趣拿

趣致集團

Qunabox Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 0917

GLOBAL OFFERING

Sole Sponsor, Sole Overall Coordinator, Sole Global Coordinator, Joint Bookrunner and Joint Lead Manager

海通國際 HAITONG

Joint Bookrunners and Joint Lead Managers

ZTSC 中泰國際

建银国际 CCB International

農銀國際 ABC INTERNATIONAL

浦銀國際 SPDB INTERNATIONAL

FOSUN INTERNATIONAL SECURITIES 复星国际证券

交銀國際 BOCOM International

華富建業證券 QUAM SECURITIES

Joint Lead Managers

富途證券

利弗莫尔证券

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should seek independent professional advice.

趣拿

Qunabox Group Limited
趣致集團

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	**19,704,000 Shares**
Number of Hong Kong Offer Shares	:	**1,970,400 Shares (subject to reallocation)**
Number of International Offer Shares	:	**17,733,600 Shares (subject to reallocation)**
Maximum Offer Price	:	**HK$29.70 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	:	**US$0.00001 per Share**
Stock code	:	**0917**

Sole Sponsor, Sole Overall Coordinator, Sole Global Coordinator, Joint Bookrunner and Joint Lead Manager

海通國際 HAITONG

Joint Bookrunners and Joint Lead Managers

ZTSC 中泰國際 | 建银国际 CCB International | 農銀國際 ABC INTERNATIONAL | 浦銀國際 SPDB INTERNATIONAL

FOSUN INTERNATIONAL SECURITIES 复星国际证券 | 交銀國際 BOCOM International | 華富建業證券 QUAM SECURITIES

Joint Lead Managers

富途證券 | 利弗莫尔证券 LIVERMORE HOLDINGS LIMITED

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus. A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies and Documents on Display" in this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The SFC and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between us, and the Sole Overall Coordinator (for itself and on behalf of the Underwriters) on or before Thursday, May 23, 2024 and, in any event, not later than 12:00 noon on Thursday, May 23, 2024. The Offer Price will not be more than HK$29.70 per Offer Share and is expected to be not less than HK$25.00 per Offer Share, unless otherwise announced. Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK$29.70 per Offer Share for each Hong Kong Offer Share together with brokerage fee of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%, subject to refund if the Offer Price as finally determined is less than HK$29.70 per Offer Share. If, for any reason, the Offer Price is not agreed between us and the Sole Overall Coordinator (for itself and on behalf of the Underwriters) by 12:00 noon on Thursday, May 23, 2024, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

The Sole Overall Coordinator may, for itself and on behalf of the Underwriters, where considered appropriate and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be published on the websites of the Hong Kong Stock Exchange at **www.hkexnews.hk** and on the website of our Company at **www.zzss.com**. Please refer to the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" for more details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered, sold or delivered outside of the United States in offshore transactions in reliance on Regulation S.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors as set out in the section headed "Risk Factors" in this prospectus. The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Sole Overall Coordinator (for itself and on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting" in this prospectus. It is important that you refer to that section for further details.

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our website at **www.zzss.com**. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

Friday, May 17, 2024

IMPORTANT NOTICE TO INVESTORS:
FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Stock Exchange at **www.hkexnews.hk** under the "***HKEXnews > New Listings > New Listing Information***" section, and our website at **www.zzss.com**. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

(1) apply online through the **White Form eIPO** service at **www.eipo.com.hk**; or

(2) apply electronically through the **HKSCC EIPO** channel and cause HKSCC Nominees to apply on your behalf by instructing your **broker** or **custodian** who is a HKSCC Participant to give **electronic application instructions** via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed document as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an **intermediary**, **broker** or **agent**, please remind your customers, clients or principals, as applicable, that this document is available online at the website addresses above.

Please refer to "How to apply for Hong Kong Offer Shares" for further details of the procedures through which you can apply for the Hong Kong Offer Shares electronically.

Your application through the **White Form eIPO** service or the **HKSCC EIPO** channel must be for a minimum of 200 Hong Kong Offer Shares and in one of the numbers set out in the table. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective amount payable on application in full upon application for Hong Kong Offer Shares.

If you are applying through the **HKSCC EIPO** channel, you are required to pre-fund your application based on the amount specified by your **broker** or **custodian**, as determined based on the applicable laws and regulations in Hong Kong.

No. of Hong Kong Offer Shares applied for	Amount payable(2) on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application *HK$*
200	5,999.91	4,000	119,998.10	20,000	599,990.49	160,000	4,799,923.92
400	11,999.81	5,000	149,997.62	30,000	899,985.74	180,000	5,399,914.41
600	17,999.72	6,000	179,997.15	40,000	1,199,980.98	200,000	5,999,904.90
800	23,999.62	7,000	209,996.67	50,000	1,499,976.23	300,000	8,999,857.36
1,000	29,999.52	8,000	239,996.20	60,000	1,799,971.46	400,000	11,999,809.80
1,200	35,999.42	9,000	269,995.72	70,000	2,099,966.71	500,000	14,999,762.26
1,400	41,999.33	10,000	299,995.25	80,000	2,399,961.95	600,000	17,999,714.70
1,600	47,999.23	12,000	359,994.29	90,000	2,699,957.20	700,000	20,999,667.16
1,800	53,999.14	14,000	419,993.34	100,000	2,999,952.46	800,000	23,999,619.60
2,000	59,999.05	16,000	479,992.39	120,000	3,599,942.95	985,200(1)	29,555,531.53
3,000	89,998.57	18,000	539,991.43	140,000	4,199,933.44		

(1) Maximum number of Hong Kong Offer Shares you may apply for.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the SFC and the AFRC respectively).

*If there is any change in the following expected timetable, we will issue an announcement on the respective websites of the Company at **www.zzss.com**[6] and the Stock Exchange at **www.hkexnews.hk**.*

	Date[1]
Hong Kong Public Offering commences	9:00 a.m. on Friday, May 17, 2024
Latest time for completing electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**[2]	11:30 a.m. on Wednesday, May 22, 2024
Application lists open[3]	11:45 a.m. on Wednesday, May 22, 2024
Latest time for (a) completing payment for **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC[4]	12:00 noon on Wednesday, May 22, 2024

If you are instructing your **broker** or **custodian** who is a HKSCC Participant to give **electronic application instructions** via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists close[3]	12:00 noon on Wednesday, May 22, 2024
Expected Price Determination Date[5]	on or before Thursday, May 23, 2024
Announcement of the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on our website at **www.zzss.com**[6] and the website of the Stock Exchange at **www.hkexnews.hk** at or before	11:00 p.m. on Friday, May 24, 2024

The results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:

- in the announcement to be posted on our website and the website of the Stock Exchange at **www.zzss.com**[6] and **www.hkexnews.hk**, respectively, at or before . . . . 11:00 p.m. on Friday, May 24, 2024

- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**) with a "search by ID" function from . . . . .11:00 p.m. on Friday, May 24, 2024 to 12:00 midnight on Thursday, May 30, 2024

- from the allocation results telephone enquiry by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on . . . . Monday, May 27, 2024 Tuesday, May 28, 2024 Wednesday, May 29, 2024 and Thursday, May 30, 2024

Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before[7][9] . . . . Friday, May 24, 2024

White Form e-Refund payment instructions/refund cheques in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications to be dispatched/collected on or before[8][9] . . . . .Monday, May 27, 2024

Dealings in the Shares on the Stock Exchange expected to commence . . . . .at 9:00 a.m. on Monday, May 27, 2024

(1) All times refer to Hong Kong local time, except as otherwise stated.

(2) You will not be permitted to submit your application through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website at or before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is/are a tropical cyclone warning signal number 8 or above, a "black" rainstorm warning and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, May 22, 2024, the application lists will not open or close on that day. See "How to Apply for Hong Kong Offer Shares – E. Severe Weather Arrangements."

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via HKSCC's FINI system should refer to "How to Apply for Hong Kong Offer Shares – A. Application for Hong Kong Offer Shares – 2. Application Channels."

(5) The Price Determination Date is expected to be on or before Thursday, May 23, 2024 and, in any event, not later than 12:00 noon on Thursday, May 23, 2024. If, for any reason, the Offer Price is not agreed between the Company and the Sole Overall Coordinator (for itself and on behalf of the Underwriters) by 12:00 noon on Thursday, May 23, 2024, the Global Offering will not proceed and will lapse.

(6) None of the website or any of the information contained on the website forms part of this prospectus.

(7) Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination" has not been exercised. Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of Share certificates or the Share certificates becoming valid do so entirely at their own risk.

(8) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund cheque.

(9) Refund mechanism for surplus application monies paid by application via **HKSCC EIPO** channel is subject to the arrangement between applicants and their **broker** or **custodian**.

Applicants who have applied for Hong Kong Offer Shares through **HKSCC EIPO** channel should refer to "How to Apply for Hong Kong Offer Shares – D. Despatch/Collection of Share Certificates and Refund of Application Monies" for details.

Applicants who have applied through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund cheques by ordinary post at their own risk.

Further information is set out in "How to Apply for Hong Kong Offer Shares – D. Despatch/Collection of Share Certificates and Refund of Application Monies."

The above expected timetable is a summary only. For further details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, see "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" in this prospectus, respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such a case, we will make an announcement as soon as practicable thereafter.

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This prospectus is issued by us solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of making, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Hong Kong Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus for purposes of a public offering and the offering and sale of the Hong Kong Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this prospectus. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not contained nor made in this prospectus must not be relied on by you as having been authorized by us, the Sole Sponsor, the Sole Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, any of the Capital Market Intermediaries, any of the Underwriters, any of our or their respective directors, officers, employees, agents or representatives, or any other parties involved in the Global Offering.

Page

CONTENTS

This summary aims to give you an overview of the information contained in this Prospectus. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this Prospectus. You should read the entire Prospectus before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in "Risk Factors" in this Prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

Who Are We

We are a marketing service provider in China, focusing on outdoor marketing[1] for fast-moving consumer goods ("**FMCG**"). In doing so, we utilize our broad network of vending machines with interactive marketing functions across China, which, by combing with our technology-backed online platform, allow us to provide target consumers with convenient and interesting experience in testing and accessing FMCG that we served, while successfully soliciting and completing necessary interaction and feedback. In particular, we have developed, and equipped our vending machines with various modules to facilitate technology-driven interactive functions that are crucial for successful marketing events, including scent emitting, movement recognition and voice interaction, making interactive machine-based marketing services possible. According to CIC, FMCG outdoor marketing market accounts for 6.4% market share of the FMCG marketing market in 2023. The FMCG outdoor marketing market is highly fragmented with numerous industry players, resulting in fierce competition within this industry. We are the fourth largest FMCG outdoor marketing service provider in China in terms of revenue in 2023, with a market share of approximately 1.2%, while the largest market player had a market share of 14.3%.

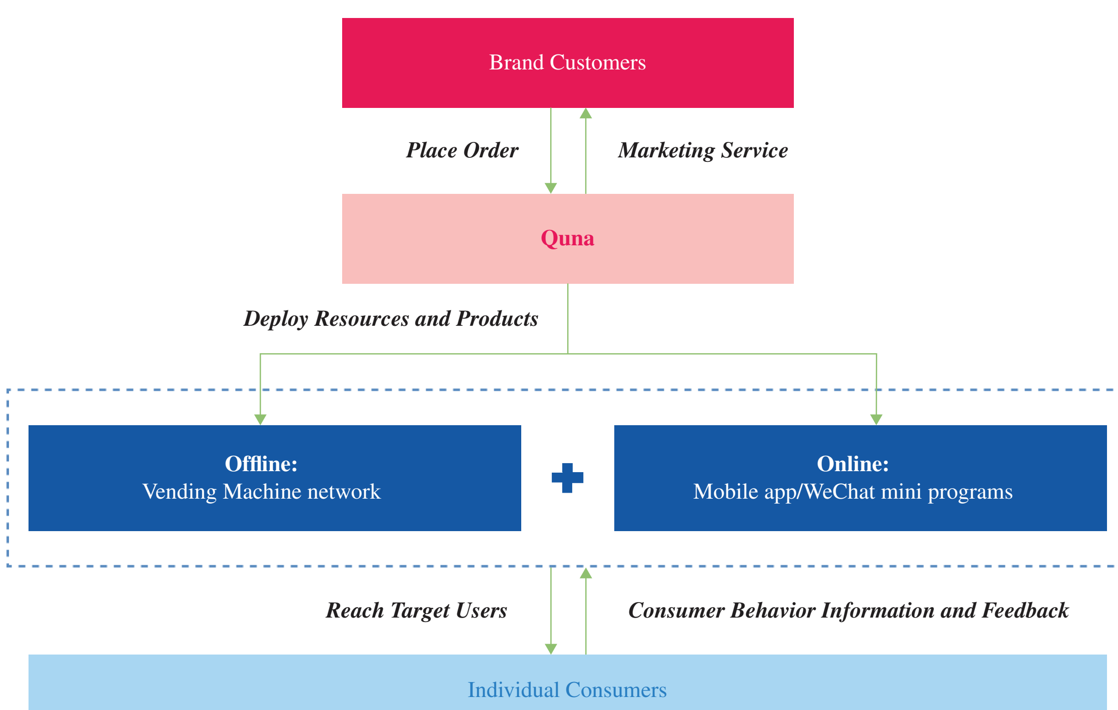
Capitalizing on our technology capacity to deliver marketing services and our ability in responding to dynamic market demands for various marketing resources, such as third-party media resources, we have achieved business growth during the Track Record Period. In particular, we enhanced capability of utilizing social media platforms for our marketing services and began offering short video platform traffic acquisition service to our brand customers in 2023. In addition, since late 2022, the lifting of COVID-19-related restrictions has led to the revival of outdoor FMCG marketing market, contributing to our growth. Our revenue generated from marketing service increased from RMB376.7 million in 2021 by 7.5% to RMB404.8 million in 2022 and further increased by 99.6% to RMB808.0 million in 2023.

1 Outdoor marketing refers to advertising and promotional activities that take place outdoor to reach consumers in public places.

We merge offline and online channels with a complete and integrated system in the way to offer consumers an interesting experience on FMCGs, and to provide brands with multi-channel marketing services, all of which are driven by our technology capability to achieve efficiency and accuracy. Placed at strategically chosen locations, the network of our vending machine with interactive marketing functions serve as the offline touchpoints for consumers to get aware of, encounter, and/or pick up FMCG goods that we served, as well as the terminals to complete certain game-based tasks in order to obtain related FMCG goods. In the meantime, our online platform, which comprises a mobile app named "Quna (趣拿)" and WeChat mini programs, allows us to attract and retain target consumers, where they can conveniently receive information on our most recent FMCG marketing events, complete designed online tasks, place order or pay a try-me discounted prices, prior to picking up relevant goods.

We believe that our marketing services offered an effective solution for FMCG brands to reach target consumer groups, especially the tech-savvy young consumers, represented by "Gen-Y/Z", who generally prefer FMCGs that bring continuous fresh experience and represent their personalized life style, and are well adapted to machine-based consumption and interaction experience that does not involve much human interference. As a result, on one hand, by continuously launching and introducing new FMCG products through our marketing services that involve on-line program and offline machine-based tasks, we are able to attract and retain more and more active consumers, while offering brand customers quality feedback and analysis they need. On the other hand, brand customers are willing to cooperate with us taking into account our growing consumer basis, technology capability and efficient performance, in particular, our ability to launch large scale marketing event, as well as continuously showcase and promote public awareness of served FMCG products through wide spread vending machines at well-selected locations.

The following diagram illustrates how we operate our marketing service and merchandise sales business:



As of December 31, 2023, we operated 7,543 vending machines in 22 cities in China including all the tier one cities, namely Beijing, Shanghai, Guangzhou and Shenzhen, many new tier one cities including Hangzhou, Chengdu, Chongqing, Tianjin, Xi'an, Wuhan, Zhengzhou, Nanjing, Suzhou, Wuxi, Ningbo, Xiamen, Dongguan, Foshan, Hefei, Jinan and Qingdao, as well as Yantai. Substantially all of our vending machines are located in commercial properties with an aim to cover the major consumer groups of FMCGs.

Our Service

During the Track Record Period, we derived revenue primarily from offering brand customers with marketing services that feature machine-based distribution through immersive and interesting game-themed interactions. By effectively combing our offline network of vending machine with interactive marketing functions and online platform, we are able to offer brands with multi-channel marketing services, all of which are driven by our technology capability to achieve efficiency and accuracy. In addition, during the Track Record Period, we also derived revenue from merchandise sales, mainly include good of high consumption nature, such as beverages, snacks and instant food. We consider that merchandise sales effectively supplement our marketing service business segment, as it not only enhances the attraction of pedestrian flow to our vending machines with interactive marketing functions, which lays a foundation for our continuous expansion and market penetration, but also enables us to accumulate valuable comparable sales data of relevant FMCG goods that are useful for our marketing services.

