of [REDACTED] Shares in issue immediately following the completion of the [REDACTED], assuming that the [REDACTED] is not exercised, could accordingly result in up to [REDACTED] Shares being repurchased by us during the relevant period.

(d) General

None of our Directors or, to the best of their knowledge, having made all reasonable inquiries, any of their associates (as defined in the Listing Rules) currently intends to sell any of our Shares to us or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules, the Memorandum and Articles of Association, the Cayman Companies Act and any other applicable laws of the Cayman Islands.

If, as a result of any repurchase of our Shares pursuant to the repurchase mandate, a shareholder's proportionate interest in our voting rights is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders interest, could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Our Directors are not aware of any consequences of repurchases which could arise under the Takeovers Code if the repurchase mandate is exercised.

No connected person, as defined in the Listing Rules, has notified us that he/she/it has a present intention to sell his/her/its Shares to us, or has undertaken not to do so, if the repurchase mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the 2 years preceding the date of this document that are or may be material:

- (a) the [REDACTED] Investment Agreement;
- (b) the Deed of Non-competition;
- (c) the Deed of Indemnity; and
- (d) [REDACTED].


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2. Intellectual property rights of Our Group

(a) Trademarks

As at the Latest Practicable Date, our Group was the registered proprietor of the following trademarks which, in the opinion of our Directors, are material to our business:

No.	Trademark	Registration no.	Class	Name of registered proprietor	Place of registration	Expiry date
1	乐思创信	30000164	35	Beijing Lesimedia	The PRC	27 January 2029
2		29978674	35	Beijing Lesimedia	The PRC	27 April 2029

(b) Domain Names

As at the Latest Practicable Date, our Group was the registered proprietor of the following domain names which, in the opinion of our Directors, are material to our business:

No.	Domain name	Name of registered proprietor	Registration date	Expiry date
1	lscx.com.cn	Beijing Lesimedia	15 August 2012	15 August 2025
2	lexiao.com	Beijing Lesimedia	20 December 2017	20 December 2024
3	projectlegend.cn	Beijing Lesimedia	9 March 2021	9 March 2025
4	lesimedia.com	Beijing Lesimedia	23 May 2016	23 May 2025
5	projectlandmark.cn	Beijing Lesimedia	20 February 2023	20 February 2025

(c) Copyrights

As at the Latest Practicable Date, our Group was the registered proprietor of the following copyrights which, in the opinion of our Directors, are material to our business:

No.	Copyright	Registration no.	Name of registered proprietor	Place of registration	Registration date
1	Lexiao Advertising System (樂效廣告發佈系統) V1.0	2017SR363277	Beijing Lesimedia	The PRC	11 July 2017
2	Lexiao Advertising Monitoring System (樂效廣告監測系統) V1.0	2017SR363273	Beijing Lesimedia	The PRC	11 July 2017

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No.	Copyright	Registration no.	Name of registered proprietor	Place of registration	Registration date
3	Lexiao Network Advertising Management System (樂效網絡廣告管理系統) V1.0	2017SR363269	Beijing Lesimedia	The PRC	11 July 2017
4	Lexiao Advertising Business Management Platform (樂效廣告業務管理平台) V1.0	2017SR344626	Beijing Lesimedia	The PRC	5 July 2017
5	Lexiao Advertising Production System Software (樂效廣告製作系統軟件) V1.0	2017SR344646	Beijing Lesimedia	The PRC	5 July 2017
6	Lexiao Intelligent Advertising System (樂效智能廣告投放系統) V1.0	2017SR357627	Beijing Lesimedia	The PRC	10 July 2017
7	Lexiao Multimedia Information Publishing System (樂效多媒體信息發布系統) V1.0	2017SR363345	Beijing Lesimedia	The PRC	11 July 2017
8	Lesi Intelligent Search Business System (樂思智能搜索業務系統) V1.0	2019SR1438418	Beijing Lesimedia	The PRC	26 December 2019
9	Lesi Intelligent DSP Business System (樂思智能DSP業務系統) V1.0	2019SR1442359	Beijing Lesimedia	The PRC	27 December 2019
10	Lesi Intelligent Information Flow Business System (樂思智能信息流業務系統) V1.0	2019SR1439568	Beijing Lesimedia	The PRC	26 December 2019
11	Lesi Video Production Task Platform (樂思視頻製作任務平台) V1.0	2019SR1441111	Beijing Lesimedia	The PRC	26 December 2019
12	Lesi Advertising Data Analysis System (樂思廣告數據分析系統) V1.0	2019SR1443721	Beijing Lesimedia	The PRC	27 December 2019

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No.	Copyright	Registration no.	Name of registered proprietor	Place of registration	Registration date
13	Lesi Advertising Delivery Tool Platform (樂思廣告投放工具平台) V1.0	2019SR1443973	Beijing Lesimedia	The PRC	27 December 2019
14	Lesi SSP Media Service Platform (樂思SSP媒體服務平台) V1.0	2019SR1439199	Beijing Lesimedia	The PRC	26 December 2019
15	Lesi Material Management Platform (樂思素材管理平台) V1.0	2019SR1453062	Beijing Lesimedia	The PRC	30 December 2019
16	Lesi Advertising Verification System (樂思廣告驗證系統) V1.0	2022SR1087132	Beijing Lesimedia	The PRC	11 August 2022
17	Lesi Accounts Receivable Management Software (樂思應收帳款管理軟件) V1.0	2022SR1131448	Beijing Lesimedia	The PRC	15 August 2022
18	Lesi Sales Management Platform (樂思銷售管理平台) V1.0	2022SR1103952	Beijing Lesimedia	The PRC	12 August 2022
19	Lesi Advertising Intermediary System (樂思廣告中介系統) V1.0	2022SR1115029	Beijing Lesimedia	The PRC	12 August 2022
20	Lesi Reimbursement Approval Platform (樂思報銷審批平台) V1.0	2022SR1092164	Beijing Lesimedia	The PRC	11 August 2022
21	Lesi Procurement Management Platform (樂思採購管理平台) V1.0	2022SR1092165	Beijing Lesimedia	The PRC	11 August 2022
22	Lesi Contract Management Platform (樂思合同管理平台) V1.0	2022SR1091859	Beijing Lesimedia	The PRC	11 August 2022
23	Lesi Short Video Production Software (樂思短視頻製作軟件) V1.0	2022SR1086888	Beijing Lesimedia	The PRC	11 August 2022