The table below sets forth a breakdown of our revenue by business segment for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Marketing service	376,653	75.0	404,809	73.1	807,971	80.3
– Standard marketing service	342,982	68.3	348,851	63.0	692,195	68.8
– Value-added marketing service	33,671	6.7	55,958	10.1	115,776	11.5
Merchandise sales	104,962	20.9	111,333	20.1	144,320	14.3
Other services[1]	20,753	4.1	37,475	6.8	54,406	5.4
Total	**502,368**	**100**	**553,617**	**100.0**	**1,006,697**	**100.0**

Note:

(1) *Other services primarily comprise IT system development and software development services. The increase in revenue from other services during Track Record Period was primarily driven by customer demands and the nature of specific technology project undertaken.*

In managing our marketing service business segment, we mainly offer the following two categories of service:

- **Standard Marketing Service**. Our standard marketing service consists of marketing campaign service, multi-channel media promotion and FMCG product promotion, which further comprises FMCG product distribution and FMCG product shelving. Multi-channel media promotion service further includes various service modules, such as LCD display, online platform display, vending machine shell display, consumer traffic direction, social media platform posts and third-party media resources procurement. We charge clients for standard marketing service that mainly comprise designing and launching tailor-made marketing campaign for FMCG brand customers, where image and value of served FMCG products get published at different types of media. In doing so, we place our own offline vending machine network and online platform at the core value position for overall services provided, where we may effectively serve the key requests of FMCG brand customers by effectively attracting and encouraging target consumers to pick-up served products and leave meaningful feedback and behavior information.

- **Value-Added Marketing Service**. Besides standard marketing services, FMCG brand customers may choose our value-added marketing services, where we design and launch interactive and immersive game-themed events that can serve the marketing purpose to promote and/or enhance sensation of consumers towards relevant FMCG products, while carrying technology-backed interactive and immersive features. In addition, we also charge brand customers for data strategy services, where we provide FMCG product review and analysis based on our evaluation of various perspectives of served FMCG products, including design, packaging, formula, flavor, scent, pricing and consumption scenario, based on which, relevant brand customers may improve their future strategy on market positioning, promotional content design and activity planning, and other marketing-related decisions.

We successfully distinguished us from industry peers by realizing convenient delivery of physical FMCG goods to target consumers, which plays a significant value to brand customers, as the access to and experience of physical products is an important step to build consumer awareness, which can hardly be replaced by online marketing approaches. For details, please also see “Business – Our Business – Marketing Service” in this prospectus.

As exhibited by our proven track record, we are well positioned to utilize our technology capabilities and industry experience to capture growth opportunities. Backed by our technology capability, we could group vending machines placed in a large geographic region to quickly launch or upgrade city-wide FMCG marketing campaigns that may effectively draw vast public attention in a short period of time, which can hardly be achieved by purely offline marketing methods in terms of speed, scale and cost-efficiency. As a result, our technology-driven marketing campaigns, combined with the trend of consumers’ preference in acquiring and sharing consumption experience through digital forms, allow us to enjoy a recognized market position as a marketing service provider for FMCG brands. Furthermore, capitalizing on our strategic network of vending machines that are equipped with technology features, including IoT and automated interactive components, we are able to facilitate cost-efficient FMCG product promotion and multi-dimensional product experience.

OUR STRENGTHS

We believe that the following competitive strengths contribute to our success and differentiate us from our competitors.

- A market participant of FMCG Outdoor Marketing Service in China with High Growth Rate
- Strategic Layout of Marketing Network with Effective User Reach
- Refined Operation Capabilities and In-depth Industry Insights
- High-Quality and Well-Structured Customer Base
- Strong Research and Development Strengths and Technological Capabilities
- Experienced Management Team with Rich Industry Experience and Entrepreneurship

OUR STRATEGIES

In order to achieve our vision to become a leading FMCG marketing service provider, and further consolidate our market position, we propose to implement the following strategies:

- Further Optimize and Expand our Vending Machine Network Layout and Improve Effective Consumer Reach
- Focus on User Operation and Customer Needs to Broaden and Enrich Marketing Service Offerings
- Continue to Expand Brand Customer Base and Create Benchmark Marketing Cases in Various Industry Segments
- Further Invest in Technology Research and Development to Improve User Experience and Operation Efficiency
- Selectively Pursue Strategic Alliances, Investments and Acquisitions for Long-term Growth

KEY OPERATING DATA

Marketing Service

Our marketing service covers both new products and mature products in the FMCG industry, with a focus on the strategic marketing, promotion, distribution and consumer preference test for new products. New products refer to products carrying new brands, categories, tastes, formulas, packaging or shapes that have been launched in the market for less than one year, while mature products refer to products that have been launched for over one year. During the Track Record Period, we provided marketing service for approximately 1,400 SKUs of products, among which a majority are new products. The following table sets forth the number of SKUs of products that sourced our marketing service, grouped by new products and mature products, for the years indicated:

	For the year ended December 31,		
	2021	**2022**	**2023**
Number of product SKUs			
New products	347	228	245
Mature products	242	154	203
Total	**589**	**382**	**448**

During the Track Record Period, we served a variety of FMCGs, primarily comprise beverages and food. We have also been expanding to other FMCG sectors such as daily necessities and cosmetics. The following table sets forth a breakdown of the SKUs of products that sourced our marketing service, by major categories of FMCGs, for the years indicated:

	For the year ended December 31,		
	2021	**2022**	**2023**
Number of product SKUs			
Beverages	221	186	116
Food	274	107	142
Daily necessities	48	60	118
Cosmetics	46	29	72
Total	**589**	**382**	**448**

Merchandise Sales

The following table sets forth the selected financial and operational performance indicators of our merchandise sales business, for the years indicated:

	For the year ended December 31,		
	2021	2022	2023
Average revenue per year per vending machine (*RMB'000*)[1]	18.5	13.2	22.4
Number of purchase orders (*'000*)[2]	13,186	16,917	16,740
Average price per purchase order (*RMB*)[3]	8.5	6.9	9.8

Notes:

(1) To calculate the average revenue per vending machine during a year, we use the average daily number of vending machines in the relevant year, which is 5,677, 8,435, and 6,435 for the years ended December 31, 2021, 2022 and 2023, respectively.

(2) Purchase orders comprise those placed through vending machines directly and online platform with users obtaining the ordered products from the vending machines.

(3) Average price per purchase order is calculated based on the total purchase price paid by consumers in obtaining the ordered products from the vending machines (included value added tax) for the relevant year divided by the number of purchase orders in the relevant year.

Our Vending Machine Network

In offering marketing services, our vending machine network plays an important role to effectively connect brands with target consumers by facilitating efficient physical delivery of FMCG goods, which plays a significant value to brand customers, as the access to and experience of physical products is an important step to build consumer awareness, which can hardly be replaced by purely online marketing approaches. As of the Latest Practicable Dates, all the vending machines in our vending machine network were owned by us.

With denser population of consumers, higher level of consumption and greater mobility, cities of higher tiers in China generally have a higher level of FMCG distribution and consumption. During the Track Record Period, our vending machines were mainly located in tier one cities and new tier one cities. As of December 31, 2023, we had a network of 7,543 vending machines, covering 22 cities in 14 provincial administrative regions across China. The table below sets forth a breakdown of our vending machine coverage by city tier as of the dates indicated:

	As of December 31,					
	2021		2022		2023	
		%		%		%
Vending machines by city tier						
Tier one cities	2,999	35.2	2,707	36.6	3,398	45.0
New tier one cities	5,113	60.0	4,494	60.7	4,026	53.4
Tier two cities	408	4.8	201	2.7	119	1.6
Total	**8,520**	**100.0**	**7,402**	**100.0**	**7,543**	**100.0**

In determining the specific location of each vending machine, we take into account various factors that may affect results and convenience of goods pick-up, as well as visual impact of content exhibited, including composition and preference of nearby residents or frequent visitors, their consumption habit and life style, general pedestrian flow routes within the building, and zoning theme of the surrounding places. During the Track Record Period, we mainly placed our vending machines in commercial properties such as office premises, rental apartments and shopping centers, as these places typically have a large concentration of young people who generally have a higher level of interest in consuming and experiencing FMCG products, especially new products, compared with other demographic groups. The following table sets forth a breakdown of our vending machines by type of sites as of the dates indicated:

	As of December 31,					
	2021		2022		2023	
		%		%		%
Vending machines by type of sites						
Office premises	4,674	54.9	3,771	50.7	3,376	44.8
Rental apartments	3,307	38.8	2,925	39.7	2,957	39.2
Shopping centers	261	3.1	232	3.2	366	4.9
Others*	278	3.2	474	6.4	844	11.2
Total	**8,520**	**100.0**	**7,402**	**100.0**	**7,543**	**100.0**

Note:

* *Others primarily include schools, parks and hotels.*

Within our integrated system that combine both offline and online channels together for marketing services, we treat our vending machines as the key functional terminals to reach target consumers and accomplish efficient delivery of physical goods, in the way to maximize designed results of relevant marketing events. The effectiveness of our vending machines are affected by factors like concentration of nearby population, as well as the shopping/living habit of consumers who reside within a specific region that can be covered by a vending machine's effective radius, both of which are generally subject to continuous changes, due to factors like zoning policy, changes of nearby neighborhood environment, or economic conditions. During the Track Record Period, we focused on expanding our vending machine network while also improving its efficiency. Our goal was to effectively reach a larger consumer base and enhance the impact of our marketing efforts. In particular, there was a decrease in the total number of vending machines as of December 31, 2022, compared to December 31, 2021. This decrease was primarily due to our adaptation to mitigate the impact of COVID-19 in specific regions. In 2023, in observance of re-vitalization of offline shopping and consumption activities, as well as increase in out-door social and tourism activities, we slightly increased the number of vending machines in shopping centers, as well as schools, parks and hotels.

Logistics and Maintenance Support

As of December 31, 2023, we operated 22 warehouses, including 21 operated by ourselves and one operated by a third party, supporting the delivery of the products and merchandise in 22 cities where our vending machines are deployed. Our brand customers and suppliers are responsible for delivering the products and merchandise to our warehouses. During the Track Record Period, we did not form an internal delivery team; instead, we enlisted third-party delivery services to transport products and merchandise from our warehouses to vending machines. For a limited number of marketing projects where we provided FMCG product promotion service only, we engaged third-party delivery service providers to transport the products and merchandise to consumers.

We utilize a centralized operations system to track and monitor the operation status of our vending machines in real time. If any malfunctions are detected, our operations system will send notifications to the responsible personnel, who will promptly repair the vending machine. As of December 31, 2023, we had a team of 82 operation and maintenance personnel nation-wide, who are responsible for ensuring the smooth operation of our vending machines. In 2021, 2022 and 2023, our operation costs for the maintenance of our vending machines mainly comprised remuneration paid to our maintenance personnel, which amounted to approximately RMB0.7 million, RMB0.6 million, and RMB0.7 million respectively, accounting for 0.4%, 0.3%, and 0.1% of our total cost of sales in the same years.

Our Users

We continued to expand our user base and promote their activities by keep introducing marketing events for new and mature FMCG product, which may bring exciting and interesting experience for our users. Many of them are attracted to become our users while experiencing our interactive and machine-based games designed to serve relevant marketing events. The following table sets forth the selected indicators with respect to our users as of/for the years indicated:

	As of/For the year ended December 31,		
	2021	**2022**	**2023**
Number of registered users *('000)*	36,952	43,017	50,056
Number of newly registered users *('000)*	9,271	6,065	7,039
Number of paying users *('000)*	8,706	9,666	7,815
Average MAUs *('000)*	1,967	1,839	1,900
Average revenue contribution per paying user for merchandise sales business *(RMB)*	12.1	11.5	18.5

We experienced decrease in newly registered users and average MAUs in 2022 from that in 2021, mainly due to the reduced marketing activities from brand customers and reduced foot traffic in that year, both of which were resulted from impact from resurgence of COVID-19 pandemic around China in 2022. The newly registered users and average MAUs increased in 2023 as compared to 2022, primarily due to the positive impact from the revitalization of offline consumption activities.

The average revenue per paying user for merchandise sales business decreased from 2021 to 2022 primarily due to the challenges brought by the macro economy, which contributed to the decrease in market size of China's FMCG merchandise sales market in 2022. See "Industry Overview – China's FMCG Merchandise Sales Market." The average revenue per paying user for merchandise sales business increased from 2022 to 2023, primarily due to the increase in our recurring users and the increase in average price per purchase order in 2023.

Our Customers

During the Track Record Period, our customers in marketing service business primarily consisted of corporate customers including brand owners and marketing agents. A brand owner is (i) a corporate customer that directly owns or exclusively distributes the brands, or (ii) a related entity of such corporate customer. A marketing agent is a corporate customer that acts on behalf of brand owners as their agent to procure marketing service. During the Track Record Period, we served 472 brand customers that procured our marketing service either directly or through their engaged marketing agents. These brand customers were mainly enterprises from the FMCG industry in China. For each year during the Track Record Period, our five largest customers generated RMB110.8 million, RMB101.5 million and RMB153.3 million of revenue, respectively, accounting for 22.0%, 18.4% and 15.2% of our total revenue for the same years, respectively.

During the Track Record Period, customers for our merchandise sales business primarily consisted of individual consumers who purchase goods from our vending machines directly. Individual consumers may also place purchase order and complete payment through our online platform and then pick up procured goods at our vending machines nearby.

Our Suppliers

During the Track Record Period, our major suppliers primarily included technology service providers, vending machine manufacturers, manufacturers and distributors of beverages, food and other FMCGs, and agents of social media platforms in China. For each year during the Track Record Period, purchases from our five largest suppliers accounted for 48.3%, 33.5% and 30.5% of our total purchases for the same years, respectively. For each year during the Track Record Period, purchases from our largest supplier accounted for 27.0%, 9.5% and 10.1% of our total purchases for the same years, respectively.

SUMMARY HISTORICAL FINANCIAL INFORMATION

Selected Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following tables set forth summary financial data from our consolidated statements of profit or loss and other comprehensive income for the years indicated, derived from the Accountants' Report set out in Appendix I. The summary consolidated financial data set forth below should be read together with the consolidated financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with IFRS.

	For the year ended December 31,					
	2021		2022		2023	
	RMB'000	*% of Revenue*	*RMB'000*	*% of Revenue*	*RMB'000*	*% of Revenue*
Revenue	502,368	100.0	553,617	100.0	1,006,697	100.0
Cost of sales	(156,877)	(31.2)	(218,977)	(39.6)	(471,430)	(46.8)
Gross profit	**345,491**	**68.8**	**334,640**	**60.4**	**535,267**	**53.2**
Other income and gains	6,729	1.3	6,126	1.1	6,260	0.6
Selling and distribution expenses	(189,458)	(37.7)	(167,229)	(30.2)	(239,282)	(23.8)
Administrative expenses	(28,474)	(5.7)	(26,780)	(4.8)	(54,538)	(5.4)
Research and development expenses	(59,010)	(11.7)	(30,113)	(5.4)	(63,250)	(6.3)
Fair value loss on financial liabilities at fair value through profit or loss ("**FVTPL**")	(189,422)	(37.7)	(191,467)	(34.6)	(24,088)	(2.4)
Other expenses and losses	(760)	(0.2)	(1,355)	(0.2)	(2,119)	(0.2)
Impairment losses under expected credit loss model, net of reversal	(16,177)	(3.2)	(25,704)	(4.6)	197	0.0
Finance costs	(5,597)	(1.1)	(3,285)	(0.6)	(1,611)	(0.2)
(Loss)/profit before tax	**(136,678)**	**(27.2)**	**(105,167)**	**(19.0)**	**156,836**	**15.6**
Income tax expense	(2,800)	(0.6)	(10,890)	(2.0)	(20,134)	(2.0)
(Loss)/profit for the year	**(139,478)**	**(27.8)**	**(116,057)**	**(21.0)**	**136,702**	**13.6**
Attributable to:						
Owners of the parent	(139,465)	(27.8)	(116,025)	(21.0)	130,942	13.0
Non-controlling interests	(13)	(0.0)	(32)	(0.0)	5,760	0.6
	(139,478)	(27.8)	(116,057)	(21.0)	136,702	13.6

Non-IFRS Measures

To supplement our consolidated financial statements which are presented in accordance with IFRSs, we also use adjusted profit (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRSs. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management to evaluate our operating performance and formulate business plans. However, our adjusted profit (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation, or as substitute for analysis of, our results of operations or financial position as reported under IFRSs.

Adjusted profit (a non-IFRS measure) is defined as profit or loss for the year by adding back the effects of (i) fair value loss on financial liabilities at FVTPL, (ii) share incentive plan expense and (iii) listing expenses. Fair value losses on financial liabilities at FVTPL represent fair value losses relating to convertible redeemable preferred shares issued in our equity financings. The convertible redeemable preferred shares will be automatically converted into ordinary shares upon completion of the Global Offering, and we do not expect to record further gains or losses in relation to valuation changes in such instruments after the Listing. We exclude share incentive plan expense as such expenses are non-cash in nature and do not result in cash outflows. We also exclude listing expenses with respect to this Global Offering. Adjusted EBITDA (a non-IFRS measure) is defined as adjusted profit (a non-IFRS measure) for the year by adding back the effects of income tax expense, finance costs, bank interest income, and depreciation and amortization charges. The following tables reconcile our adjusted profit (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure) for the years presented.

	For the year ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Reconciliation of loss for the year and adjusted profit (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure)			
(Loss)/profit for the year			
Add:	(139,478)	(116,057)	136,702
Fair value loss of financial liabilities at FVTPL	189,422	191,467	24,088
Share incentive plan expense	2,379	2,753	14,634
Listing expenses	–	–	25,284

	For the year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Adjusted profit (a non-IFRS measure)	**52,323**	**78,163**	**200,708**
Add:			
Income tax expense	2,800	10,890	20,134
Finance costs	5,597	3,285	1,611
Bank interest income	(338)	(977)	(238)
Depreciation and amortization charges	46,776	63,281	58,027
Adjusted EBITDA (a non-IFRS measure)	**107,158**	**154,642**	**280,242**

Our impairment losses under expected credit loss model, net of reversal, which are recognized as provisions for accounts receivable and other receivables under the expected credit loss model, increased during the Track Record Period in line with the growth of accounts receivable, reflecting an increase in expected credit losses.