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No.	Copyright	Registration no.	Name of registered proprietor	Place of registration	Registration date
24	Lesi Topping-up Management Platform (樂思充值管理平台) V1.0	2022SR1094823	Beijing Lesimedia	The PRC	11 August 2022
25	Lesi Payment Application Software (樂思付款申請軟件) V1.0	2022SR1123163	Beijing Lesimedia	The PRC	15 August 2022
26	Lesi Advertising Transaction Platform (樂思廣告交易平台) V1.0	2022SR1091021	Beijing Lesimedia	The PRC	11 August 2022
27	Lesi Promotion of Data Monitoring Platform (樂思推廣數據監控平台) V1.0	2022SR1122782	Beijing Lesimedia	The PRC	15 August 2022
28	Lesi Promotion of Data Analysis Platform (樂思推廣數據分析平台) V1.0	2022SR1122503	Beijing Lesimedia	The PRC	15 August 2022
29	Lesi Media Management Platform (樂思媒體管理平台) V1.0	2022SR1105224	Beijing Lesimedia	The PRC	12 August 2022

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) Disclosure of interests — interests and short positions of our Directors in the shares, underlying shares and debentures of our Company and its associated corporations

Immediately following completion of the [REDACTED] and the [REDACTED] and assuming that the [REDACTED] is not exercised, the interests or short positions of our Directors in the shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) to be notified to our Company and the Stock Exchange, once our Shares are listed will be as follows:

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(i) *Interests in our Company*

Name	Nature of interest	Interests in Shares⁽¹⁾	Approximate percentage shareholding
Mr. Zhao ⁽²⁾	Interest in a controlled corporation	[REDACTED] (L)	[REDACTED]%
Mr. Yu ⁽³⁾	Interest in a controlled corporation	[REDACTED] (L)	[REDACTED]%
Ms. Shu ⁽⁴⁾	Interest of spouse	[REDACTED] (L)	[REDACTED]%

Notes:

- (1) The letter “L” denotes the person’s long position in our Shares.
- (2) Ka Lok BVI is owned as to 57.77% by Quartet Yutong BVI, which is in turn solely owned by Mr. Zhao. By virtue of the SFO, each of Quartet Yutong BVI and Mr. Zhao is deemed to be interested in the Shares in which Ka Lok BVI is interested.
- (3) Ka Lok BVI is owned as to 35.55% by Remit Sheng BVI, which is in turn solely owned by Mr. Yu. By virtue of the SFO, each of Remit Sheng BVI and Mr. Yu is deemed to be interested in the Shares in which Ka Lok BVI is interested.
- (4) Ms. Shu is the spouse of Mr. Yu. By virtue of the SFO, Ms. Shu is deemed to be interested in all the Shares held by Mr. Yu.

(ii) *Interest in shares of our Company’s associated corporation*

Name of associated corporation	Name of Director	Nature of interest	Number of shares interested	Approximate percentage of shareholding
Ka Lok BVI	Mr. Zhao ⁽¹⁾	Interest of a controlled corporation	5,777	57.77%
	Mr. Yu ⁽²⁾	Interest of a controlled corporation	3,555	35.55%
	Mr. Shu ⁽³⁾	Interest of a controlled corporation	667	6.67%
	Mr. Nie ⁽⁴⁾	Interest of a controlled corporation	1	0.01%

Notes:

- (1) Mr. Zhao holds the entire equity interest in Quartet Yutong BVI, which holds 5,777 shares of Ka Lok BVI.

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- (2) Mr. Yu holds the entire equity interest in Remit Sheng BVI, which holds 3,555 shares of Ka Lok BVI.
- (3) Ms. Shu holds the entire equity interest in Jing Sing BVI, which holds 667 shares of Ka Lok BVI.
- (4) Mr. Nie holds the entire equity interest in Jiang Oofy BVI, which holds 1 share of Ka Lok BVI.

(b) Particulars of service agreements and letters of appointment

Executive Directors

Each of our executive Directors [has entered] into a service agreement with our Company pursuant to which they agreed to act as executive Directors for an initial term of 3 years with effect from the [REDACTED]. The terms and conditions of each of such service agreements are similar in all material aspects. The term of service shall be renewed and extended automatically by 1 year on the expiry of such initial term, unless either party has given at least 3 months’ written notice of non-renewal before the expiry of the initial term.

[Each of our executive Directors is entitled to a basic salary as set out below (subject to an annual increment after [31 December 2023] at the discretion of our Directors of not more than 5% of the annual salary immediately prior to such increase). In addition, each of our executive Directors is also entitled to a discretionary management bonus provided that the aggregate amount of the bonuses payable to all our executive Directors for any financial year of our Company may not exceed 10% of the audited combined or consolidated audited net profit of our Group (after taxation and minority interests but before extraordinary or exceptional items) in respect of that financial year of our Company. An executive Director is required to abstain from voting and is not counted towards the quorum in respect of any resolution of the Directors regarding the amount of the monthly salary and the discretionary bonus payable to him/her. The basic annual salaries (excluding discretionary bonus) of our executive Directors are as follows:

Name	Annual Salary <i>RMB’000</i>
Mr. Zhao	700
Mr. Yu	700
Mr. Nie	700
Ms. Shu	500

Non-executive Director

Our non-executive Director [has signed] a service agreement with our Company for an initial term of 3 years commencing from the [REDACTED] which is renewable automatically for a term of 1 year commencing from the next day after the expiry of the

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initial term of appointment, unless terminated by not less than 3 months’ notice in writing served by our non-executive Director or our Company expiring at the end of the initial term.

Our non-executive Director is entitled to a director’s fee of approximately RMB103,200 (equivalent to HK\$120,000) per annum, respectively. Save for director’s fee, our non-executive Director is not expected to receive any other remuneration for holding her office as an non-executive Director.

Independent non-executive Directors

Each of our independent non-executive Directors [has signed] a letter of appointment with our Company for an initial term of 3 years commencing from the [REDACTED] which is renewable automatically for a term of 1 year commencing from the next day after the expiry of the initial term of appointment, unless terminated by not less than 3 months’ notice in writing served by our independent non-executive Directors or our Company expiring at the end of the initial term.

Each of our independent non-executive Directors is entitled to a director’s fee of approximately RMB103,200 (equivalent to HK\$120,000) per annum, respectively. Save for directors’ fees, none of our independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

Save as disclosed aforesaid, none of our Directors has or is proposed to have a service agreement with our Company or any of our subsidiaries other than contracts expiring or determinable by the employer within 1 year without the payment of compensation (other than statutory compensation).

(c) *Directors’ remuneration*

The aggregate amount of remuneration of our Directors including Directors’ fees, salaries, discretionary bonuses, contributions to pension schemes, housing allowances and other allowances and benefits in kind incurred by our Group for the years ended 31 December 2020, 2021 and 2022 and the five months ended 31 May 2023 was approximately RMB1.9 million, RMB2.1 million, RMB2.2 million and RMB[0.7] million, respectively.

Under the arrangement currently in force, the aggregate remuneration (excluding any discretionary bonus, if any, payable to our Directors) of our Directors for the year ending 31 December 2023 is estimated to be approximately RMB[2.8] million. There was no arrangement under which a Director has waived or agreed to waive any emoluments for each of the 3 financial years immediately preceding the issue of this document.

Further details of the terms of the abovementioned service agreements and letters of appointment are set out in “C. Further information about our Directors and substantial Shareholders — 1. Directors — (b) Particulars of service agreements and letters of appointment” in this section.

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2. Substantial shareholders

So far as our Directors aware of, as at the Latest Practicable Date and immediately following the completion of the [REDACTED] and the [REDACTED] assuming that the [REDACTED] is not exercised and without taking into account the exercise of any option which may be granted under the Share Option Scheme, the following persons/entities (other than our Directors) will have interests and short positions in our Shares or the underlying Shares which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Division 2 and 3 of Part XV of the SFO or will be, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:

Name of substantial Shareholders	Capacity/Nature of interest	Immediately following the completion of the [REDACTED] and the [REDACTED]	
		Number of Shares ⁽¹⁾	Approximate percentage of shareholding
Ka Lok BVI	Beneficial owner	[REDACTED] (L)	[REDACTED]%
Quartet Yutong BVI ⁽²⁾	Interest in controlled corporation	[REDACTED] (L)	[REDACTED]%
Remit Sheng BVI ⁽³⁾	Interest in controlled corporation	[REDACTED] (L)	[REDACTED]%

Notes:

- (1) The letter “L” denotes the person’s long position in our Shares.
- (2) Ka Lok BVI is owned as to 57.77% by Quartet Yutong BVI. By virtue of the SFO, Quartet Yutong BVI is deemed to be interested in the Shares in which Ka Lok BVI is interested.
- (3) Ka Lok BVI is owned as to 35.55% by Remit Sheng BVI. By virtue of the SFO, Remit Sheng BVI is deemed to be interested in the Shares in which Ka Lok BVI is interested.

3. Agency fees or commission received

Save as disclosed in this document, no commissions, discounts, brokerages or other special terms were granted in connection with the issue or sale of any capital of any member of our Group within the 2 years preceding the date of this document.

4. Related party transactions

Save as disclosed in Note 21 of the Accountants’ Report set out in Appendix I to this document, during the 2 years immediately preceding the date of this document, our Group has not engaged in any other material related party transactions.

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5. Disclaimers

Save as disclosed herein:

- (a) none of our Directors has any interest or short position in our shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code once our Shares are listed;
- (b) none of our Directors or experts referred to under "D. Other information — 9. Qualifications of experts" in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the 2 years immediately preceding the date of this document been acquired or disposed of by or leased to any member of our Group;
- (c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;
- (d) none of our Directors has any existing or proposed service agreements with any member of our Group (excluding contracts expiring or determinable by the employer within 1 year without payment of compensation (other than statutory compensation));
- (e) taking no account of Shares which may be taken up under the [REDACTED], none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the [REDACTED], have an interest or short position in our Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of issued voting shares of any member of our Group;
- (f) none of the experts referred to under "D. Other information — 9. Qualifications of experts" in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and
- (g) so far as is known to our Directors as at the Latest Practicable Date, none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders of our Company who are interested in more than 5% of the number of issued Shares has any interests in the 5 largest customers or the 5 largest suppliers of our Group.

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D. OTHER INFORMATION

1. Share Option Scheme

(a) *Summary of terms*

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by a resolution in writing passed by our Shareholders on [date]:

(i) *Purpose of the scheme*

The purpose of the Share Option Scheme is to provide incentive and/or reward to:

- (a) any director (including independent non-executive director) and employee (whether full time or part time) of the Company or the Group who in the sole discretion of the Board has contributed or will contribute to the Group (the “**Employee Participant**”);
- (b) any director and employee of the holding companies, fellow subsidiaries or associated companies of the Company (the “**Related Entity Participant**”);
or
- (c) any person providing services to the Group on a continuing and recurring basis in its ordinary and usual course of business of the Group, the grant of Share Options to whom is in the interests of the long-term growth of the Group as determined by the Board, namely any person providing advisory services and/or consultancy services to the Group after stepping down from an employment or director position with the Group and any person providing, among others, advisory services, consultancy services, sales and marketing services, technology services and/or administrative services to the Group as consultants, independent contractors or agents where the continuity and frequency of their services are akin to those of employees (the “**Service Provider**”); and;

(collectively the “**Eligible Person(s)**”), for their contribution to, and continuing efforts to promote the interests of, the Group.

The Share Option Scheme shall be subject to the administration of the Board (or if the Board so resolves by a committee of the Board) whose decision (save as otherwise provided in the Share Option Scheme) shall be final and binding on all parties subject to the prior receipt of a statement in writing from the auditors or the independent financial adviser of the Company if and as required by the Share Option Scheme.