We experienced net losses in 2021 and 2022, primarily due to fair value losses on financial liabilities at FVTPL during the respective years. We generated net profit in 2023, primarily as we significantly increased our revenue and experienced less fair value loss on financial liabilities at FVTPL as compared with 2022.

The table below sets forth a breakdown of our revenue by business segment for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Marketing service	376,653	75.0	404,809	73.1	807,971	80.3
– Standard marketing service	342,982	68.3	348,851	63.0	692,195	68.8
– Value-added marketing service	33,671	6.7	55,958	10.1	115,776	11.5
Merchandise sales	104,962	20.9	111,333	20.1	144,320	14.3
Other services	20,753	4.1	37,475	6.8	54,406	5.4
Total	**502,368**	**100.0**	**553,617**	**100.0**	**1,006,697**	**100.0**

The following table sets forth a breakdown of our cost of sales by nature for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Costs of inventories sold	74,398	47.4	87,711	40.1	118,789	25.2
Depreciation and amortization charges	42,327	27.0	58,644	26.8	55,515	11.8
Information technology service fees	18,225	11.6	32,051	14.6	263,300	55.9
Site fees	21,927	14.0	31,771	14.5	27,535	5.8
Write-down of inventories	–	–	8,800	4.0	6,291	1.3
Total	**156,877**	**100.0**	**218,977**	**100.0**	**471,430**	**100.0**

The following table sets forth a breakdown of our gross profit and gross profit margin by business segment for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	Gross profit RMB'000	*Gross profit margin %*	*Gross profit RMB'000*	*Gross profit margin %*	*Gross profit RMB'000*	*Gross profit margin %*
Marketing service	300,278	79.7	298,651	73.8	479,505	59.4
– Standard marketing service	271,895	79.3	254,519	73.0	380,650	55.0
– Value-added marketing service	28,383	84.3	44,132	78.9	98,855	85.3
Merchandise sales	37,795	36.0	18,294	16.4	29,738	20.6
Other services	7,418	35.7	17,695	47.2	26,024	47.8
Total gross profit/overall gross profit margin	**345,491**	**68.8**	**334,640**	**60.4**	**535,267**	**53.2**

In 2022, as the recurrence of the COVID-19 pandemic posed challenges to our business, our gross profit margin decreased in 2022 as compared to 2021. The implementation of lockdown measures in certain cities resulted in reduced business activities and foot traffic, leading to a decline in overall gross profit from marketing service and merchandise sales in 2022. Moreover, many of our offline promotion activities had to be postponed or cancelled due to the prevailing circumstances. Despite the decrease in business activities, we continued to incur fixed costs, including depreciation charges. These fixed costs, coupled with the reduced revenue, exerted downward pressure on our overall gross profit margin in 2022. In 2023, our overall gross profit margin further decreased primarily due to our increase in cost of sales, especially information technology service fees, attributable to our increased procurement of third-party media resources to deliver standard marketing service, as we invested in delivering such marketing service via utilizing short video platforms since early 2023, in line with our service innovation and expansion strategy. While the third-party media resources procurement services generally carry a comparatively lower gross profit margin than our other services do, we determined to bring such services into our service portfolio to complement our other services to enhance our ability to reach target consumers for expected marketing projects, and to effectively enhance our brand customers' loyalty by offering enhanced "one-stop" marketing service packages. For details, see "Business – Our Business – Marketing Service – Third-party Media Resources Procurement" in this prospectus. Despite such a gross profit margin impact, we believe such investment allows us to better serve our long-term business strategy and forge strong synergy among our services, as proven by our significant increase in revenue, expansion of KA customers and average purchase per KA customer in 2023.

Selected Items of Our Consolidated Statements of Financial Position

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Total non-current assets	244,243	185,255	169,777
Total current assets	511,714	638,336	897,597
Total assets	755,957	823,591	1,067,374
Total non-current liabilities	971,104	1,326,882	1,268,416
Total current liabilities	245,209	70,369	166,901
Net current assets	266,505	567,967	730,696
Total liabilities	1,216,313	1,397,251	1,435,317
Net liabilities	460,356	573,660	367,943
Non-controlling interests	187	155	19,882

We recorded net current assets of RMB266.5 million, RMB568.0 million and RMB730.7 million as of December 31, 2021, 2022 and 2023, respectively.

Our net current assets increased significantly from RMB266.5 million as of December 31, 2021 to RMB568.0 million as of December 31, 2022, primarily due to (i) an increase in trade receivables of RMB218.7 million, (ii) a decrease in amount due to a shareholder of RMB80.0 million and (iii) a decrease in convertible bonds of RMB40.6 million, partially offset by (iv) a decrease in cash and bank balance of RMB104.4 million and (v) an increase in income tax payable of RMB13.9 million.

Our net current assets further increased from RMB568.0 million as of December 31, 2022 to RMB730.7 million as of December 31, 2023, primarily due to (i) an increase in cash and bank balance of RMB211.7 million, (ii) an increase in trade receivables of RMB32.1 million and (iii) an increase in prepayments, deposits and other receivables of RMB21.6 million, partially offset by an increase in interest-bearing bank borrowings of RMB93.7 million.

As of December 31, 2021, 2022 and 2023, our net liabilities amounted to RMB460.4 million, RMB573.7 million and RMB367.9 million, respectively, primarily due to accumulated losses. The accumulated losses that we recorded as of January 1, 2021 was primarily attributable to our fair value losses on the convertible redeemable preferred shares designated as financial liabilities at FVTPL, and it was also attributable to our historical operating losses primarily due to the early stage of expanding of customer base, upfront expansion in selling and marketing expenses and investments in acquiring our vending machines. Our net liabilities increased from RMB460.4 million as of December 31, 2021 to RMB573.7 million as of December 31, 2022, mainly due to total comprehensive expenses for the year of RMB116.1 million in 2022, which was partially offset by equity-settled share award plan of RMB2.8 million. Our net liabilities decreased from RMB573.7 million as of December 31, 2022 to RMB367.9 million as of December 31, 2023, mainly due to total comprehensive income of the year of RMB136.7 million, transfer from convertible redeemable preferred shares of RMB61.0 million as a result of acquisition of 5.19% equity interest in Shanghai Quna by Qunabox HK from SAIF VC and SAIF Investment and the termination of SAIF Warrants in June 27, 2023 and equity-settled share award plan of RMB14.6 million, partially offset by capital reduction by Shanghai Yiqu from Shanghai Quna of RMB6.7 million. For more details, please see consolidated statements of changes in equity in the Accountants' Report in Appendix I to this prospectus. Because the convertible redeemable preferred shares will be re-designated from liabilities to equity as a result of the conversion into ordinary shares upon Listing, our net liabilities position would turn into net assets position.

Summary Consolidated Statements of Cash Flows

The following table sets forth our consolidated statements of cash flows for the years indicated:

	For the year ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Net cash flows (used in)/generated from operating activities	(68,887)	(108,930)	191,712
Net cash flows used in investing activities	(96,689)	(416)	(39,261)
Net cash flows generated from financing activities	295,145	4,936	59,225
Cash and cash equivalents at end of the year	**191,752**	**87,342**	**299,018**

We had net cash flows used in operating activities in 2021 and 2022 before we had net cash flows generated from operating activities in 2023.

In 2023, we had RMB191.7 million net cash flows generated from operating activities. The difference with RMB156.8 million of profit before income tax on accrual basis was mainly the result of adding back non-cash items such as RMB55.5 million in depreciation of property, plant, and equipment and RMB24.1 million in fair value losses on financial liabilities at FVTPL. In addition, a total of RMB56.1 million of cash was used in our working capital primarily due to (i) our trade receivables increased by RMB31.1 million, (ii) our prepayments and other receivables and other assets increased by RMB19.1 million and (iii) our trade payables decreased by RMB9.3 million.

In 2022, we had RMB108.9 million net cash flows used in operating activities. The difference with RMB105.2 million of loss before income tax on accrual basis was mainly the result of adding back non-cash items such as RMB191.5 million in fair value losses on financial liabilities at FVTPL, RMB59.7 million in depreciation of property, plant, and equipment and RMB25.6 million in provision for impairment of trade receivables, net of reversal. In addition, a total of RMB298.4 million of cash was used in our working capital as (i) our trade receivables increased by RMB244.4 million, (ii) our trade and bill payables decreased by RMB30.1 million and (iii) our inventories increased by RMB21.1 million.

In 2021, we had RMB68.9 million net cash used in operating activities. The difference with RMB136.7 million of loss before income tax on accrual basis was mainly the result of adding back non-cash items such as RMB189.4 million in fair value losses on financial liabilities at FVTPL, RMB42.1 million in depreciation of property, plant, and equipment and RMB16.0 million in provision for impairment of trade receivables, net of reversal. In addition, a total of RMB182.9 million of cash was used in our working capital as (i) our trade receivables increased by RMB135.0 million; (ii) our increase in prepayments and other receivables and other assets by RMB24.5 million; (iii) our decrease in trade payables by RMB15.6 million; and (iv) our inventories increased by RMB12.6 million.

COMPETITIVE LANDSCAPE

According to CIC, the size of FMCG outdoor marketing market in China increased from RMB36.7 billion in 2019 to RMB41.3 billion in 2023 at a CAGR of 3.0% from 2019 to 2023, which is expected to keep growing at a CAGR of 10.2% from 2023 to 2028. According to CIC, FMCG outdoor marketing market accounts for 6.4% market share of the FMCG marketing market in 2023, and we are the fourth largest FMCG outdoor marketing service provider in China in terms of revenue in 2023, with a market share of approximately 1.2%, while the largest market player had a market share of 14.3%. Our revenue generated from marketing service increased from RMB376.7 million by 7.5% to RMB404.8 million in 2022 and further increased by 99.6% to RMB808.0 million in 2023.

Our major competitors consist of other FMCG marketing service providers. Competition is fierce in FMCG outdoor marketing market. We believe we successfully distinguished us from industry peers by allowing convenient machine-based delivery of physical FMCG goods to target consumers in an efficient and interesting way. This feature holds a significant value to brand customers, as the access to and experience of physical products is an important step to build consumer awareness, and soliciting meaningful feedback regarding FMCG goods served. In addition, leveraging our technology capability, as well as broad coverage and deep penetration of vending machine network, we could accomplish such task with cost-efficiency at large scale that can hardly be replaced by other traditional marketing ways. This competitive edge in terms of accessing and studying quality information further enhanced our capability of offering brand customers analysis and advice they need, resulting in a strong propelling force to promote our business growth and expansion.

Capitalizing on our well-established market position, strategic offline network of vending machines, strong data analytical capability and rich execution experience in handling large-scale events, the broad and active user base, and, in particular, our deep insight on brand customers' need for quality marketing services, we are well positioned to capture opportunities for sustainable growth under the leadership of our experienced management team with rich industry experience and entrepreneurship.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, no member of our Group had been involved in any legal, arbitration or administrative proceedings, including bankruptcy or receivership proceedings, whether actual or threatened, that we believe would have a material adverse effect to our business, results of operations, financial condition or reputation. Also, our Directors had not been involved in any actual or threatened claims or litigations of material impact. However, we may from time to time become a party to various legal, arbitration or administrative proceedings arising in the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention. According to our PRC Legal Adviser, during the Track Record Period and up to the Latest Practicable Date, we had complied with all applicable laws and regulations in all material respects. See "Business – Legal Proceedings and Compliance."

SUMMARY OF MATERIAL RISK FACTORS

Our business faces risks including those set out in "Risk Factors" in this prospectus. As different investors may have different interpretations and criteria when determining the significance of a risk, you should read the "Risk Factors" section in its entirety before you decide to invest in our Offer Shares. Some of the major risks that we face include: (i) we may fail to provide services that cater to the preferences of our brand customers, or our marketing service business may not be successful in achieving the desired outcomes; (ii) if the FMCG outdoor marketing market in China grows more slowly than expected or fails to grow, it could adversely affect the demand for our service; (iii) the FMCG outdoor marketing market in China is highly competitive, and we may not continue to compete successfully; (iv) our business depends on our ability to maintain our existing brand customers, especially our KA customers, and our ability to attract new brand customer; (v) our success is closely linked to the success of our brand customers. As we operate in the FMCG outdoor marketing market, our performance is dependent on their ability to succeed in their respective industries; (vi) we may not be able to find suitable sites for our vending machines on commercially acceptable terms, if at all. Any substantial increase in occupancy fee and/or utilization cost, non-renewal, or unexpected early termination of cooperation agreements may affect our business; and (vii) if we fail to achieve our vending machine network expansion plan as expected, our business, financial condition and results of operations may be materially and adversely affected.

RECENT DEVELOPMENTS

Operational and Financial Performance since December 31, 2023

Our business experienced growth after December 31, 2023 as a result of our continuous efforts to enhance our competitiveness coupled with overall post-COVID-19 recovery. In the month ended January 31, 2024, 89 new projects were awarded to us with a total contract value of RMB65.1 million, compared with 20 new projects with a total contract value of RMB9.3 million in the same period in 2023. The substantial increases in the number of new projects awarded to us and overall contract value were primarily attributable to increased business demand in 2024, as business activities were still in recovery in January 2023 after the lifting of COVID-19-related restrictions in late 2022, compared with January 2024 when such recovery had been ongoing for a year.

No Material Adverse Change

Our Directors confirm that up to the date of this prospectus, there had been no material adverse change in our financial, operational or prospects since December 31, 2023, being the latest balance sheet date of our consolidated financial statements as set out in the Accountants' Report in Appendix I to this prospectus.

Regulation on Overseas Listing

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) (the "Overseas Listing Trial Measures") and relevant supporting guidelines, which came into effect on March 31, 2023. The Overseas Listing Trial Measures comprehensively improve and reform the existing regulatory regime for overseas listing of PRC domestic companies' securities and regulate both direct and indirect overseas listing of PRC domestic companies' securities. Pursuant to the Overseas Listing Trial Measures, where a PRC domestic company submits an application for listing to competent overseas regulators or overseas stock exchanges, such issuer must file with the CSRC within three business days after such application is submitted. As advised by our PRC Legal Adviser, we are required to go through the filing procedures with the CSRC under the Overseas Listing Trial Measures.

We submitted the required filing documents to the CSRC on September 6, 2023, and obtained the Record-filing Notice of Overseas Offering and Listing on January 17, 2024. As advised by our PRC Legal Adviser, we have completed the CSRC filing as required by Overseas Listing Trial Measures.

DIVIDENDS

No dividend has been paid or declared by us during the Track Record Period. Currently, we do not have a formal dividend policy or a fixed dividend payout ratio. Our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Companies Act. In addition, our Directors may from time to time pay such interim dividends as our Board considers to be justified by our profits and overall financial requirements, or special dividends of such amounts and on such dates as they deem appropriate. Under the Cayman Companies Act, a Cayman Islands company may pay a dividend out of its profits or the credit standing to its share premium account, provided that immediately after the date on which the dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business. As advised by our Cayman Islands legal adviser, a position of accumulated losses does not necessarily restrict us from declaring and paying dividends to our Shareholders, as dividends may still be declared and paid out of our share premium account, provided that, immediately after payment of the dividend, we are able to pay our debts as they fall due in the ordinary course of business.

IMPACT OF THE COVID-19 PANDEMIC ON OUR OPERATIONS

On January 30, 2020, the International Health Regulations Emergency Committee of the World Health Organization declared the novel coronavirus disease 2019 (the "COVID-19") outbreak a public health emergency of international concern, and on March 11, 2020, the World Health Organization declared the global COVID-19 outbreak a pandemic. Since the COVID-19 outbreak, a series of precautionary and control measures have been implemented worldwide to contain the virus.

In 2022, the recurrence of the COVID-19 pandemic presented challenges to our business, resulting in a decrease in our gross profit margin compared to 2021. Lockdown measures implemented in specific cities led to reduced business activities and foot traffic, resulting in a decline in our overall gross profit from marketing services and merchandise sales. Despite the decrease in business activities, fixed costs such as depreciation charges continued, contributing to the downward pressure on our overall gross profit margin in 2022. We also experienced decrease in newly registered users and average MAUs in 2022 from that in 2021, mainly due to the reduced marketing activities from brand customers and reduced foot traffic as impact by COVID-19 in that year.

In response to the impact of COVID-19, throughout 2022 and early 2023, we adjusted the layout of vending machines across various cities and locations to enhance the economic efficiency of each vending machine. Despite the challenges of conducting offline marketing campaigns in 2022, we organized online marketing events as an alternative. As of the Latest Practicable Date, we did not experience material business disruptions or operating difficulties due to the COVID-19 pandemic.

As the COVID-19 pandemic has since subsided, we do not anticipate further adverse impact on our business and financial performance.