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(ii) *Who may join*

The Board shall be entitled at any time within the period of ten (10) years after the adoption date of the Share Option Scheme (the "**Adoption Date**") to make an offer to any Eligible Person as the Board may in its absolute discretion select to subscribe for such number of Shares as the Board may determine at the exercise price. In particular, the eligibility of each of the Eligible Persons shall be determined by the Board or a committee of the Board from time to time and on a case-by-case basis. Generally:

- (a) with respect to Employee Participants, the Board will consider, among others, their general working performance, time commitment (full-time or part-time), length of their service within the Group, working experience, responsibilities and/or employment conditions with reference to the prevailing market practice and industry standard;
- (b) with respect to Related Entity Participants, the Board will consider, among others, their participation and contribution to the development of the Group and/or the extent of benefits and synergies brought to the Group; and
- (c) with respect to Service Providers, the Board will consider, among others, their experience and expertise, continuity and frequency of their services to the Group, their involvement in promoting the business of the Group, or where appropriate, contribution or potential contribution to the long-term growth of the Group. In assessing whether the Service Provider provides services to the Group on a continuing and recurring basis, the Board shall take into consideration the length and type of services provided and the recurrences and regularity of such services, and will benchmark such metrics against the performance of the employees, officers and directors of the Group to whom the Group provides equity incentives, while taking into account the purpose of the Share Option Scheme and the objectives in engaging the Service Provider. In assessing whether the Service Provider provides services to the Group in the Company's ordinary and usual course of business, the Board or the committee of the Board shall take into consideration the nature of the services provided to the Group by the Service Provider, and whether such services form part of or are directly ancillary to the businesses conducted by the Group, as disclosed in the Company's financial reports.

The Directors (including the independent non-executive Directors) are of the view that the eligibility of the Service Providers and the Related Entity Participants to participate in the Share Option Scheme is consistent with the purpose of the Share Option Scheme, which allows the Company to use Share Options as incentives and rewards instead of cash incentives to encourage personnel both inside and outside of the Group to make contributions, which are beneficial to the long-term growth and success of the Group.

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(iii) Exercise price of Share Options

The exercise price of any particular Share Option granted under the Share Option Scheme shall be a price determined by the Board and notified to an Eligible Person, and shall be at least the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a Business Day; and (ii) the average closing price of the Shares as stated in Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the Offer Date. Where a Share Option is to be granted, the date of the Board meeting at which the grant was proposed shall be taken to be the Offer Date for such Share Option.

(iv) Maximum number of Shares

The maximum number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of our Company) to be granted (including Shares in respect of which options, whether exercised or still outstanding, have already been granted) under the Share Option Scheme and all options and awards to be granted under any other share option scheme(s) and share award scheme(s) of our Company (the "**Other Schemes**") must not in aggregate exceed 10% of the total number of Shares in issue at the time dealings in the Shares first commence on the Stock Exchange (i.e. not exceeding 50,000,000 Shares) (the "**General Scheme Limit**") or the relevant date of approval of the refreshment of the General Scheme Limit.

Subject to the above, within the General Scheme Limit, the total number of Shares which may be issued upon exercise of all options to be granted to the Service Providers shall not exceed 1% of the number of the Shares in issue (the "**Service Provider Sublimit**") unless:

- (a) the Service Provider Sublimit is separately approved by the Shareholders in general meeting; and
- (b) a circular regarding the Service Provider Sublimit has been despatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules (including, amongst others, the basis for determining the Service Provider Sublimit and an explanation as to why the Service Provider Sublimit is appropriate and reasonable).

For the purposes of calculating the General Scheme Limit and the Service Provider Sublimit, Shares which are the subject matter of any options or awards that have already lapsed in accordance with the terms of the relevant share scheme(s) of the Company will not be regarded as utilised.

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The General Scheme Limit and the Service Provider Sublimit may be refreshed by ordinary resolution of the Shareholders in general meeting every three years from the date of the Shareholders' approval for the last refreshment (or the Adoption Date), provided that:

- (a) the General Scheme Limit so refreshed shall not exceed 10% (or such other percentage which may be specified by the Stock Exchange from time to time) and the Service Provider Sublimit so refreshed shall not exceed 1%, respectively, of the total number of issued Shares as at the date of such Shareholders' approval of the refreshment of the General Scheme Limit and the Service Provider Sublimit;
- (b) for the purpose of calculating the General Scheme Limit and the Service Provider Sublimit, options or awards lapsed will not be regarded as utilised and options or awards cancelled will be regarded as utilised; and
- (c) a circular regarding the proposed refreshment of the General Scheme Limit and the Service Provider Sublimit has been dispatched to the Shareholders in a manner complying with, and containing the matters specified in, Chapter 17 of the Listing Rules.

Further to the requirements set out above, any refreshment of the General Scheme Limit and/or the Service Provider Sublimit within three years from the date of the Shareholders' approval for the last refreshment (or the Adoption Date) must be approved by the Shareholders in general meeting subject to the following provisions:

- (a) any Controlling Shareholder and their associates (or if there is no Controlling Shareholder, Directors (excluding independent non-executive Directors) and chief executive(s) of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting;
- (b) the Company must comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules; and
- (c) the requirements under sub-paragraphs (a) and (b) above do not apply if the refreshment is made immediately after an issue of Shares by the Company to its Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the General Scheme Limit and the Service Provider Sublimit (as a percentage of the Shares in issue) upon refreshment is the same as the unused part of the General Scheme Limit and the Service Provider Sublimit immediately before the issue of the Shares, rounded to the nearest whole Share.

The Company may seek separate approval from the Shareholders in general meeting for granting options or awards which will result in the General Scheme Limit or the Service Provider Sublimit being exceeded, provided that:

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- (a) the grant is only to Eligible Persons specifically identified by the Company before the approval is sought; and
- (b) a circular regarding the grant has been dispatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules and any other applicable laws and rules.

If the Company conducts any share consolidation or subdivision after the General Scheme Limit or the Service Provider Sublimit has been approved in the general meeting, the maximum number of Shares that may be issued by the Company pursuant to the Share Option Scheme and all other share schemes of the Company under the unutilised General Scheme Limit or the Service Provider Sublimit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.