OUR CONTROLLING SHAREHOLDERS

Immediately upon completion of the Global Offering (assuming the options granted under the Stock Incentive Plan are not exercised), the Concert Parties (namely Ms. Yin, Ms. YIN Juelian (殷珏蓮), Mr. CAO Liwen (曹理文), Mr. WU Wenhong (吳文洪), Mr. HUANG Aihua (黃愛華) and Mr. QIAN Jun (錢俊)) will be entitled to exercise approximately 39.27% of the voting power at general meetings of our Company. Therefore, the Concert Parties together with the relevant holding vehicles (i.e. Jovie Holding Limited, Beyond Branding, Helenatest Holding Limited, Q-robot, Iwan Holding Limited, Kiosk Joy, INSIGMA, NeoWay Holding Limited, NeoBox and Q-robot shop), are considered as a group of our Controlling Shareholders upon Listing. See "Relationship with Our Controlling Shareholders."

PRE-IPO INVESTMENTS

Our Group has obtained several rounds of investments, including Series Seed Financing, Series Angel Financing, Series A Financing, Series B Financing, Series C Financing, Series D Financing, Series E Financing, Series E+ Financing and Series F Financing. For details of the background of the Pre-IPO Investors and the principal terms of the Pre-IPO Investments, see "History, Reorganization and Corporate Structure – Pre-IPO Investments."

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, the Shares in issue, the Offer Shares to be issued by us pursuant to the Global Offering and any Shares which may be issued pursuant to the exercise of the options granted under the Stock Incentive Plan.

GLOBAL OFFERING STATISTICS[1]

	Based on the Offer Price of HK$25.00 per Offer Share	Based on the Offer Price of HK$29.70 per Offer Share
Market capitalization of our Shares[2]	HK$6,567.6 million	HK$7,802.4 million
Unaudited pro forma adjusted consolidated net tangible assets per Share[3]	HK$5.34	HK$5.68

Notes:

(1) *All statistics in this table are on the assumption that the options granted under the Stock Incentive Plan are not exercised.*

(2) *The calculation of market capitalization is based on 19,704,000 Shares expected to be in issue immediately after completion of the Global Offering, which will increase to 262,705,446 Shares in issue immediately following completion of the Global Offering.*

(3) *The pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Offer Share is calculated after making the adjustments referred to in "Financial Information – Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Assets" and on the basis that 262,705,446 Shares were in issue assuming the Global Offering has been completed on December 31, 2023.*

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$465.0 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering and assuming an Offer Price of HK$27.35 per Share, which is the mid-point of the indicative Offer Price range stated in this prospectus. If the Offer Price is set at HK$29.70 per Share, which is the high end of the indicative Offer Price range, the net proceeds from the Global Offering will increase by approximately HK$44.4 million. If the Offer Price is set at HK$25.00 per Share, which is the low end of the indicative Offer Price range, the net proceeds from the Global Offering will decrease by approximately HK$44.4 million.

Assuming an Offer Price at the mid-point of the Offer Price range, we currently intend to apply these net proceeds for the following purposes: (i) 32.0%, or approximately HK$148.8 million, will be allocated to expand our vending machine network and increase market penetration; (ii) 13.0%, or approximately HK$60.5 million, will be allocated to provide enhanced marketing service, with a focus on improving user operations and enhancing our service offerings through expanding our user base and continuing to enhance our membership system and recruiting additional marketing planning personnel; (iii) 15.0%, or approximately HK$69.7 million, will be allocated to further expand our brand customer base by enhancing our brand awareness; (iv) 20.0%, or approximately HK$93.0 million, will be allocated to enhance our technological capabilities and research and development efforts, with the goal of improving operational efficiency; (v) 10.0%, or approximately HK$46.5 million, will be allocated to pursuing strategic alliances and acquisitions; and (vi) 10.0%, or approximately HK$46.5 million, will be used for our general working capital and general corporate purposes.

LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately RMB67.1 million (HK$73.9 million) at the Offer Price of HK$27.35 per Share, representing 13.7% of the total gross proceeds from the Global Offering of approximately HK$538.9 million. We estimate the listing expenses to consist of approximately RMB19.6 million (HK$21.6 million) in underwriting fees and RMB47.5 million (HK$52.3 million) in non-underwriting fees (which consist of fees and expenses of legal advisors and our Reporting Accountant of approximately RMB29.3 million (HK$32.2 million) and other fees and expenses of approximately RMB18.2 million (HK$20.1 million)). As of December 31, 2023, we incurred listing expenses of RMB28.6 million (HK$31.5 million), of which (i) RMB25.3 million (HK$27.8 million) was charged to the consolidated statements of profit or loss for the year ended December 31, 2023 and (ii) RMB3.3 million (HK$3.7 million) was directly attributable to the offering and listing of our Offer Shares and recognized as deferred listing expenses and will be deducted from equity upon the Listing.

We estimate that additional listing expenses of approximately RMB38.5 million (HK$42.4 million) (based on the Offer Price of HK$27.35 per Offer Share) will be incurred by our Company, approximately RMB17.6 million (HK$19.4 million) of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB20.9 million (HK$23.0 million) of which is directly attributable to the offering and listing of our Offer Shares and expected to be recognized as a deduction in equity directly upon the Listing. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

In this prospectus, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below. Certain other terms are defined in the section headed "Glossary of Technical Terms" in this prospectus.

"Accountants' Report"	the accountants' report prepared by Ernst & Young, the text of which is set out in Appendix I to this prospectus
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong (formerly known as the Financial Reporting Council of Hong Kong)
"Ai Liang Shan"	Ai Liang Shan Holdings Limited, a limited liability company incorporated in the BVI on February 15, 2023 and one of our Pre-IPO Investors
"Articles" or "Articles of Association"	the articles of association of our Company conditionally adopted on May 5, 2024 with effect from the Listing Date and as amended from time to time, a summary of which is set out in Appendix III to this prospectus
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Banyan Pacific"	Banyan Pacific Technology Investment Limited, a limited liability company incorporated in the BVI on December 12, 2013 and one of our Pre-IPO Investors
"Beyond Branding"	Beyond Branding Limited, a limited liability company incorporated in the BVI on June 10, 2021, wholly-owned by Jovie Trust, and one of our Controlling Shareholders
"Beyond Marketing"	Beyond Marketing Holding Limited, a limited liability company incorporated in the BVI on June 8, 2021 and one of our Pre-IPO Investors
"Board of Directors", "Board" or "our Board"	the board of Directors

"BPC"	BPC Alpha Limited, a limited liability company incorporated in the BVI on April 4, 2022 and one of our Pre-IPO Investors
"Business Day"	a day on which banks in Hong Kong are open generally for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"BVI"	the British Virgin Islands
"Capital Market Intermediaries" or "capital market intermediary(ies)" or "CMI(s)"	the capital market intermediaries participating in the Global Offering and has the meaning ascribed thereto under the Listing Rules
"Cayman Companies Act" or "Companies Act"	the Companies Act (As Revised) of the Cayman Islands, (Cap. 22, Law 3 of 1961), as amended or supplemented or otherwise modified from time to time
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"China" or "PRC"	the People's Republic of China excluding, for the purposes of this document, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"CIC" or "Industry Consultant"	China Insights Industry Consultancy Limited, our industry consultant
"CIC Report"	the industry report commissioned by our Company and independently prepared by CIC, a summary of which is set forth in the section headed "Industry Overview" in this prospectus
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Company", "our Company" or "the Company"	Qunabox Group Limited (趣致集團), an exempted company with limited liability incorporated in the Cayman Islands on June 15, 2021
"Concert Parties"	refers to Ms. Yin, Ms. YIN Juelian (殷珏蓮), Mr. CAO Liwen (曹理文), Mr. HUANG Aihua (黃愛華), Mr. QIAN Jun (錢俊) and Mr. WU Wenhong (吳文洪), and "Concert Party" means any one of them
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to the Concert Parties and their respective holding vehicles, further details of which are set out in the section headed "Relationship with Our Controlling Shareholders" in this prospectus
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"CSRC Archive Rules"	the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定) issued by the CSRC, Ministry of Finance of the PRC, National Administration of State Secrets Protection of the PRC, and National Archives Administration of the PRC (effective from March 31, 2023), as amended, supplemented or otherwise modified from time to time
"CSRC Filing Rules"	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) and supporting guidelines issued by the CSRC (effective from March 31, 2023), as amended, supplemented or otherwise modified from time to time
"CSRC Rules"	the CSRC Filing Rules and the CSRC Archive Rules

"Director(s)"	the director(s) of our Company
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
"Ferry Phase III"	Shanghai Yuanqu Enterprise Management, L.P. (上海源趣叁期企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on October 25, 2021 and one of our Pre-IPO Investors
"FINI"	Fast Interface for New Issuance, an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listing applicants
"General Rules of HKSCC"	General Rules of HKSCC published by the Stock Exchange and as amended from time to time
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group", "our Group", "our", "we" or "us"	our Company and its subsidiaries and branch companies from time to time or, where the context so requires, in respect of the period prior to our Company having become the holding company of its present subsidiaries and branch companies, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Hainan Quzhi"	Hainan Quzhi Network Technology Co., Ltd. (海南趣致網絡科技有限公司), a limited liability company established in the PRC on June 12, 2023 and a wholly-owned subsidiary of Qunabox HK
"Helena Trust"	a trust established on August 27, 2021 by Ms. YIN Juelian (殷珏蓮) as settlor and one of the beneficiaries
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	the Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

"**HKSCC EIPO**"	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant's stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"HKSCC Operational Procedures"	the Operational Procedures of HKSCC in relation to CCASS containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time in force
"HKSCC Participant"	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Offer Shares"	the 1,970,400 Offer Shares initially offered by us for subscription pursuant to the Hong Kong Public Offering (subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus)
"Hong Kong Public Offering"	the offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong at the Offer Price (plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%) on and subject to the terms and conditions stated in this prospectus, as further described in the paragraph headed "Structure of the Global Offering – The Hong Kong Public Offering" in this prospectus
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited

"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering set out in section headed "Underwriting – Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated May 15, 2024 relating to the Hong Kong Public Offering and entered into by, among others, our Company, our Controlling Shareholders, the Sole Sponsor, the Sole Overall Coordinator and the Hong Kong Underwriters, as further described in the section headed "Underwriting" in this prospectus
"IFRS"	International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and International Accounting Standards and interpretation issued by International Accounting Standards Committee
"Independent Third Party(ies)"	any person(s) or entity(ies) which, to the best of our Directors' knowledge, information and belief having made all reasonable enquiries, is not a connected person of our Company within the meaning of the Listing Rules
"INSIGMA"	INSIGMA Limited, a limited liability company incorporated in the BVI on June 8, 2021, wholly-owned by Mr. WU Wenhong (吳文洪), and one of our Controlling Shareholders
"International Offer Shares"	the 17,733,600 Offer Shares, being initially offered by us for subscription under the International Offering (subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus)

"International Offering"	the conditional placing of the International Offer Shares at the Offer Price (plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%) outside the United States in offshore transactions in reliance on Regulation S, as further described in the section headed "Structure of the Global Offering" in this prospectus
"International Underwriters"	the group of international underwriters expected to enter into the International Underwriting Agreement relating to the International Offering
"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering expected to be entered into by, among others, our Company, our Controlling Shareholders, the Sole Sponsor, the Sole Overall Coordinator and the International Underwriters, on or before the Price Determination Date
"Joint Bookrunners"	the joint bookrunners as named in the section headed "Directors and Parties Involved in the Global Offering" in this prospectus
"Joint Lead Managers"	the joint lead managers as named in the section headed "Directors and Parties Involved in the Global Offering" in this prospectus
"Jovie Trust"	a trust established on August 27, 2021 by Ms. Yin as the settlor and one of the beneficiaries
"Kiosk Joy"	Kiosk Joy Holding Limited, a limited liability company incorporated in the BVI on June 10, 2021, wholly-owned by Liwen Trust, and one of our Controlling Shareholders
"Latest Practicable Date"	May 7, 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus before its publication
"Lighthouse"	Yuanzhan Equity Investment Management (Shanghai) Co., Ltd. (遠瞻股權投資管理(上海)有限公司), a limited liability company established in the PRC on May 26, 2011 and one of our Pre-IPO Investors

"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Committee"	the listing sub-committee of the board of directors of the Stock Exchange
"Listing Date"	the date, expected to be on or about Monday, May 27, 2024 on which the Shares are listed on the Stock Exchange and dealings in the Shares on the Main Board first commence
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Liwen Trust"	a trust established on September 24, 2021 by Mr. CAO Liwen (曹理文) as settlor and the beneficiary
"M&A Rules"	the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Inventors (《關於外國投資者併購境內企業的規定》)
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company conditionally adopted on May 5, 2024 with effect from the Listing Date and as amended from time to time a summary of which is set out in Appendix III to this prospectus
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"Ms. Yin"	Ms. YIN Juehui (殷珏輝), our key founder, an executive Director, chairwoman of our Board, our chief executive officer and one of our Controlling Shareholders
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)

"NeoBox"	NeoBox Holding Limited, a limited liability company incorporated in the BVI on June 10, 2021, wholly-owned by Mr. HUANG Aihua (黃愛華), and one of our Controlling Shareholders
"Nomination Committee"	the nomination committee of our Board
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%) at which the Offer Shares are to be subscribed or purchased pursuant to the Global Offering as described in the section headed "Structure of the Global Offering" in this prospectus
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares, being the Shares of the Company
"Overseas Listing Trial Measures"	the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Legal Adviser"	Merits & Tree Law Offices, the legal advisers to our Company as to PRC law
"Pre-IPO Investment(s)"	the investment(s) in our Group undertaken by the Pre-IPO Investors before the Global Offering, details of which are set out in the paragraph headed "History, Reorganization and Corporate Structure – Pre-IPO Investments" in this prospectus
"Pre-IPO Investor(s)"	the investor(s) who acquired interest in our Group pursuant to the relevant capital increase agreement(s), equity transfer agreement(s) and share purchase agreement(s), details of which are set out in the section headed "History, Reorganization and Corporate Structure" in this prospectus

"Price Determination Agreement"	the agreement to be entered into by the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date to record the Offer Price
"Price Determination Date"	the date on which the Offer Price is to be determined
"Q-robot"	Q-robot Holding Limited, a limited liability company established in the BVI on June 10, 2021, wholly-owned by Helena Trust, and one of our Controlling Shareholders
"Q-robot shop"	Q-robot shop Limited, a limited liability company incorporated in the BVI on June 8, 2021, wholly-owned by Mr. QIAN Jun (錢俊), and one of our Controlling Shareholders
"QFUN"	QFUN Holding Limited, a limited liability company incorporated in the BVI on June 8, 2021 and one of our Pre-IPO Investors
"QFUN Tech"	QFUN Tech Group LTD, a limited liability company incorporated in the BVI on June 8, 2021 and one of our Pre-IPO Investors
"Qunabox HK"	Qunabox Group Hongkong Limited (香港趣致有限公司), a limited company incorporated under the laws of Hong Kong on July 12, 2021 and a direct wholly-owned subsidiary of our Company
"Quzhi Xiamen"	Xiamen Quzhi Technology Co., Ltd. (廈門趣致科技有限公司), a limited liability company established under the laws of the PRC on May 22, 2015 and a former subsidiary of our Company which was deregistered on April 24, 2022
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of our Board
"Renminbi" or "RMB"	Renminbi, the lawful currency of China

"Reorganization"	the reorganization undertaken by our Group in preparation for the Listing, details of which are set out in the paragraph headed "History, Reorganization and Corporate Structure – Reorganization" in this prospectus
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAFE Circular 37"	the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) promulgated by the SAFE on July 14, 2014
"SAIC"	the State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), currently known as SAMR
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局), formerly known as SAIC
"SASAC"	the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"Series A Preferred Shares"	the series A preferred shares of our Company with a par value of US$0.00001 per share
"Series Angel Preferred Shares"	the series Angel preferred shares of our Company with a par value of US$0.00001 per share
"Series B Preferred Shares"	the series B preferred shares of our Company with a par value of US$0.00001 per share
"Series C Preferred Shares"	the series C preferred shares of our Company with a par value of US$0.00001 per share

"Series D Preferred Shares"	the series D preferred shares of our Company with a par value of US$0.00001 per share
"Series E Preferred Shares"	the series E preferred shares of our Company with a par value of US$0.00001 per share
"Series E+ Preferred Shares"	the series E+ preferred shares of our Company with a par value of US$0.00001 per share
"Series F-1 Preferred Shares"	the series F-1 preferred shares of our Company with a par value of US$0.00001 per share
"Series F-2 Preferred Shares"	the series F-2 preferred shares of our Company with a par value of US$0.00001 per share
"Series Seed-1 Preferred Shares"	the series Seed-1 preferred shares of our Company with a par value of US$0.00001 per share
"Series Seed-2 Preferred Shares"	the series Seed-2 preferred shares of our Company with a par value of US$0.00001 per share
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SGD"	Singapore dollars, the lawful currency of Singapore
"Shanghai Eaglespeed"	Shanghai Eaglespeed Enterprise Management Partnership (Limited Partnership) (上海鷹之速企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on October 20, 2021 and one of our Pre-IPO Investors
"Shanghai Hongjiuqu"	Shanghai Hongjiuqu Enterprise Management Partnership (Limited Partnership) (上海弘玖趣企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on September 23, 2021 and one of our Pre-IPO Investors
"Shanghai Junna"	Shanghai Junna Enterprise Management Partnership (Limited Partnership) (上海君拿企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on October 20, 2021 and one of our Pre-IPO Investors

"Shanghai Quleduo"	Shanghai Quleduo Information Technology Consulting Co., Ltd. (上海趣樂多信息技術諮詢有限責任公司), a limited liability company established under the laws of the PRC on August 3, 2021 and a subsidiary of our Company
"Shanghai Quna"	Shanghai Quna Network Technology Co., Ltd. (上海趣致網絡科技有限公司), a limited liability company established under the laws of the PRC on July 18, 2013 and a subsidiary of our Company
"Shanghai Quxuan"	Shanghai Quxuan E-commerce Co., Ltd. (上海趣選電子商務有限公司), a limited liability company established under the laws of the PRC on March 29, 2018 and a subsidiary of our Company
"Shanghai Quzhi"	Shanghai Quzhi Network Technology Co., Ltd. (上海趣至網絡科技有限公司), a limited liability company established under the laws of the PRC on December 17, 2021 and a subsidiary of our Company
"Shanghai Xiangyiqu"	Shanghai Xiangyiqu Business Management Partnership (Limited Partnership) (上海湘宜趣企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on October 27, 2021 and one of our Pre-IPO Investors
"Shanghai Yingmaisheng"	Shanghai Yingmaisheng Enterprise Management Partnership (Limited Partnership) (上海鷹脈升企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on October 20, 2021 and one of our Pre-IPO Investors
"Shanghai Yuanjizhi"	Shanghai Yuanjizhi Enterprise Management, L.P. (上海源及致企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on November 1, 2021 and one of our Pre-IPO Investors
"Shanghai Yuanyuqu"	Shanghai Yuanyuqu Enterprise Management, L.P. (上海源與趣企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on November 1, 2021 and one of our Pre-IPO Investors

"Shanghai Zhiqu"	Shanghai Zhiqu Technology Co., Ltd. (知驅(上海)科技有限公司), a limited liability company established under the laws of the PRC on November 19, 2020 and a subsidiary of our Company
"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of US$0.00001 each
"Shareholder(s)"	holder(s) of our Share(s)
"Singapore"	the Republic of Singapore
"Sinoace"	Sinoace Holdings Limited, a limited company incorporated in Hong Kong on February 25, 2020 and one of our Pre-IPO Investors
"Sole Global Coordinator"	the sole global coordinator as named in the section headed "Directors and Parties Involved in the Global Offering" in this prospectus
"Sole Overall Coordinator"	Haitong International Securities Company Limited
"Sole Sponsor"	Haitong International Capital Limited
"Stock Incentive Plan"	the stock incentive plan of our Company approved and adopted by our Company on September 22, 2021, details and principal terms of which are set out in the paragraph headed "Statutory and General Information – D. Stock Incentive Plan" in Appendix IV to this prospectus
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Takeovers Code"	the Code on Takeovers and Mergers and Share Buy-backs published by the SFC, as amended, supplemented or otherwise modified from time to time
"Termi Smart"	TERMI SMART PTE. LTD., a private company limited by shares incorporated in Singapore on January 31, 2024 and a subsidiary of our Company
"Track Record Period"	the financial years ended December 31, 2021, 2022 and 2023

"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "U.S."	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
"US$" or "USD" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"**White Form eIPO**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of the **White Form eIPO** Service Provider at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"Xiamen C&D"	Xiamen C&D Emerging Industry Equity Investment No. 1 Partnership (Limited Partnership) (廈門建發新興產業股權投資壹號合夥企業(有限合夥)), a limited partnership established in the PRC on June 27, 2016 and one of our Pre-IPO Investors
"Yunshang Meiji"	Shanghai Yunshang Meiji Network Technology Co., Ltd. (上海雲上美集網絡科技有限公司), a limited liability company established under the laws of the PRC on June 15, 2023 and a subsidiary of our Company
"Zhejiang Quxiang"	Zhejiang Quxiang Network Technology Co., Ltd. (浙江趣享網絡科技有限公司), a limited liability company established under the laws of the PRC on June 12, 2023 and a subsidiary of our Company
"%"	per cent

This glossary contains terms used in this document in connection with us. As such, these terms and their meanings may not correspond to standard industry meanings or usages of these terms.

"AAU"	average number of active users of our online platform for the periods indicated
"AI"	artificial intelligence, simulation of human intelligence by machines
"algorithm"	a procedure or formula for solving a problem, based on conducting a sequence of specific actions, especially by a computer
"app" or "application"	application software designed to run on smartphones and other mobile devices
"brand customers"	corporate customers that comprise brand owners and marketing agents
"brand owner"	(i) a corporate customer that directly owns or exclusively distributes the brands, or (ii) a related entity of such corporate customer
"CAGR"	compound annual growth rate, representing the year-over-year growth rate of a value over a specified period of time taking into account the effects of compounding and calculated by subtracting one from the result of dividing the ending value by its beginning value raised to the power of one divided by the period length
"cloud"	a network of remote servers hosted on the internet/intranet and used to store, manage, and process data in place of local servers or personal computers
"COVID-19"	coronavirus disease 2019, a disease caused by a novel virus designated as severe acute respiratory syndrome coronavirus 2
"customer relationship management" or "CRM"	a strategy for managing an organization's relationships and interactions with customers and potential customers, including automatic analysis of sales and marketing strategies, and customer services, as well as implementations procedures

"data analytics"	the use of advanced analytic techniques against very large, diverse data sets to uncover hidden patterns, unknown correlations, market trends, customer preferences, and other useful information that can help organizations make more informed business decisions
"Douyin"	a short-form video hosting service owned by ByteDance Ltd. (字節跳動有限公司)
"face recognition"	a technology that uses computers to process, analyze and understand human facial images
"FMCG"	fast-moving consumer goods, which generally comprise daily-use products, including food and beverages, beauty and skin care products and daily necessities. FMCGs are characterized by shorter shelf life, higher consumption frequency and highly iterative preferences from consumers
"GDP"	Gross Domestic Product
"Gen-Y/Z"	generational cohort born between 1981 and 2010
"industrial personal computer" or "IPC"	a computer intended for industrial purposes (production of goods and services), with a form factor between a nettop and a server rack
"IoT"	Internet of Things, which describes physical objects (or groups of such objects) with sensors, processing ability, software and other technologies that connect and exchange data with other devices and systems over the Internet or other communications networks
"KA customer"	key account customer, those that sourced our marketing service and contributed at least RMB5.0 million to our total gross sales (with tax included) for the relevant year during the Track Record Period
"KOL"	key opinion leaders, those individuals who are able to exert influence on content consumers through the active sharing of self-curated content across various social media channels
"kWh"	kilowatt-hour, a non-SI unit of energy

"LCD"	liquid-crystal display
"machine learning"	the scientific study of algorithms and statistical models that computer systems use to effectively perform specific tasks without being explicitly programmed to do so
"marketing agent"	a corporate customer that acts on behalf of brand owners as their agent to procure marketing service or services
"MAU"	monthly active users, referring to the aggregate number of registered users that have logged on to our user platform at least once within a calendar month
"Maximum MAUs"	referring to maximum MAUs for the relevant years
"MCN"	multi-channel network, a company or entity that works with multiple channels and content creators including KOLs, consulting or assisting towards success on streaming video platforms
"new middle class"	typically refers to the group of people whose annual income exceeds RMB150,000
"new tier one cities"	in this prospectus, Hangzhou, Chengdu, Chongqing, Tianjin, Xi'an, Wuhan, Changsha, Zhengzhou, Nanjing, Suzhou, Wuxi, Ningbo, Fuzhou, Xiamen, Dongguan, Foshan, Hefei, Jinan and Qingdao
"non-KA customers"	customers that sourced our marketing service and contributed less than RMB5.0 million to our total gross sales (with tax included) for the relevant year during the Track Record Period
"number of vending machines"	number of vending machines that distribute or retail FMCG products at least once on a given date
"outdoor marketing"	advertising and promotional activities that take place outdoor to reach consumers in public places
"PC"	personal computer, a multi-purpose computer whose size, capabilities, and price make it feasible for individual use
"QR code"	a two-dimensional version of the barcode, typically made up of black and white pixel patterns

"R&D"	research and development
"registered users"	the end users who register with and log on to our online platform through their smart mobile phone devices as of a particular date
"return on investment" or "ROI"	financial ratios used to calculate the benefit an investor will receive in relation to their investment cost
"ROM"	read-only memory, a type of non-volatile memory used in computers and other electronic devices. Data stored in ROM cannot be electronically modified after the manufacture of the memory device
"sensor"	a device, module, machine, or subsystem whose purpose is to detect events or changes in its environment and send the information to other electronics, frequently a computer processor
"SKU(s)"	stock keeping unit(s), which is a unique code consisting of letters and numbers that identify each product and is used to identify and track inventory or stock
"SMS"	short message service, a basic communications technology for mobile data transfer and is characterized by the exchange of short alphanumeric text messages between digital line and mobile devices
"social media platform"	an internet-based form of communication. Social media platforms allow users to have conversations, share information and create web content, having forms including blogs, micro-blogs, wikis, social networking sites, photo-sharing sites, instant messaging, video-sharing sites, podcasts, widgets, virtual worlds, and more
"sq.m."	square meters
"third-party media resources"	media resources offered by third-parties primarily including SMS data packages and social media platform resources
"tier one cities"	in this prospectus, Beijing, Shanghai, Guangzhou and Shenzhen

"tier two cities"	in this prospectus, Changzhou, Nantong, Wuhu, Nanchang, Xuzhou, Wenzhou, Taiyuan, Kunshan and Yantai
"UGC"	user-generated content, also known as consumer-generated content, is original, brand-specific content created by customers and published on social media or other channels. UGC comes in many forms, including images, videos, reviews, a testimonial, or even a podcast
"USB"	Universal Serial Bus, a specification to establish communication between devices and a host controller (usually a personal computer) which has effectively replaced a variety of interfaces such as serial and parallel ports
"voice recognition"	a technology that uses machine-learning algorithms to convert spoken language to computer-processable inputs, such as keystrokes, binary codes or character sequences
"WeChat mini program"	an application program that can be used on the WeChat platform without downloading and installing. It is mainly provided to enterprises, governments, media, other organizations or individuals on the WeChat platform to provide services
"WeChat Moments"	also known as "Friends' circle", a function of the WeChat platform launched in 2012. It serves new social-networking functions for WeChat user, including that users can share and get access to accepted WeChat friends' information, creating an intimate and private communicating circle within the users' choice of close friends
"Weibo"	a Chinese microblogging website and one of the biggest social media platforms in China
"Xiaohongshu"	a popular lifestyle platform in China that inspires users to discover and connect with a range of diverse lifestyles

This prospectus contains forward-looking statements relating to our plans, objectives, beliefs, expectations, predictions and intentions, which are not historical facts and may not represent our overall performance for the periods of time to which such statements relate. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks, uncertainties and other factors facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- our ability to attract customers and further enhance our brand recognition;
- changes to the economic, political and regulatory environment in the industry and markets in which we operate;
- future developments, trends and conditions in the industry and markets in which we operate;
- effects of the global financial markets and economic crisis;
- our financial conditions and performance;
- our dividend policy; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

In some cases, we use the words “aim”, “anticipate”, “believe”, “can”, “continue”, “could”, “estimate”, “expect”, “going forward”, “intend”, “ought to”, “may”, “might”, “plan”, “potential”, “predict”, “project”, “seek”, “should”, “will”, “would” and similar expressions to identify forward-looking statements. In particular, we use these forward-looking statements in the sections headed “Business” and “Financial Information” in this prospectus in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

The forward-looking statements are based on our current plans and estimates and speak only as of the date they were made. We undertake no obligation to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Our Directors confirm that the forward-looking statements are made after reasonable care and due consideration. Nonetheless, due to the risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all.

Accordingly, you should not place undue reliance on any forward-looking statements in this prospectus. All forward-looking statements contained in this prospectus are qualified by reference to this cautionary statement.

An investment in our Shares involves significant risks. You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, as well as our financial statements and the related notes, and the "Financial Information" section, before deciding to invest in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In any such an event, the market price of our Shares could decline, and you may lose all or part of your investment. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-Looking Statements" in this prospectus.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Risks Relating to Our Services

We may fail to provide services that cater to the preferences of our brand customers, or our marketing service business may not be successful in achieving the desired outcomes.

Our revenue generation primarily relies on providing marketing service, the revenue from which accounted for 75.0%, 73.1% and 80.3% of our total revenue in 2021, 2022 and 2023, respectively. The core competitiveness of our business lies in our ability to satisfy various groups, including brand customers and their target consumers. Success in our industry and competition within the FMCG outdoor marketing market sector hinges on delivering effective marketing service that continuously attract existing and potential consumers, while helping our brand customers to promote their merchandise and increase market acceptance. However, we may fail to provide our services that cater to the preferences of our brand customers as well as their target consumers. Additionally, our marketing service business may not be successful in achieving the desired outcomes, which involves multiple factors beyond our control.

We currently operate in a relatively new and rapidly evolving industry with high level of innovations at different aspects. To ensure the feasibility and effectiveness of our services, we must accurately grasp ever-changing consumer preferences and consumer trends. This requires efforts in market research, as well as technological advancements facilitated by our technology. However, we may not always succeed in these endeavors or adequately cater to the preferences of existing and potential consumers. The limited talent pool in the emerging market and intense competition for skilled professionals as well as innovative merchandising abilities pose challenges in talent attraction, recruitment, retention, and motivation. Additionally, rapid technological developments and intense competition may impact our research and development efforts in cutting-edge areas, such as AI algorithms and data analytics. We cannot guarantee success in solidifying and enhancing our market position, iterating vending machine design, or enhancing our technology in a cost-effective and timely manner.

Product quality issues related to the products we promote may lead to consumer complaints, negative publicity, product liability claims, government investigations, and penalties. As we generate, process, and store certain data, the evolving regulations surrounding data management in our primary operating regions pose potential compliance risks. If any of the foregoing events occur, we could be subject to heavy costs and severe diversion of our internal resources and management attention, which will materially and adversely affect our business operations.

Due to the above reasons, we cannot assure you that we can always succeed and remain competitive in our industry, maintain or increase our market penetration, and make our services successful. And if our brand customers find our services less attractive, our revenue generation capability would be materially and adversely affected. However, any of our efforts to increase the competitiveness of our services and our brand may involve significant resource consumption including money and time, and we cannot assure you that such efforts will bring us the desired growth, improvement or monetization opportunities that will enable us to recoup our investments, and should we fail to do so, our business operations, financial condition and results of operations will be materially and adversely affected.

If the FMCG outdoor marketing market in our primary operating regions grows more slowly than expected or fails to grow, it could adversely affect the demand for our services.

Continued demand from our existing and potential brand customers to use our services depends on the widespread acceptance of our marketing service. Our future results of operations will depend on numerous factors, including:

- the demands from brand customers for interesting and cost-effective marketing service;
- the development of technologies;
- the level of marketing and sales expenses allocated to promote FMCG products;
- the emergence of alternative marketing service or business models that better address the marketing and promotional needs of our brand customers in our primary operating regions;
- the growing recognition of the benefits of FMCG outdoor marketing service;
- changes in target consumers' tastes, demands and preferences; and
- the overall economic and political conditions and level of consumer confidence and spending in our primary operating regions.

If the adoption and utilization of outdoor marketing service in our primary operating regions grows more slowly than expected or fails to grow, it would adversely affect the demand for our services. Consequently, our revenue would be negatively impacted, and our ability to pursue our growth strategy would be compromised.

The FMCG outdoor marketing market in China is highly competitive, and we may not continue to compete successfully.

The FMCG outdoor marketing market in China has witnessed growth in the past few years. According to CIC, the market size of the FMCG outdoor marketing market in China increased from RMB36.7 billion in 2019 to RMB41.3 billion in 2023 at a CAGR of 3.0% from 2019 to 2023. An increasing number of players are planning to enter the market, leading to fiercer competition in the coming future. Our primary competitors may have solid position with longer operating track records and experience particularly in their specialized areas of practice either retail or logistics services, access to better machine sites, larger scales of operations, more advanced technology infrastructures and better access to financial and managerial resources and they may be able to adopt more aggressive pricing strategies, offer a wider range of marketing service, adopt more innovative business model or sales channels, offer more comprehensive online and offline services, have more advanced and stable information technology infrastructure, engage in more aggressive promotional campaigns and have a more established customer base, which enable them to compete more effectively against us.

Furthermore, we also compete against other marketing channels. The widespread penetration of other marketing channels may reduce market demand for our services. Increased competition may reduce our market share and profitability and require us to increase our sales and marketing efforts and capital commitment in the future, which could negatively affect our results of operations. If we fail to compete effectively, we may lose our market share, and our business, financial condition and results of operations may be materially and adversely affected.

Our business depends on our ability to maintain our existing brand customers, especially our KA customers, and our ability to attract new brand customers.

Regarding our marketing service business, we served 174, 130 and 291 brand customers in 2021, 2022 and 2023, respectively, among which, we had 27, 28 and 47 KA customers in the same years, respectively. For details, see "Business – Overview – Our Value Propositions" in this prospectus. Our contracts with our brand customers are typically on an individual project basis, and we generally do not enter into long term business contracts with them. Therefore, we may have limited visibility as to our future revenue stream and our ability to continue to grow our revenue and profit from our marketing service will depend in large part on our ability to expand our business with our current brand customers and to attract new brand customers. During the Track Record Period, our revenue generated from repeat customers amounted to RMB251.9 million, RMB252.9 million and RMB322.8 million in 2021, 2022 and 2023, respectively. We rely on various factors, including our ability to demonstrate outstanding marketing performance, and our reputation in the industry to attract brand customers to engage us for our marketing service and continue purchasing our services. We cannot guarantee that our marketing service will remain attractive, nor can we guarantee that we would be able to continue to upsell our existing brand customers or attract new brand customers for our business. If we are unable to maintain our business with existing brand customers or attract new brand customers, then our sales will decrease and our operating results will be materially and adversely affected.