(iv) Grant of Share Options

- (a) An Offer shall be made to an Eligible Person in writing in such form as the Board may from time to time determine requiring the Eligible Person to undertake to hold the Share Option on the terms on which it is to be granted and to be bound by the provisions of the Share Option Scheme and shall remain open for acceptance by the Eligible Person to whom an Offer is made for a period as specified in the letter of Offer, by which the Eligible Person must accept the Offer or be deemed to have declined it, provided that no such Offer shall be opened for acceptance after the Share Option Period or after the Share Option Scheme has been terminated in accordance with the provisions of the Share Option Scheme or after the Eligible Person to whom the Offer is made has ceased to be an Eligible Person.
- (b) The Board may in its absolute discretion specify such conditions as it thinks fit when making an Offer to an Eligible Person (including, without limitation, as to any performance criteria which must be satisfied by the Eligible Person and/or the Company and/or its subsidiaries before a Share Option may be exercised), provided that such conditions shall not be inconsistent with any other terms and conditions of the Share Option Scheme or the relevant requirements under applicable laws or the Listing Rules.
- (c) The Board shall not grant any Share Option under the Share Option Scheme after inside information has come to the Company's knowledge until (and including) the trading day on which it has announced the information. In particular, no Offer shall be made to any Eligible Person (a) during the period commencing one month immediately preceding the earlier of (1) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (2) the deadline for the Company to publish an announcement of its results for any

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year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and (3) ending on the date of the results announcement, no Share Option shall be granted; or (b) who is subject to the Model Code during the periods or times in which such Eligible Person is prohibited from dealing in the Shares pursuant to the Model Code.

- (d) An Offer shall be deemed to have been accepted and the Share Option to which the Offer relates shall be deemed to have been granted and to have taken effect when the Company receives the duplicate of the offer letter comprising acceptance of the Offer duly signed by the Grantee with the number of Shares in respect of which the Offer is accepted clearly stated therein no option price will be payable upon the acceptance of the Offer, together with a remittance in favour of us of HK\$1.00 by way of consideration for the grant thereof within 21 days from the date of grant. Any Offer may be accepted in respect of all or less than the number of Shares in respect of which it is offered provided that it is accepted in respect of a [REDACTED] for dealing in Shares on the Stock Exchange or an integral multiple thereof. To the extent that an Offer is not accepted within the time stated in the Offer for that purpose, it will be deemed to have been irrevocably declined and upon which, the subject Share Options with respect to the declined Offer will be lapsed and will not be utilised for the purpose of calculating the General Scheme Limit and the Service Provider Sublimit.

(v) *Vesting of Share Options*

The Share Options to be granted under the Share Option Scheme shall be subject to a minimum vesting period of 12 months during which unvested Share Options shall not become vested and exercisable. Any shorter vesting period in respect of Share Options granted to Employees Participants must be approved by the Board and/or the Remuneration Committee (for Share Options granted to the Directors or senior managers) at the Directors' discretion, provided that such Grantee(s) has been specifically identified by the Board before granting such approval. The specific circumstances giving rise to a shorter vesting period are as follows:

- (a) grants of "make whole" Share Options to new Employee Participants to replace share options such Employee Participants forfeited when leaving their previous employers;
- (b) grants to an Employee Participant whose employment is terminated due to death or disability or event of force majeure;
- (c) grants of Share Options which are subject to the fulfilment of performance targets;
- (d) grants of Share Options that are made in batches during a year due to administrative or compliance requirements which may be subject to any changes made to the applicable laws, regulations and rules in the

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jurisdictions which the Employee Participants and the Group are subject to and not connected with the performance of the relevant Employee Participant, which include Share Options that should have been granted earlier if not for such administrative or compliance requirements but had to wait for subsequent batch, in which case the vesting date may be adjusted to take account of the time from which the Share Options would have been granted if not for such administrative or compliance requirements, which allows flexibility for the Company to reward Employee Participants in case of delays due to administrative or compliance requirements. In the event of any administrative or compliance requirements which give rise to a shorter vesting period of the Share Options granted to any Employee Participant, the Company will make further announcement as and when appropriate;

- (e) grants of Share Options with a mixed vesting schedule such that the Share Options vest evenly over a period of 12 months; or
- (f) grants of Share Options with a total vesting and holding period of more than 12 months.

(vi) Performance Targets

The Offer shall specify the performance target(s), if any, that must be duly fulfilled by the Grantee(s) before any of the Share Options may be vested in such Grantee(s) under such Offer. The Board or a committee of the Board may in respect of each Offer and subject to all applicable laws, rules and regulations determine such performance targets for vesting of Share Options in its sole and absolute discretion, such performance targets shall include, among others, financial targets and management targets which shall be determined based on the (i) individual performance, (ii) performance of the Group and/or (iii) performance of business groups, business units, business lines, functional department, projects and/or geographical area managed by the Grantees. For the avoidance of doubt, a Share Option shall not be subject to any performance targets, criteria or conditions if none is set out in the relevant Offer.

(vii) Maximum entitlement of each participant and Share Options granted to certain connected persons

- (a) Subject to any waiver or ruling granted by the Stock Exchange, and may be amended by the Board to reflect any amendments made by the Stock Exchange after the Adoption Date to the relevant provisions of the Listing Rules, which paragraphs have been drafted to reflect as at the Adoption Date. Share Options that have already lapsed in accordance with the Share Option Scheme shall not be counted. "**Relevant Shares**" means Shares issued and to be issued in respect of all options granted (excluding any options lapsed) under all share schemes of the Company to the relevant Grantee in the 12-month period (or such other time period as may be specified by the Stock Exchange from time to time) up to and including the Offer Date of the relevant Share Option referred hereto.

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- (b) No Share Option shall be granted to any Eligible Person (the “**Relevant Eligible Person**”), if it would result in the number of Relevant Shares exceeding 1% (or such other percentage which may be specified by the Stock Exchange from time to time) of the total number of Shares in issue at the relevant time of grant, unless (1) such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by resolution of the Shareholders in general meeting, at which the Relevant Eligible Person and his/her close associates (or his/her associates if the Relevant Eligible Person is a connected person) shall abstain from voting; (2) a circular regarding the grant has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules; and (3) the number and terms of such Share Option are fixed before the general meeting of the Company at which the same are approved.

- (c) The grant of Share Options to a Director, chief executive or substantial shareholder of the Company (or any of their respective associates) requires the approval of the independent non-executive Directors (excluding any independent non-executive Director who is a prospective Grantee of the Share Option). Where a Share Option is to be granted to a substantial shareholder or an independent non-executive Director (or any of their respective associates), and the grant will result in the number of the Relevant Shares exceeding 0.1% (or such other percentage which may be specified by the Stock Exchange from time to time) of the total number of Shares in issue at the relevant time of grant and such grant shall not be valid unless (1) a circular containing the details of the grant has been despatched to the Shareholders in a manner complying with, and containing the information as required under the Listing Rules (including in particular a recommendation from the independent non-executive Directors (excluding the independent non-executive Director who is the prospective Grantee of the Share Option) to the independent Shareholders as to voting); and (2) the grant has been approved by the Shareholders in general meeting (taken on a poll) in accordance with the relevant provisions of the Listing Rules, in particular, the relevant Grantee, his/her associates and all core connected persons shall abstain from voting (except that a connected person may vote against the resolution if his/her intention to do so has been stated in the circular required to be issued pursuant to the Listing Rules). The Company must comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules.