Our revenue is closely linked to the success and marketing expenditure of our brand customers. If our brand customers reduce their expenditure in marketing or opt to develop their own in-house commercial capabilities rather than using our services, our revenue-generating ability may be negatively impacted.

The development of China's FMCG outdoor marketing market has been driven substantially by strong demand from FMCG brands for cost-effective marketing service, development of technologies, and growing recognition of the benefits of FMCG outdoor marketing service. Our success is substantially dependent upon the success of our brand customers, who are primarily enterprises from the FMCG industry in China. As we continue to expand and optimize our customer base, our future success will also be tied to the success of our future brand customers. However, there is no assurance that our brand customers will operate successfully or maintain or increase their spending on marketing, and in particular such interesting marketing service that we offer, or at all. In addition, one of the key attractions of our services to our brand customers is our ability to help address the complexities and difficulties in promoting their products they face. The FMCG outdoor marketing market presents unique challenges such as cultural nuances, local regulations, and fierce competition. If the level of such complexities and difficulties faced by our brand customers in promoting their products declines as a result of changes in their business landscape or other factors, our brand customers may also reduce their spending on our services. Moreover, if our brand customers choose to increase their in-house support capabilities as an alternative to our services, or if other marketing services or solutions emerge on the market which our brand customers find more favorable, our services may become less important or attractive to them, and our revenue, financial condition and results of operations may decline. In the event that our brand customers reduce their spending on our services, due to foregoing reasons, among others, our marketing service business may suffer, which could materially and adversely affect our business, financial condition, results of operation and prospects.

We may not be able to find suitable sites for our vending machines on commercially acceptable terms, if at all. Any substantial increase in occupancy fee and/or utilization cost, non-renewal, or unexpected early termination of cooperation agreements may affect our business.

Our performance depends significantly on our ability to identify and secure suitable and strategically selected locations for both our existing and new vending machines on commercially acceptable terms, which is critical to the success of our existing business as well as our expansion strategy. We strategically select sites for placing our vending machines with a primary focus on commercial properties including office premises, rental apartments and shopping centers, as these places typically have a large concentration of young people who have a higher level of interest in consuming and experiencing FMCG products. We evaluate the suitability of vending machine sites by ourselves or third-party consultants. However, we cannot guarantee that these consultants will consistently deliver satisfactory results or that we will always find and secure suitable sites for our new vending machines according to our criteria and commercially acceptable terms.

We primarily source vending machine sites directly from venue operators. Once the vending machine location is determined, we enter into cooperation agreements with the venue operators to place our vending machines on their premises. We are generally allowed to deploy vending machines to designated areas on the venue operators' premises for a yearly occupancy fee plus utility cost. During the Track Record Period, our site fees amounted to RMB21.9 million, RMB31.8 million and RMB27.5 million in 2021, 2022 and 2023, respectively. Cooperation agreements with venue operators generally have terms that range from one to two years, and are generally automatically renewable unless either party objects. If the venue operators choose to terminate our cooperation early, object to renew our cooperation when the contracts expire, or if cooperation agreements are renewed with substantially higher occupancy fee and/or utility cost, or if favorable terms are not extended, our business operations will be adversely disrupted. In the event of unexpected early terminations or our inability to renew our cooperation agreements upon their expirations due to either venue operators' objection to renewal or our determination that renewal on modified terms is not in our business interest, we will have to relocate the relevant vending machines. However, we cannot assure you that we will be able to secure comparable locations based on comparable terms to relocate our vending machines in time, or at all, which could subject us to interruption to our business, renovation and other costs and risks. We therefore cannot assure that we will be able to secure our existing strategic sites on terms commercially acceptable to us. In the event that we encounter difficulties in securing suitable locations in regions that we have entered or plan to expand into, our results of operations and growth prospects may be adversely affected.

If we fail to achieve our vending machine network expansion plan as expected, our business, financial condition and results of operations may be materially and adversely affected.

Our marketing service platform heavily relies on a strategically planned network of vending machines. These vending machines not only serve as channels through which we distribute products and offer merchandise to consumers, but also play a crucial role in attracting new consumers and expanding our consumer base. Consequently, the number, location and consumer coverage of our vending machines greatly influence the effectiveness of our marketing service and our revenue generation. Future revenue growth relies, in part, on our ability to optimize and expand our vending machine network and achieve growth in various geographical regions. As of December 31, 2023, our network consisted of 7,543 vending machines, spanning 22 cities across 14 provincial administrative regions in China. In particular, we will keep focusing on the penetration trend in tier one and new tier one cities in China.

However, the successful expansion of our vending machine network and the achievement of our growth in various geographical regions are contingent upon several factors, some of which may be beyond our control. These factors include the venue operators increasing the pricing for site utilization upon contract renewal, the decrease in foot traffic due to factors such as the impact of COVID-19, or competitors securing preferred sites due to better relationships with venue operators. Identifying suitable sites with high foot traffic, desirable consumer groups, and advantageous consumption habits can be challenging. Competition for these sites within our industry may be intense, with competitors potentially already occupying prime locations or holding better bargaining power with venue operators. Additionally, we are subject to the fluctuation and volatility of such cooperations, which could result in increased costs, early termination, or non-renewal of our cooperation agreements, disrupting our business operations.

Moreover, the design, purchase and usage of an increasing number of vending machines would subject us to a significant amount of operating costs, and there is no assurance that we would be able to afford these costs and successfully execute our vending machine network expansion plan, especially considering the technological innovations we have embedded or plan to embed into our vending machines which require massive expenses. Even if we successfully expand our vending machine network, we will have to deal with increasing operating costs and greater burden on our internal business management system. However, we cannot guarantee you that the above efforts will bring commercial success and desired monetization opportunities, and should we fail to do so, our business operations, financial condition and prospects may be materially and adversely affected.

We may fail to manage our existing vending machine network due to factors beyond our control could adversely affect our business and financial performance.

Our in-depth vending machine network is the bedrock of our marketing service, through which we are able to connect a vast population of target consumers with our brand customers. As of December 31, 2023, our network consisted of 7,543 vending machines, spanning 22 cities across 14 provincial administrative regions in China. For details, see "Business – Our Vending Machine Network" in this prospectus. However, we may not achieve desirable utilization of our existing vending machines due to factors beyond our control. These factors include declines in foot traffic resulting from venue layout alterations or the impact of pandemics such as COVID-19, as well as diminished foot traffic due to the mismanagement of venue operators and the development or growth of retail stores nearby, which disperses foot traffic away from vending machines. Occasionally, some of our vending machines may remain unused or underutilized due to factors unintended by us such as low visitor flows. In such cases, we will store these vending machines at our suppliers' warehouses, and we will be responsible for the transportation and delivery fees to these locations. Furthermore, the depreciation of these idle vending machines will also have a negative impact on our financial performance. For further discussion of the depreciation of our vending machines, see "– Risks Relating to Our Financial Position and Need for Additional Capital – Impairment and depreciation of our property, plant and equipment and right-of-use assets could negatively affect our financial condition and results of operations" in this section.

Our ability to provide services is dependent on the availability of vending machines, merchandise and other goods and services from our suppliers.

We rely on our suppliers to provide a stable supply of various goods, facilities and services for our business operations, including information technology services providers, vending machine manufacturers, and manufacturers and distributors of beverages, food and other FMCGs in our primary operating regions. We cannot assure you that these suppliers will not breach their contractual obligations to us, or that our agreements will not be suspended, terminated or otherwise expire without renewal. We do not have direct control over our suppliers, and may thus experience operational difficulties due to their insufficient quality control, failure to meet supply deadlines, increase in costs, and their liquidity or solvency issues as a result of events beyond our control, including but not limited to, outbreak of pandemics or epidemics, natural disasters, acts of war, terrorism and social and economic chaos, or the deterioration of their business operations and financial condition. Moreover, we cannot guarantee that these parties are able to consistently maintain the quality of their products and services or possess the necessary manufacturing or service capabilities to meet our needs as we expand rapidly. We may not be able to find alternative suppliers if these parties are no longer able to meet our needs at acceptable costs or in a timely manner, if at all. Failure to take adequate steps to mitigate the likelihood or potential impact of such events, or to effectively manage such events if they occur, particularly when a product or service is provided with a single source, could materially and adversely affect our business, financial condition and results of operations.

Any loss or deterioration of our relationship with major suppliers, our failure to renegotiate the purchase prices with our suppliers, or to establish relationships with new suppliers would expose us to risks of shortages or unavailability of goods, and any misconduct by our suppliers and/or their employees, or negligence in our suppliers' quality control measures, would affect the quality of our services, which may adversely affect our brand name, our business, financial condition and results of operations.

Our historical financial results may not be indicative of our future performance and our success depends on our ability to execute our business strategy.

We experienced significant revenue growth during the Track Record Period. Our total revenue increased by 10.2% from RMB502.4 million in 2021 to RMB553.6 million in 2022, and further increased by 81.8% to RMB1,006.7 million in 2023. We recorded an adjusted profit (a non-IFRS measure) of RMB52.3 million, RMB78.2 million and RMB200.7 million in 2021, 2022 and 2023, respectively. We recorded an adjusted EBITDA (a non-IFRS measure) of RMB107.2 million, RMB154.6 million and RMB280.2 million in 2021, 2022 and 2023, respectively.

Our results of operations during the Track Record Period should not be considered indicative of our future performance. Our future growth, profitability and cash flows depend upon our ability to successfully execute our business strategies, which is dependent upon a number of factors, including our ability to:

- anticipate and respond to rapidly changing technological developments, and constantly evolving consumer trends and consumer preferences;
- our ability to retain and upsell our existing brand customers and acquire new brand customers, as well as their timely payments;
- maintain the success of our existing and new services;
- respond to evolvement in the market conditions and regulatory environment;
- succeed in the intense competition in the FMCG outdoor marketing market;
- develop our technology with new functionalities on a timely basis;
- expand our vending machine network to further extend our individual consumer reach;
- enhance and maintain favorable brand recognition for us and our marketing service;
- effectively manage our relationships with external suppliers; and
- maintain and expand margins through sales growth and efficiency initiatives;

There can be no assurance that we can successfully execute the foregoing business strategies in the manner or time that we expect. We may not be able to sustain our historical growth rates in future periods, and we may not be able to sustain profitability on an interim or annual basis in the future. Investors should not rely on our historical results as an indication of our future financial or operating performance. Our financial and operating results may not meet the expectations of public market analysts or investors, which could cause the future price of our Shares to decline. Therefore, you should not rely on our historical results to predict our future financial performance.

Our increase in third-party media resources procurement may lead to decrease in gross profit margin.

From 2022 to 2023, our overall gross profit margin decreased from 60.4% to 53.2%, and the gross profit margin of our standard marketing service decreased from 73.8% to 59.4%, primarily due to our increase in cost of sales, especially information technology service fees, which increased from RMB32.1 million in 2022 to RMB263.3 million in 2023. These changes were attributable to our increased procurement of third-party media resources to deliver standard marketing service, as we invested in delivering such marketing service via utilizing short video platform since early 2023, in line with our service innovation and expansion strategy.

As we offered third-party media resource procurement services to complement our ability to reach target consumers in different spaces that they generally spend their time in different life/spending scenarios and enhance our brand customers' loyalty, we deem these services to form an integral part of our business strategy. As such, there can be no assurance that we will not continue or even increase the scale of third-party media resources procurement in the foreseeable future. Therefore, our gross profit margin may continue to be adversely affected by such third-party media resources procurement.

Any interruption, or failure to fully and properly utilize our technology could impair our ability to provide services to our brand customers, and subject us to penalties, lawsuits or other risks.

The continued and smooth operation of our technology, which is comprised of our operation system and our vending machines, enables us to efficiently conduct our marketing service business. Utilizing IoT and telecommunication technologies, we designed and developed various tools integrating functional hardware modules that well fit into our overall IT infrastructure to enhance and upgrade functions and features that we introduce to, and implement on, our vending machines. For details, see "Business – Our Technology" in this prospectus. Therefore, our business operations is dependent on the proper functioning of our technology and any improper functioning, disrupted operations or material failure of our technology could interrupt our business activities.

We believe the success of our business operation depends on our AI capabilities and our technology is constructed based on complex algorithms. We incorporate AI technologies into our technology to standardize and digitalize our business process. However, such algorithms may contain "bugs", flaws or undetected errors which may affect proper functioning and reliability of our technology, and AI presents risks and challenges that may affect its adoption, and, therefore, our business and operational efficiency. For example, the datasets we use may be insufficient or contain biased information. Also, inappropriate or controversial data practices by us or other external third parties could impair the acceptance of our AI technologies which may subject us to legal liability, and brand or reputational harm and in turn affect our business, financial condition and results of operations.

In addition, the orderly functioning of our technology relies on the internet infrastructure and telecommunication network in our primary operating regions, which may be subject to damage or interruption as a result of terrorist attacks, wars, earthquakes, floods, fires, power loss, telecommunications failures, epidemics, computer viruses, interruptions in access to our platform, hacking or other attempts to harm our platform, and similar events. Should any failures in such internet infrastructure and telecommunication network occur, the operation of our business would be severely disrupted. Furthermore, our vending machines, which form an extensive sales and distribution network, are strategically located in high foot traffic sites including office premises, rental apartments, shopping centers and schools, and are thus vulnerable to break-ins, sabotage and vandalism. In addition, due to their delicate mechanical structure as well as technological design, they are also subject to errors both in hardware and software level, which may be due to defects in their original design, and would cause their malfunction and disrupted operations of our business. Should any of such damages happen, we may have to incur significant costs and resources to fix such issues, which would damage our business operations and financial condition.

Any interruptions or failures of our technology due to the above-mentioned reasons, such as interruption or failures of our own technology, failure to utilize AI properly, damage of our vending machines or instability of the internet infrastructure and telecommunication network in our primary operating regions, or other reasons which we may not be able to predict, could harm our ability to deliver our services in an efficient and satisfactory manner. Such interruptions or failures could affect the basic operation of our vending machines such as their ability to received orders and payments, impair the perceived reliability of our services, undermine the attractiveness of our services to our brand customers, reduce our revenue and profit, and damage our brand image. Moreover, if we carry out initiatives to increase the reliability of our technology, it may cause us to incur heavy costs and reduce our operating margin, and we may not be successful in reducing the frequency or duration of service interruptions, or increasing the overall performance of our technology, and our business operations and growth prospects would be materially and adversely affected.

Our results of operations are subject to seasonal fluctuations.

We have experienced, and expect to continue to experience seasonal fluctuations depending on the relevant time of a year in our results of operations. Our marketing service business is subject to seasonal fluctuations depending on the brand customers' timeline to launch and promote new products. It is an industry practice that FMCG brands typically develop and launch new products in the market in the first half of a calendar year, and therefore seek our marketing service in the second half of the calendar year. In addition, after a series of promotional activities in the second half of the calendar year by shopping malls and e-commerce platforms, individual consumers usually exhibit relatively lower purchasing willingness towards FMCG products in the following few months. Thus, we have recorded higher level of revenue in our marketing service business from the third to fourth quarters in each of 2021, 2022 and 2023, compared with the first and second quarters in the respective year. With respect to our merchandise sales business, consumer foot traffic and outdoor consumption usually decline during winter times, while consumers have relatively stronger demand for retail of beverages in warmer weather. We are also subject to seasonal fluctuation in demand from particular scenarios. For example, vending machines at schools typically have lower consumer foot traffic during summer and winter vacations. As a result of these seasonal fluctuations, comparisons of revenue and our results of operations between different periods within a single financial year are not necessarily meaningful, nor can these comparisons be relied upon as indicators of our future performance. Should there be a significant reduction in demand for our services in any particular period of any year, our business, financial condition and results of operations may be adversely affected.

We have a relatively limited operating history, which may make it difficult to evaluate our current business and predict our future performance, and we may encounter difficulties in managing our growth and expanding our operations successfully.

Our relatively limited operating history compared to some of our competitors poses challenges in evaluating our current business and accurately predicting our future performance. Given the rapidly evolving nature of our industry, it becomes even more difficult to assess our present state and make reliable projections. Our historical results may not provide a meaningful basis for evaluating our business, financial condition, results of operation and future prospects, and we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors, and may not be able to achieve promising results in future periods. If we cannot address these risks and overcome these difficulties successfully, our business and prospects will suffer.

Our business has grown increasingly complex in terms of both type and scale since our inception. Any future expansion may increase the complexity of our operations and place a significant strain on our managerial, operational, financial and human resources. Our current and planned personnel, systems, procedures and controls may not be adequate to support our future operations. We cannot assure you that we will be able to effectively manage our growth or to implement all these systems, procedures and control measures successfully. If we are unable to manage our growth effectively, our business and prospects may be materially and adversely affected.

We are also continually executing a number of new initiatives, strategies and operating plans designed to enhance our business. Our prospects for growth depend on our ability to innovate and continue to strategize new value-added services through improved technologies and marketing strategies and on our ability to effectively commercialize and monetize such innovations. These initiatives are new and evolving, some of which are still at the inception or trial stage and may prove unsuccessful, and therefore such initiatives contain inherent uncertainties. We may have to incur heavy costs on such innovations and devote a significant amount of internal resources for such development, during which course our management's attention may be diverted from our existing business operations. However, we may not be able to successfully complete our growth initiatives, strategies and operating plans or realize all of the benefits that we expect to achieve or it may be more costly to do so than we anticipate. If, for any reason, the benefits we realize are less than our estimates, or the implementation of these growth initiatives, strategies and operating plans adversely affects our operations, or it costs more or takes longer to effectuate than we expect, or if our assumptions prove inaccurate, our business, financial condition and results of operations may be materially and adversely affected.

Our success depends on consumers' active participation and their provision of real feedback.

We derive valuable consumption behavior information and consumer feedback generated from users' experience in trying FMCG products, and provide brand customers an in-depth and comprehensive insight into the marketing positioning of their brands and products. The success of our business depends in part on our ability to provide high-quality marketing service and achieve optimized marketing effects. Therefore, active and high-level consumer participation in our marketing campaigns and promotional activities is essential to our business operation process. Average MAUs and the number of paying users are key metrics for evaluating our consumers' active participations. During the Track Record Period, we observed fluctuations in both of these metrics. Our average MAUs experienced a decline from approximately 2.0 million in 2021 to approximately 1.8 million in 2022, attributable to reduced marketing activities by brand customers and decreased foot traffic, stemming from the resurgence of the COVID-19 pandemic. Nevertheless, our average MAUs increased to approximately 1.9 million in 2023, primarily due to the positive impact of offline consumption activities picking up. On the other hand, the number of our paying users grew from approximately 8.7 million in 2021 to approximately 9.7 million in 2022, driven by the expansion of our vending machine network and the enlargement of our user base. However, in 2023, our paying users declined to 7.8 million, primarily due to the loss of certain paying users as a result of adjustments made to our vending machine layout. We cannot assure you that we will consistently secure active participation from consumers or obtain their genuine feedback. Should we fail to achieve satisfactory consumer participation level, our ability to deliver quality services to our brand customers would be undermined, which would negatively affect our business, financial condition and results of operations.

We cooperate with MCNs to engage KOLs in our business, and their inappropriate actions or non-compliance with relevant laws, regulations, rules and policies may materially and adversely affect our business operations and financial condition.

During the Track Record Period, we cooperated with MCNs to engage KOLs to promote our platform. These KOLs posted marketing contents and conducted livestreaming promotional activities on social media platforms, and are subject to relevant laws and regulations relating to livestreaming promotional activities such as the *Administrative Measures for Live Streaming Marketing (for Trial Implementation)* (《網絡直播營銷管理辦法(試行)》). Our Directors are of the view that, as confirmed by our PRC Legal Adviser, (i) the purpose of this regulation is to manage entities and individuals directly participated in the live streaming sessions, including live streaming platforms, operators of live streaming rooms, live streaming marketers, and live streaming marketer service agencies. Although during the Track Record Period, under very few circumstances, we engaged KOLs through MCNs for live streaming sessions, neither we nor our employees directly participated in the live streaming sessions and are therefore not subject to this regulation, (ii) up to the Latest Practicable Date, we had complied with all relevant PRC laws and regulations in all material respects concerning online marketing, and (iii) there is no material impediment for us to comply with the relevant laws and regulations concerning online marketing. However, according to our PRC Legal Adviser, when we cooperate with MCNs to engage KOLs to conduct live streaming sessions, we are deemed as an "advertiser" subject to the *Advertisement Law of the People's Republic of China* (《中華人民共和國廣告法》) (the "**Advertisement Law**"). According to the Advertisement Law, advertisements made by advertisers shall not contain any false or misleading information, or deceive or mislead consumers. If the advertisements contained in the live sessions delivered by KOLs contain any false or misleading information, or deceive or mislead consumers, we will be subject to liabilities arising from any false or misleading information contained in such advertisements. We have adopted internal control measures to ensure the compliance with Advertisement Law. For details, see "Business – Risk Management and Internal Control – Compliance Risk Management – Compliance with the Advertisement Law." In addition, consumers may associate the brand image of our brand customers or us, with the image of these KOLs. Our brand and our customers' reputation could therefore be potentially damaged by their inappropriate actions or online posts which are beyond our control, which may in turn damage our reputation. Further, the relevant government authorities may continue to issue and promulgate new regulations and laws to encourage a healthy and orderly development of such market. If these MCNs or KOLs fail to comply with the relevant laws, regulations, rules and policies, they may negatively impact our and our brand customers' reputation and may cause loss to us and our brand customers. We cannot guarantee that these third-party MCNs or KOLs will act appropriately or comply with the relevant laws, regulations, rules and policies at all times. If they fail to do so, our and our brand customers' reputation and brand image may be tarnished, and our business operation and financial condition may be materially and adversely affected.

Our financial results could be negatively impacted if there are any changes to the pricing mechanism.

The pricing mechanism of our marketing service business could vary as our brand customers' bargaining power increases or our service scope reduces, which could adversely affect our financial results. In addition, with respect to our vending machine, if our merchandise suppliers adjust the pricing terms of the merchandise in a way unfavorable to us, such as raising the price of the merchandise they sell to us, or stop allowing us to flexibly adjust and determine merchandise price based on actual circumstances, our sales volume of such merchandise and revenue from vending machine may decrease, which would negatively affect our business, financial condition and results of operations. However, there is no guarantee that we will successfully maintain or optimize our current pricing mechanism, and our failure to do so could adversely affect our financial results.

We are subject to risks and uncertainties faced by companies in a rapidly evolving industry.

We operate in the rapidly evolving FMCG outdoor marketing market, which makes it difficult to predict our future results of operations. Our business performance is therefore exposed to risks and uncertainties related to our ability to:

- solidify and enhance our market position in the FMCG outdoor marketing market in China;
- develop and introduce attractive and popular marketing service to attract brand customers;
- retain existing brand customers and attract new brand customers;
- upgrade our technology to support our expanded marketing service offerings;
- further deepen our market penetration;
- respond to competitive market conditions;
- respond to evolving consumer preferences, market trends or industry changes;
- respond to changes in the regulatory environment and manage the associated legal risks;
- maintain effective control of our costs and expenses and achieve operational efficiency; and
- attract, retain and motivate qualified personnel.

If we are unsuccessful in addressing any of these risks and uncertainties, our business may be materially and adversely affected.

If we fail to innovate as well as adapt and respond timely and effectively to rapidly changing technologies, brand customers' preferences and new marketing trends, our business may become less competitive or obsolete.

Our future success will depend on our ability to continue to innovate, enhance and broaden our marketing service business to meet evolving marketing needs, and address technological advancements and new trends in marketing. However, we may not be able to identify and respond to these new trends in a timely or cost-effective manner, or at all.

For example, in recent years mobile apps and WeChat mini programs have become popularized rapidly in China, both of which currently serve as our content distribution and online marketing channels. However, any decrease in the popularity of those mobile apps or WeChat mini programs, or emergence of other promotion methods, such as live streaming, in the future may decrease our brand customers' willingness to maintain or increase their marketing spending on those less innovative marketing channels, which may reduce market demand for our services.

In addition, technological advancements in data analytics and new models of marketing may make our current marketing service less appealing to our brand customers. If we fail to capture the technological development opportunities in emerging areas such as AI, computer vision and data analytics, our ability to execute our growth strategy and upgrade our services to the satisfaction of our brand customers will be hampered. Further, mobile device manufacturers frequently introduce new devices, and from time to time they may introduce new operating systems or modify existing ones. We therefore need to continue to innovate as well as adapt and respond timely and effectively to rapidly changing technologies and new trends in marketing.

Besides, we design and develop, and engage third-party manufacturers to produce customized vending machines to cater to the shifting preferences of our brand customers, which requires substantial resource investment for research and development. We may not be able to develop the technologies necessary to design or develop our vending machines, license these technologies from third parties, or remain competitive in our research and development. Even if we are able to develop and introduce new vending machines to the market, they may fail to meet consumer demands and gain market acceptance and our business, financial conditions and results of operations may be materially and adversely affected.

Our business may be adversely affected if we fail to anticipate consumer preferences, or adjust the functionality, performance, reliability, design and security of our technology in a manner that responds to our brand customers' evolving needs.

The markets in which we compete are characterized by constant change and innovation and we expect them to continue to evolve rapidly. Our success has been based on our ability to identify and anticipate the needs of our brand customers and market trends and provide and upgrade our services accordingly. Therefore, we must stay abreast of emerging consumer preferences and anticipate trends that will appeal to existing and potential consumers and improve the functionality, performance, reliability, design and security of our technology. In addition, we must timely adjust our merchandise mix in various site of our vending machines based on the consumer preferences that we constantly capture, analyze and perceive.

To the extent we are not able to do so, the performance of our services may be impaired or may not meet the expectations of our brand customers, in which case our business, financial condition and results of operations could be adversely affected. When improving and enhancing the functionality, performance, reliability, design and security of our technology, we may experience difficulties with software development that could delay or prevent the development, introduction or implementation of new features and enhancements. Software development involves a significant amount of time, as it can take our developers in our research and development team months to update, code and test new and upgraded features and integrate them into our technology, in addition, our design team spends a significant amount of time and resources incorporating various design enhancements, such as customized colors, fonts, content and other features, into our mobiles apps and mini programs. The continual improvement and enhancement of our technology requires significant investment and we may not have the resources to make such investment. Even if we succeed in making such investments, the improvements and enhancements therefrom may not result in our ability to recoup our investments in a timely manner, or at all, and we may fail to achieve expected returns. In addition, we have to ensure compliance with evolving regulatory and legal requirements relating to data and privacy protection when we make such technological maintenance or improvements, and failure to do so may subject us to penalties or liabilities. The improvement and enhancement of the functionality, performance, reliability, design and security of our technology is expensive and complex, and to the extent we are not able to perform it in a timely and cost-effective manner that responds to our brand customers' evolving needs, our business, operating results and financial condition will be adversely affected.

We may fail to develop customized vending machines that cater to the preferences of our brand customers.

The FMCG outdoor marketing market is constantly subject to changes. We design and develop, and engage third-party manufacturers to produce customized vending machines to cater to the shifting preferences of our brand customers, which requires substantial resource investment for research and development. We may not be able to develop the technologies necessary to design or develop our vending machines, license these technologies from third parties, or remain competitive in our research and development. Therefore, we cannot assure that we will be able to design or develop our vending machines, if at all, or on a timely basis. Even if we are able to develop and introduce new vending machines to the market, they may fail to meet consumer demands and gain market acceptance and our business, financial conditions and results of operations may be materially and adversely affected.

Our business generates, processes and stores certain data, and the improper storage, use or disclosure of such data could harm our reputation as well as have a material adverse effect on our business and prospects.

Our business generates, processes and stores certain personal, transaction and behavioral data. We face risks inherent in handling and protecting such data. In particular, we face challenges relating to data derived from transactions and other activities during our business operations, including:

- protecting data in and hosted on our system, including against attacks on our system by outside parties or fraudulent behavior or improper use by our employees;

- addressing data privacy, security and other concerns; and

- complying with applicable laws, rules and regulations relating to the collection, use, disclosure or protection of personal information.

Significant capital and other resources may be required to protect against information security breaches or to alleviate problems caused by such breaches or to comply with our privacy policies or privacy-related legal obligations. The resources required may increase over time as the methods used by hackers and others engaged in online criminal activities are increasingly sophisticated and constantly evolving. Any failure or perceived failure by us to prevent information security breaches or to comply with privacy policies or privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other consumption data, could cause our brand customers to lose trust in us and could expose us to legal claims. Any perception by the public that online transactions or the privacy of consumer information are becoming increasingly unsafe or vulnerable to attacks could inhibit the growth of the FMCG outdoor marketing market generally.

PRC regulators, including the National People's Congress Standing Committee (the "**SCNPC**"), the Ministry of Industry and Information Technology of the PRC (the "**MIIT**") and the Cyberspace Administration of China (the "**CAC**"), have been increasingly focused on regulation in the areas of data security and data protection. For example, the SCNPC promulgated the *Cybersecurity Law of the People's Republic of China* (《中華人民共和國網絡安全法》) on November 7, 2016, which became effective on June 1, 2017, and strengthens the administration on cyber security. On June 10, 2021, the SCNPC promulgated the *Data Security Law of the People's Republic of China* (《中華人民共和國數據安全法》, which came into effect on September 1, 2021, and stipulates data security obligations on entities and individuals carrying out data processing activities. On August 20, 2021, the SCNPC issued the *Personal Information Protection Law of the People's Republic of China* (《中華人民共和國個人信息保護法》, coming into effect on November 1, 2021, which reiterates the circumstances under which a personal information processor could process personal information and the requirements thereunder. On December 28, 2021, the CAC and twelve other relevant PRC government authorities published the amended *Cybersecurity Review Measures* (《網絡安全審查辦法》), which became effective on February 15, 2022. For details, see "– As our business is subject to evolving laws, regulations and governmental policies regarding cybersecurity, privacy and data protection, actual or alleged failure to comply with applicable laws, regulations and governmental policies could damage our reputation, deter current and potential customers or end users from using our marketing service, and subject us to significant legal, financial and operational consequences" in this section. As of the Latest Practicable Date, (i) we had not been subject to any material administrative penalties, compulsory rectification or other sanctions imposed by any relevant competent authorities in respect of cybersecurity, data security and personal information protection; (ii) we had not experienced any material incidents relating to cybersecurity, data security or personal information security; (iii) we had not infringed on the rights of any third party due to violations of data protection laws and regulations such as the Cybersecurity Law (《網絡安全法》), the Data Security Law (《數據安全法》), the Personal Information Protection Law, the Cybersecurity Review Measures and the Measures for the Security Assessment of Cross-border Data Transfer, or any material disputes, conflict or claims; (iv) we had posted the personal information processing rules on our online platform and obtained the users' consent to the processing of their personal information; (v) we had set up organizations relating to cybersecurity, data security and personal information protection, and formulated internal control management policies on cybersecurity, data security and personal information protection, so as to comply with the requirements of relevant laws and regulations and enhance data security management capabilities.

In view of the foregoing, our Directors and PRC Legal Adviser are of opinion that, as of the Latest Practicable Date, in respect of data collection, processing, transmission and storage, we had complied with the relevant PRC laws and regulations including the Cybersecurity Law, the Data Security Law, the Personal Information Protection Law, the Cybersecurity Review Measures, the Measures for the Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) and the Measures for Standard Contract of the Cross-border Transmission of Personal Information (《個人信息出境標準合同辦法》) in all material aspects.

As the PRC laws and regulations relating to cybersecurity, data security and personal information protection are still developing, the possibility of new relevant laws and regulations imposing more compliance requirements on us in the future cannot be ruled out, and we will continue to pay attention to the laws, regulations and regulatory developments relating to cybersecurity, data security and personal information protection, and continue to assess the impact of relevant laws, regulations and regulatory developments on our business development and proactively take relevant measures to comply with relevant PRC laws and regulations.

We expect that the foregoing mentioned areas will receive greater attention and focus from regulators, as well as attract public scrutiny and attention going forward. This greater attention, scrutiny and enforcement, including more frequent inspections, could increase our compliance costs and, subject us to heightened risks and challenges associated with data security and protection. If we are unable to manage these risks, our reputation and results of operations could be materially and adversely affected.

Our reputation, performance and financial condition could be adversely affected by any failure to maintain effective quality control mechanism and food safety monitoring system, which may subject us to product liability claims.

We face risks associated with food safety issues and defective products when providing marketing service, which comprise promoting merchandise on behalf of our brand customers. Under the terms of our marketing service contracts, we require our brand customers to provide merchandise within its shelf life and accompanied by quality certificates. However, there is still a possibility that some of the merchandise may be defective, and we may not be able to promptly identify or detect such issues. While product quality issues generally fall under our brand customers' responsibility as manufacturers or their agents, if any issues arise during our handling process (e.g., warehousing, transferring, shelving, or sales), we assume responsibility. In addition, we also utilize the consumer coverage and strategic location of our vending machine network to offer consumers FMCG products including beverages, food, daily necessities and cosmetics through operation of merchandise sales business. As a result, our business operations are exposed to risks related to quality control and food safety. Ensuring product quality and maintaining food safety standards are crucial aspects of our operations. For more details on our quality control systems, see "Business – Quality Control" in this prospectus.

There can be no assurance that our quality control mechanism and food safety monitoring system will remain effective or that we will be able to detect all safety issues or defects in the merchandise we offer. We may be subject to complaints, food safety incidents or even product liability claims as well. In the event that the consumption of the merchandise we offer results in any damage to our consumers, we may face product liabilities claims and be held liable to pay compensation and recover the damages to them. In the case that any of such claims materializes, we may incur monetary loss, the attention of our management and resources may be distracted, our reputation may be harmed and our growth and profitability may be hindered, which may in turn adversely affect our business, financial condition and results of operations.

We face risks relating to third-party online payment channels or platform, which may materially and adversely affect our business, financial condition and results of operations.

We rely on third-party online payment channels or platform for our consumers to make payments. During the Track Record Period, our fees paid to such third-party online payment channels or platform amounted to RMB0.7 million, RMB0.7 million and RMB1.0 million in 2021, 2022 and 2023, respectively. If these third-party online payment channels or platform do not perform adequately or if our relationships with them were to terminate, our vending machines and online channels' abilities to receive payment could be adversely affected, which would have a direct impact on our business performance. If any of these third-party online payment channels or platform have any interruptions or delays in the future, we may not be able to locate suitable alternatives, and our business could also be harmed.