- (d) Independent Shareholders’ approval and the circular described above are also required for any change in the terms of Share Options granted to a Grantee who is a Director, chief executive or substantial shareholder of the Company or any of their respective associates.

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(viii) Exercise of Share Option

A Share Option may be exercised in whole or in part by the Grantee (or his/her personal representatives) before the expiry of the Share Option Period by delivering to the Company a notice in writing in a form approved by the Board stating that the Share Option is to be exercised and the number of Shares in respect of which it is exercised.

(ix) Rights are personal to Grantee

A Share Option shall be personal to the Grantee. Unless a waiver is granted by the Stock Exchange or otherwise permitted or required under the applicable laws and regulations, a Share Option shall not be assignable nor transferable, and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (whether legal or beneficial) in favour of any third party over or in relation to any Share Option.

(x) Rights on cessation of employment by death

Where the Grantee of an outstanding Share Option dies before exercising the Share Option in full or at all, the Share Option may be exercised up to the entitlement of such Grantee or, if appropriate, an election made pursuant to a general offer, scheme of arrangement, scheme for the reconstruction or amalgamation or voluntary winding up of the Company by his/her personal representatives within 12 months of the date of death.

(xi) Rights on cessation of employment or retirement

Where the holder of an outstanding Share Option ceases to be an Eligible Person for any reason other than (i) death, (ii) re-employed after retirement or has changed in position but still be an Eligible Person before exercising the Share Option in full or at all or (iii) by reason of summary dismissal or being dismissed for misconduct or other breach of the terms of his/her employment contract or other contract constituting him an Eligible Person, the Share Option shall lapse on the date of cessation of such employment and not be exercisable unless the Board otherwise determines in which event the Share Option shall be exercisable to the extent and within such period as the Board may determine. The date of such cessation shall be (i) if he is an employee of the Company, any subsidiary or any Related Entity, his/her last actual working day at his/her work place with the Company, any subsidiary or any Related Entity whether salary is paid in lieu of notice or not; or (ii) if he is not an employee of the Company, any subsidiary or any Related Entity the date on which the relationship with the Group which has constituted him an Eligible Person ceases.

Where the Grantee of an outstanding Share Option is re-employed after retirement or has changed in position(s) but still be an Eligible Person before exercising the Share Option in full or at all, the Share Option may continue to be exercised by the Grantee.

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Where the Grantee of an outstanding Share Option ceases to be an Eligible Person by reason of summary dismissal or being dismissed for misconduct or other breach of the terms of his/her employment contract or other contract constituting him an Eligible Person (including, among others, causing material misstatement of the financial statements of the Company), or the date on which he begins to appear to be unable to pay or has no reasonable prospect of being able to pay his/her debts or has become insolvent or has made any arrangements or composition with his/her creditors generally or on which he has been convicted of any criminal offence involving his/her integrity or honesty, the Share Option shall lapse on the date of his/her dismissal.

(xii) Cancellation of Share Options

The Board at its sole discretion may cancel a Share Option granted but not exercised with the approval of the grantee of such Share Option in certain circumstances, including where it is necessary to comply with the laws in the jurisdictions in which the Eligible Persons and the Company are subject to, or in order to comply with the requirements of any securities exchange. Share Options may be granted to an Eligible Person in place of his/her cancelled Share Options provided that there are available General Scheme Limit and the Service Provider Sublimit approved by the Shareholders as referred to in Rule 17.03B or Rule 17.03C of the Listing Rules. The Share Options cancelled will be regarded as utilised for the purpose of calculating the General Scheme Limit and the Service Provider Sublimit.

(xiii) Alteration of capital structure

In the event of any alteration in the capital structure of the Company by way of capitalisation issue, rights issue, Subdivision or consolidation of the Shares or reduction of the share capital of the Company (other than an issue of the Shares as consideration in respect of a transaction while any Share Option remains exercisable), such corresponding alterations (if any) will be made in (i) the numbers of the Shares subject to any outstanding Share Options and/or (ii) the exercise price per Share as the independent financial adviser of the Company for the time being or the Auditors shall at the request of the Company or any Grantee certify in writing to be in their opinion fair and reasonable, provided that any such alterations shall be made on the basis that the Grantee shall have the same proportion of the total number of Shares in issue, rounded to the nearest whole Share, to which he was entitled before such alteration and the aggregate exercise price payable by the relevant holder of the Share Options on the full exercise of any Share Options shall remain as nearly as possible the same as (but not greater than) it was before such event. Save in the case of a capitalisation issue, an independent financial adviser of the Company for the time being or the Auditors must confirm to the Directors in writing that such adjustment(s) satisfy the aforesaid requirements and/or such other requirement prescribed under the Listing Rules from time to time.

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(xiv) Rights on a general offer

If a general offer by way of take-over is made to all the Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional, the Company shall give notice thereof to the Grantee and the Grantee (or his/her personal representatives) may, exercise the Share Option to its full extent or to the extent specified in such notice.

(xv) Rights on scheme of arrangement

If a general offer, by way of a scheme of arrangement, is made to all the Shareholders and the Share Option Scheme has been approved by the necessary number of Shareholders at the requisite meetings, the Company shall give notice thereof to the Grantee and the Grantee (or his/her personal representatives) may, by delivering a notice in writing to the Company within seven days of such shareholders' approval, exercise the Share Option to its full extent or to the extent specified in such notice.

(xvi) Rights on voluntary winding up

In the event a notice is given by the Company to its members to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees (together with a notice of the existence of the provisions) and thereupon, each Grantee (or his/her legal personal representatives) shall be entitled to exercise all or any of his/her Share Options at any time not later than seven days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate exercise price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, issue and allot the relevant Shares to the Grantee credited as fully paid.

(xvii) Rights on reconstruction or amalgamation

In the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph (xv) above between the Company and its members or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement and the Grantee (or his/her personal representatives) may at any time thereafter, but before such time as shall be notified by the Company, exercise all or any of his/her Share Options, and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Share Options. In the event that the Grantees do not exercise all or any of his/her Share Options before the

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specified timing, and provided that the then market price of the Share Option is higher than the exercise price of the Share Option, the Board may in its sole discretion, sell the Share Option on behalf of the Grantee, whereby the Grantee will be entitled to receive the cash equivalent from such sale (less any costs incurred by the Company (if any)). In the event that the market price of the Share Option is lower than the exercise price of the Share Option or the Board in its sole discretion decides not to sell the Share Option on the market, the Share Option will automatically lapse.

(xviii) Period of the Share Option Scheme

Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period to be determined and notified by the Board to the Grantee during which the Share Option may be exercised and in any event shall not be more than 10 years commencing on the date on which the Offer in relation to such Share Option is deemed to have been accepted in accordance with the terms of the Share Option Scheme and expiring on the last day of the ten-year-period.

(xix) Termination of the Share Option Scheme

The Share Option Scheme shall be terminated on the earlier of:

- (a) the tenth (10) anniversary date of the Adoption Date; and
- (b) such date of early termination as determined by the Board by a resolution of the Board,

provided that such termination shall not affect any subsisting rights of any Grantee hereunder, following which no further grant of Share Options shall be offered but in all other respects the Share Option Scheme shall continue in full force and effect to the extent necessary to give effect to the exercise of any Share Option granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Any Share Options granted prior to such termination, including Share Options exercised or outstanding under the Share Option Scheme, shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(xx) Ranking of Shares

The Shares to be issued and allotted upon the exercise of a Share Option shall be subject to the Company's constitutional documents for the time being in force and shall rank *pari passu* in all respects with the Shares in issue as at the date of allotment and will entitle the holders to participate in all dividends or other distributions declared or recommended or resolved to be paid or made in respect of a record date falling on or after the date of allotment. A Share allotted and issued upon the exercise of a Share Option shall not carry voting rights until the name of the Grantee has been duly entered on the register of members of the Company as a holder thereof.

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(xxi) Alterations to the Share Option Scheme

The Directors may from time to time in their absolute discretion alter the definition of “Eligible Persons”, “Grantee” and “Share Option Period” and the provisions in paragraphs (i), (ii), (iii), (iv)(d), (v) to (xxi) herein which are of a material nature or provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of Grantees or prospective Grantees provided that approval from the Shareholders in general meeting (with Grantees and their associates abstaining from voting) has been obtained. Save for the above, the Board or a committee of the Board may alter the terms of the Share Option Scheme without the approval of the Shareholders in a general meeting. No such alteration shall operate to affect adversely the terms of issue of any Share Option granted or agreed to be granted prior to such alteration except with the consent or sanction in writing of such majority of the Grantees as would be required of the Shareholders under the constitutional documents for the time being of the Company for a variation of the rights attached to the Shares.

Any change to the authority of the Board to alter the terms of the Share Option Scheme shall not be valid unless approved by the Shareholders in general meeting.

Any change to the terms of Share Options granted to a Grantee must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders in general meeting (as the case may be) if the initial grant of the Share Options requires such approval (except where the alterations take effect automatically under the existing provisions of the Share Option Scheme).

The amended terms of the Share Option Scheme or the Share Options must comply with Chapter 17 of the Listing Rules.

(xxii) Conditions of the Share Option Scheme

The Share Option Scheme is conditional, among others, on the Stock Exchange granting the [REDACTED] of and permission to deal in, such number of Shares to be allotted and issued by our Company pursuant to the exercise of options in accordance with the terms and conditions of the Share Option Scheme, such number being not less than that of the General Scheme Limit.

Application will be made to the [REDACTED] of the Stock Exchange for the [REDACTED] of, and permission to deal in the Shares which may fall to be allotted and issued in respect of the Share Options to be granted under the Share Option Scheme.

(xxiii) Miscellaneous

Should there be any discrepancy between English and Chinese versions of the Share Option Scheme, the English version shall prevail.

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The Share Option Scheme contains no clawback mechanism to recover or withhold the remuneration to any participants in the event of serious misconduct, material misstatement in the financial statements or other circumstances.

(b) *Present status of the Share Option Scheme*

(i) Approval of the Stock Exchange required

The Share Option Scheme, which complies with Chapter 17 of the Listing Rules, is conditional on the Stock Exchange granting the listing of, and permission to deal in, such number of Shares to be allotted and issued pursuant to the exercise of options in accordance with the terms and conditions of the Share Option Scheme, such number being not less than that of the General Scheme Limit.

(ii) Application for approval

Application has been made to the [REDACTED] for the [REDACTED] of and permission to deal in the Shares to be allotted and issued within the General Scheme Limit pursuant to the exercise of any options which may be granted under the Share Option Scheme.

(iii) Grant of option

As at the date of this document, no options have been granted or agreed to be granted under the Share Option Scheme.

(iv) Value of options

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. Our Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

2. Tax and other indemnities

Our Controlling Shareholders (collectively the “**Indemnifiers**”) have executed the Deed of Indemnity in favour of our Company (for itself and as trustee for each of its subsidiaries).

Pursuant to the Deed of Indemnity, the Indemnifiers have agreed to jointly and severally indemnify each of the members of our Group against the following:

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- (a) any liability for Hong Kong estate duty which might be incurred by any member of our Group by reason of any transfer of property (within the meaning of section 35 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) to us at any time on prior to the date on which the [REDACTED] becomes unconditional (the “**Effective Date**”);
- (b) taxation (including all fines, penalties, costs, charges, expenses and interests incidental or relating to taxation) which might be payable by any member of our Group resulting from or by reference to any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring on or before the Effective Date or arising from the reorganisation of our Group described in the section headed “History and development” in this Document on or before the Effective Date, whether alone or in conjunction with any other circumstances whenever occurring and whether or not such tax liabilities are chargeable against or attributable to any other person, firm, company or corporation, subject to certain exceptions set out below;
- (c) any expenses, payments, sums, outgoings, fees, demands, claims, damages, losses, costs (including but not limited to legal and other professional costs), charges, liabilities, fines, penalties in connection with any failure, delay or defects of corporate or regulatory compliance or errors, discrepancies or missing documents in the statutory records of any member of our Group under, or any breach of any provision of, the Companies Ordinance or any other applicable laws, rules or regulations on or before the Effective Date;
- (d) all claims, actions, losses, damages, costs or expenses suffered or incurred by any of the members of our Group in connection with the social insurance and housing provident fund contributions required to be made by the relevant laws and regulations in the PRC, which any member of our Group has failed to make in accordance with such laws and regulations from their respective date of establishment to the [REDACTED]; and
- (e) all claims, payments, suits, damages, settlements, sums, outgoings, fees, losses and any associated costs and expenses which would be incurred or suffered directly or indirectly, as a result of and in connection with the incidents referred to “Business — Legal proceedings and compliance” in this document.

The Indemnifiers will, however, not be liable under the Deed of Indemnity in respect of any taxation referred to in paragraph (b) above:

- (a) to the extent that provision or reserve has been made for such taxation in the audited accounts of any member of our Group for the Track Record Period and to the extent that such taxation is incurred or accrued since 1 June 2023 which arises in our ordinary course of business;
- (b) to the extent that such taxation or liability falling on any of the members of our Group in respect of any accounting period commencing on or after 1 June 2023 unless such taxation would not have arisen but for an act or omission of, or transaction voluntarily effected by the Indemnifiers or us (whether alone or in conjunction with some other act,

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omission or transaction, whenever occurring) otherwise than in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets, before the Effective Date;

- (c) to the extent that such taxation claim or liability would not have arisen but for a voluntary act or transaction carried out or effected (other than pursuant to a legally binding commitment created on or before the date of the Deed of Indemnity) by us after the date of the Deed of Indemnity;
- (d) to the extent that such taxation liability or claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules and regulations or the interpretation or practice thereof by the Inland Revenue Department of Hong Kong or the taxation authority of the PRC, or any other relevant authority (whether in Hong Kong or the PRC or any other part of the world) coming into force after the date of the Deed of Indemnity or to the extent such claim arises or is increased by an increase in rates of taxation after the date of the Deed of Indemnity with retrospective effect; or
- (e) to the extent that any provision or reserve made for taxation in the audited accounts of any member of our Group up to 31 May 2023 which is finally established to be an over-provision or an excessive reserve in which case the Indemnifiers’ liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied pursuant to (d) above to reduce the Indemnifiers’ liability in respect of such taxation shall not be available in respect of any such liability arising thereafter.

Our Controlling Shareholders have executed the Deed of Indemnity in favour of us to provide, inter alia, indemnities on a joint and several basis in respect of, among other matters, any costs, expenses, claims, liabilities, penalties, losses or damages incurred or suffered by any member of our Group arising from or in connection with any defective title relating to certain properties, and any litigation, arbitration, claims or administrative proceedings, whether of administrative, contractual, tortious or otherwise nature instituted by or against any member of our Group in relation to events occurred on or before the [REDACTED].

3. Litigation

Save as disclosed in “Business — Legal proceedings and compliance” in this document, as at the Latest Practicable Date, we were not involved in any material litigation, arbitration or administrative proceedings. So far as the Directors are aware, no such material litigation, arbitration or administrative proceedings are pending or threatened against any member of our Group.

4. Sole Sponsor

The Sole Sponsor has made an application on our behalf to the Stock Exchange for the [REDACTED] of, and permission to deal in, the Shares in issue and to be issued as mentioned in this document (including any Shares which may be issued upon the exercise of the [REDACTED] or options which may be granted under the Share Option Scheme).

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The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor’s fee in connection with the [REDACTED] is HK\$3.5 million.

5. No material adverse change

The Directors confirm that, save for the matters disclosed in “Summary — Recent development” in this document, there has been no material change in the financial or trading position or prospects of our Group since 31 May 2023 (being the date to which the latest audited consolidated financial statements of our Group were prepared) up to the Latest Practicable Date.

6. Preliminary expenses

Our preliminary expenses amounted to approximately RMB50,000. All preliminary expenses and all expenses relating to the [REDACTED] would be borne by our Company.

7. Promoter

We do not have any promoter. No cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the [REDACTED] and the related transactions described in this document within the 2 years immediately preceding the date of this document.

8. Taxation of holders of Shares

(a) Hong Kong

The sale, purchase and transfer of Shares registered with our Company’s Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.13% of the consideration of, if higher, of the fair value of our Shares being sold or transferred. Profits from dealings in our Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. Our Directors have been advised that no material liability for estate duty under the laws of China or Hong Kong would be likely to fall upon any member of our Group.

(b) Cayman Islands

Under the present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in Cayman Islands.

(c) Consultation with professional advisers

Intending holders of our Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in our Shares or exercising any rights attaching to them. It is emphasised that none of our Company, our Directors or the other parties involved in the

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[REDACTED] can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

9. Qualifications of experts

The following are the qualifications of the experts who have given their opinion or advice which are contained in, or referred to in this document:

Name	Qualifications
China Sunrise Capital Limited	Licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined in the SFO
Jingtian & Gongcheng	Legal advisers as to PRC laws
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
KPMG	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
iResearch	Industry consultant

10. Consents of experts

Each of the experts named in “D. Other information — 9. Qualifications of experts” above has given and has not withdrawn its written consent to the issue of this document with the inclusion of its report and/or letter and/or valuation certificate and/or opinion and/or the references to its name included herein in the form and context in which it is respectively included.

11. Interests of experts in our Company

As at the Latest Practicable Date, none of the persons named in “D. Other information — 9. Qualifications of experts” above is beneficially interested or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

12. Binding effect

This document shall have the effect, if an application is made in pursuance of this document, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance insofar as applicable.

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13. Miscellaneous

- (a) Save as disclosed in this document, within the 2 years immediately preceding the date of this document:
 - (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) no share or loan capital or debenture of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
 - (iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;
- (b) save as disclosed in this document, there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;
- (c) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document;
- (d) the principal register of members of our Company will be maintained in the Cayman Islands by [REDACTED] and a branch register of members of our Company will be maintained in Hong Kong by [REDACTED]. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company's share register in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable our Shares to be admitted to [REDACTED];
- (e) no company within our Group is presently listed on any stock exchange or traded on any trading system;
- (f) our Directors have been advised that the use of a Chinese name by our Company in conjunction with its English name does not contravene the Cayman Companies Act; and
- (g) our Company has no outstanding convertible debt securities or debentures.

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14. Bilingual document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and the Chinese language version, the English language version shall prevail.