Moreover, the laws and regulations governing payment services are complex, constantly changing and vary significantly across different jurisdictions. Any actual or alleged failure by us or such third-party online payment channels or platform to comply with the applicable rules and regulations may materially and adversely affect our business, financial condition and results of operations.

Our brand and brand name are integral to our success. If we fail to effectively maintain, promote, and enhance our brand, our business and competitive advantage may be harmed.

We believe that maintaining, promoting and enhancing our Qunabox brand and brand name is critical to expanding our business. Maintaining and enhancing our brand and brand name depends largely on our ability to continue to provide high-quality and well-designed marketing service, which we cannot assure you we will do successfully.

Errors, defects, disruptions or other performance issues with our technology may harm our reputation and brand. Also, our existing or newly introduced marketing service might be poorly received by our brand customers. Additionally, if our brand customers have a negative experience using our services, and if such complaint has not been dealt with successfully, such an encounter may affect our brand and reputation within the industry. Moreover, since we generate, process and store certain data during our business operations, any actual or perceived misuse or improper disclosure of such data could lead to negative publicity or even legal proceedings against us.

We believe the importance of brand recognition will increase as competition in our market increases. In addition to our ability to provide high-quality and well-designed marketing service at competitive prices, the successful promotion of our brand will also depend on the effectiveness of our marketing efforts. We market our services through various means including posts on search engines and social networking sites, through our direct sales force, and also a number of free traffic sources, including customers referrals and word-of-mouth. Our efforts to market our brand have involved significant costs and expenses, which we intend to increase going forward. We cannot assure you, however, that our marketing spends will lead to increased customers or increased revenue, and even if so, such increases in revenue may not be sufficient to offset expenses we incur in building and maintaining our reputation and brand name.

We rely on certain key operating metrics to evaluate the performance of our business, and any perceived inaccuracies in such metrics may harm our reputation and negatively affect our business.

We rely on certain key operating metrics, such as the number of registered users, MAUs and AAUs, to evaluate the performance of our business. Our operating metrics may differ from estimates published by third parties or from similarly titled metrics used by other companies due to differences in methodology and assumptions. If these metrics are perceived to be inaccurate by investors or investors make investment decisions based on operating metrics we disclosed but with their own methodology and assumptions or those published or used by third parties or other companies, our reputation may be harmed, which could negatively affect our business, and we may also face potential lawsuits or disputes.

We face risks associated with the non-compliance, misconduct or illegal activities of our employees, suppliers, brand customers and other business partners and their employees, and other related personnel.

Our performance and goodwill may well be adversely and materially affected by misconducts of our employees, at different operational levels. We may even be subject to third-party claims and regulatory actions. There is no assurance that our internal control procedures and systems of rewards and punishments are adequate and effective, and we cannot assure that our employees will not engage in misconduct or illegal activities that could materially and adversely affect our business, financial condition and results of operations.

We may also be subject to misconducts by third parties such as our suppliers and brand customers. As these third parties are out of our control, we cannot assure that we will be able to prevent or detect all incidents of their wrongdoing. Any misconduct committed against us or our interests, which may comprise past acts that have gone undetected or future acts, could subject us to financial losses, harm our reputation and may have a material adverse effect on our business and results of operations. In addition, if our suppliers or brand customers suffer reputational harm, it could also lead to damage to our brand name and negative publicity against us, should this occur, our results of operations will be negatively affected.

Failure to effectively manage our warehouse capacity and utilization could have a material adverse effect on our business and results of operations.

During the Track Record Period, we used both warehouses of our own lease as well as one warehouse operated by a third party for storing our FMCG products and merchandise. Managing these facilities is complex and our successful management of warehouse capacity and utilization is important to our profitability. Furthermore, we do not have direct control over our warehouses operated by third parties, and thus we may not be able to effectively manage or utilize such warehouses. If we under-utilize our warehouse facilities, our costs will rise as a percentage of revenue and our operational efficiency will be undermined, however, if we have insufficient warehouse capacity, our business operations may be disrupted which may lead to customer dissatisfaction. There can be no assurance that we can successfully manage our warehouse facilities, and that failure to manage our warehouse capacity and utilization will not have a material adverse effect on our business and results of operation.

We depend on third-party delivery service providers to deliver merchandise.

During the Track Record Period, we engaged third-party delivery service providers to deliver merchandise from our warehouses to our vending machines. We may continue to engage such third-party delivery service providers in the future. Any major interruptions to or failures in these third parties' delivery services could prevent the timely or successful delivery of merchandise. These interruptions may be due to unforeseen events that are beyond our control or the control of these third-party delivery service providers, such as inclement weather, natural disasters, transportation interruptions or fire incidents. If the merchandise are not delivered on time or are delivered in a damaged state, our consumers and brand customers may have less confidence in our services. As a result, we may lose our brand customers or fail to upsell our brand customers in the future, and our financial condition and reputation could suffer.

If we are unable to provide high-quality customer services, our business and results of operations may be materially and adversely affected.

We depend on our customer service personnel to provide assistance to our individual customers. If our customer service personnel fail to satisfy the needs of our individual customers, our marketing efforts of the relevant products may not achieve desired outcomes, which could result in the impairment of both our brand name and the brand name of our brand customers. Thus, failure to provide satisfactory customer service may cause us to lose potential or existing brand customers, which could have a material adverse effect on our business, financial condition and results of operations. In addition, our business generates, processes and stores certain data, and the improper use or disclosure of such data could harm our reputation as well as have a material adverse effect on our business and prospects. For details, see "– Our business generates, processes and stores certain data, and the improper storage, use or disclosure of such data could harm our reputation as well as have a material adverse effect on our business and prospects" in this section.

Our acquisition cost per user may continue to increase, and our user churn rate may increase in the future.

During the Track Record Period, we continued to acquire new users and incentivize existing paying users to make repeat purchases on our platforms through diverse promotional strategies, such as offering coupons and introducing more appealing discounted products. As a result, the acquisition cost per user increased accordingly during the same period, from approximately RMB9 per user in 2021, to approximately RMB11 per user in 2022 and to approximately RMB21 per user in 2023. As we plan to continue to expand our user base and continue to enhance our membership system, our acquisition cost per user may continue to increase in the future.

On the other hand, during the Track Record Period, our user churn rate continued to increase from 58.5% in 2021 to 63.4% in 2022 and to 64.7% in 2023. Our user churn rate is primarily influenced by various factors, including, (i) as an outdoor marketing service provider, we select a portion of our FMCG products based on the marketing projects we undertake. These products feature designs and characteristics tailored to specific consumer groups. Consequently, ongoing changes and adjustments to our product portfolios can impact user churn rate; and (ii) a substantial number of our vending machines are placed in office premises and rental apartments. Fluctuations in the resident and employee populations in these locations can also affect churn rate. In addition, in 2022 and early 2023, we strategically adjusted our vending machine layout by relocating vending machines to new sites with higher pedestrian traffic, and relocating under-performing vending machines in tier two and below cities mainly to tier one cities. These relocations also led to an increase in user churn rate in 2022 and 2023. Due to various factors such as the potential changes of target consumers for different marketing projects and fluctuations in resident and employee populations within office premises and rental apartments where our vending machines are deployed, our user churn rate may continue to increase in the future.

In managing our short video platform traffic acquisition service, we typically make prepayments to short video platform traffic suppliers. Such prepayments are usually non-refundable.

During the Track Record Period, in line with industry norms and to secure discounts from short video platform traffic suppliers, we typically initiated traffic acquisition from such suppliers and made advance payments based on projected demand for short video platform traffic acquisition services, even when brand customers had not yet ordered such services from us. These advanced payments were recorded as prepayments in our accounting treatments. When brand customers subsequently ordered such services from us, they typically made advance payments covering short video platform traffic acquisition services. Upon receipt, we prioritized using our prepaid balances with the short video traffic suppliers.

However, as stipulated in our agreements with the short video platform traffic suppliers, the prepayments we extend to them are generally non-refundable. Therefore, if our anticipated demand surpasses the actual demand from our brand customers for short video platform traffic acquisition services, we may not be able to recover these prepayments. Furthermore, the demand for our short video platform traffic acquisition service is expected to increase in the future, where we anticipate a corresponding increase in our prepayments for this service. We cannot assure you that we will be able to fully recover these prepayments in the future.

The operation of our vending machines may be impacted by potential power shortages or outrages, potentially resulting in food and beverage spoilage within the vending machines.

Our vending machine operations may be impacted by potential power shortages or outrages, which could disrupt their functionality. In the event of power shortages or outages, the refrigeration systems within the vending machines will cease to operate, which may result in the spoilage of perishable food and beverages stored within. However, we cannot assure you that power shortages or outrages will not impact the operation of our vending machines. Particularly, such power shortages or outrages could lead to losses due to the need for replenishing and disposing of spoiled inventory. Moreover, we cannot guarantee prompt resolution of power shortages or outrages at all times. Prolonged downtime of vending machines may result in dissatisfaction among our consumers.

Risks Relating to Extensive Government Regulations

Our business operations need some approvals, licenses and permits, which could be materially and adversely affected by any failure to obtain or renew them.

As the PRC Law requires, we ought to maintain some approvals, licenses and permits to provide our marketing service in China, including Food Operation License (食品經營許可證) and/or Record-filing for Selling Only Pre-packaged Food (僅銷售預包裝食品備案). Our business is subject to supervision and regulation by relevant PRC government authorities, including without limitation the Ministry of Commerce of the PRC and the State Administration for Market Regulation (the "**SAMR**"), which promulgate and enforce regulations that cover many aspects of our business operations, including scope of permitted business activities, licenses and permits for business operations, and restriction on foreign investments. Meanwhile, our brand customers are also obliged to hold licenses and meet regulatory requirements in order to sell products themselves or through our marketing service. In addition, the warehouses and vending machines we used are subject to compliance inspections by the regulatory authorities under the PRC Law. Moreover, various standards of vending machines may be implemented in different regions, which increases the risks of our non-compliance. These registrations, approvals, licenses and permits are achieved upon satisfactory compliance with the applicable laws and regulations. Most of these licenses are subject to examinations or verifications by relevant authorities and some are valid only for a fixed period of time and are subject to renewal and accreditation. Additionally, the legal requirements we are subject to and illustrations of the same are evolving and we may be subject to licenses and permits requests that we are currently not subject to or do not possess. Complying with government regulations may require substantial expense, and any non-compliance may expose us to liability. In case of any non-compliance, we may have to incur significant expense and divert substantial management time to resolving any deficiencies. We may also experience adverse publicity arising from such non-compliance with government regulations that negatively impacts our brand.

We may experience difficulties or failures in obtaining, renewing and/or converting all the approvals, licenses and permits required for our existing business operations upon expiration in a timely manner or at all. If we cannot obtain, maintain and renew all licenses required by us to operate our business, our planned new business operations and/or expansion may be delayed and our ongoing business could be interrupted. We may also be subject to fines and penalties.

We are subject to, and may expend significant resources in defending against, government actions and civil claims in connection with false, fraudulent, misleading, or otherwise illegal marketing content.

Under the *Advertisement Law of the People's Republic of China* (《中華人民共和國廣告法》) (the "**Advertisement Law**"), where an advertising operator or publisher provides advertising design, production, agency or publishing services with respect to an advertisement when it knows or should have known that the advertisement is false, fraudulent, misleading, or otherwise illegal, the competent PRC authority may confiscate its advertising revenue from such services, impose penalties, order it to cease dissemination of such false, fraudulent, misleading or otherwise illegal advertisement or correct such advertisement, or suspend or revoke its business licenses under certain serious circumstances. In particular, the advertisers, advertising operators or publishers shall bear relevant legal liabilities if they publish advertisements in violation of laws and regulations, including but not limited to: (i) publishing advertisements with content or themes that are prohibited by laws and regulations; (ii) publishing advertisements for certain goods (such as medical devices) without being reviewed by the competent authorities; (iii) publishing advertisements for medical treatment, pharmaceuticals, medical devices or dietary supplements in a disguised manner such as introducing health and wellness knowledge, etc.; or (iv) advertising goods or services that are prohibited from being produced, sold, provided or advertised.

Under the Advertisement Law, "advertisers" include any natural person, legal person or other organization that designs, produces and publishes advertisements on its own or delegating others in order to promote goods or services, "advertising operators" include any natural person, legal person or other organization that provides advertising design, production, or agency services to advertisers for their advertising activities and "advertising publishers" refers to any individuals, legal persons or other organizations that publish advertisements for the advertisers or for the advertising agents commissioned by the advertisers. Since we cooperate with MCNs to engage KOLs to promote our platform during our course of business, we are deemed as an "advertiser" under such circumstance. Since our services involve provision of design services to brand customers and display of digital content and vending machine shell designs, we are deemed as an "advertising operator" and an "advertising publisher" under the Advertisement Law. According to the Advertisement Law, advertisements shall not contain any false or misleading information, and shall not deceive or mislead consumers. Advertising operators and advertising publishers shall, in accordance with the law and administrative regulations, inspect and verify the relevant certification documents, and check the advertising contents. For any advertisement with inconsistent content or incomplete certification documents, advertising operators shall not provide design, production or agent service and advertising publishers shall not publish such advertisements. In addition, advertisements for medical treatment, pharmaceuticals, medical devices, agricultural pesticides, veterinary medicines and dietary supplements, and other advertisements required to be reviewed by laws and administrative regulations shall be reviewed by the relevant authorities before they are published. No such advertisement shall be published without being reviewed. According to the certification documents obtained by us for no violation of laws and regulations and our PRC Legal Adviser's opinion, during the Track Record Period, we have not been subject to penalties by the relevant competent authorities or compensation claims from consumers for publishing inappropriate, illegal or offensive advertising content. To the best knowledge of our Directors, during the Track Record Period and up to the Latest Practicable Date, we have not published inappropriate, illegal or offensive advertising content. As confirmed by our Directors and our PRC Legal Adviser, during the Track Record Period and up to the Latest Practicable Date, we have been in compliance with all relevant PRC laws and regulations in all material aspects concerning online marketing. However, going forward, we cannot ensure that each of the posts and displays for which we place complies with all PRC laws and regulations relevant to advertising activities, that supporting documentation provided by our brand customers is authentic or complete or that we are able to identify and rectify all non-compliances in a timely manner.

Moreover, civil claims may be filed against us or administrative penalties may be imposed on us for fraud, defamation, subversion, negligence, copyright or trademark infringement, or other violations due to the nature and content of the information for which we provide services. In the event we are subject to administrative penalties or civil claims in connection with false, fraudulent, misleading, or otherwise illegal marketing content for which we provide agency services, our reputation, businesses, financial condition, results of operations and prospects may be materially and adversely affected.

Regulatory or legislative developments for online businesses, including privacy and data protection regimes, are rapidly evolving and could create relevant costs.

The PRC government has enacted or are considering legislation related to online businesses from various aspects such as e-commerce and online trading as well as the operation of mobile apps, and there may be an increase in such legislations and regulations in the future. These laws and regulations could subject us to relevant costs or require us to update our business practices in accordance with regulatory developments.

On August 31, 2018, the SCNPC promulgated the *E-Commerce Law of the People's Republic of China* (《中華人民共和國電子商務法》) (the "**E-Commerce Law**"), which came into effect on January 1, 2019. We are deemed as an e-commerce operator under the E-Commerce Law. According to the E-Commerce Law, an e-commerce operator should continuously display its business license information and administrative license information related to its operating business, or the hyperlink symbol of the aforesaid information, in a prominent position on its homepage. In addition, e-commerce operators shall disclose the information of goods or services in a comprehensive, truthful, accurate and timely manner, and protect consumers' right of knowledge and free choice. Moreover, e-commerce operators shall not use false transactions, fabricated user review etc. to conduct false or misleading business promotions, so as to defraud or mislead consumers. On March 15, 2021, the SAMR promulgated the *Administrative Measures for Online Trading* (《網絡交易監督管理辦法》) which came into effect on May 1, 2021, pursuant to which, operators engaged in online trading should complete requisite registrations in advance, and shall observe the requirements for personal, property safety and environmental protection when they sell products or provide services, and should not deliver goods or services that are prohibited by laws or regulations, damage the national interest and public interest, or violate public order and good morals.

On top of the aforementioned laws and regulations on e-commerce and online trading, our business operations could also be affected by that on mobile apps operation. Pursuant to the *Administrative Provisions on Mobile Internet Applications Information Services* (《移動互聯網應用程序信息服務管理規定》) promulgated by the CAC on June 28, 2016 and implemented on August 1, 2016, mobile Internet application providers shall verify a user's mobile phone number and other identity information under the principle of mandatory real name registration at the back-office end, and shall not enable functions that lead to collection of a user's geographical location information, access user's contact list, activate the camera or recorder of the user's mobile smart device or other functions irrelevant to their services, nor are they allowed to conduct bundle installations of irrelevant application programs unless they have obtained the user's consent. On June 14, 2022, the CAC amended the foregoing *Administrative Provisions on Mobile Internet Applications Information Services* (《移動互聯網應用程序信息服務管理規定》), which was implemented on August 1, 2022 and further emphasizes that mobile Internet application providers shall not, for any reason, force users to consent to personal information processing, or refuse users to use their basic functions and services on the ground that users refuse to provide unnecessary personal information.

Additionally, according to the *Circular on the Special Campaign of Correcting Illegal Collection and Usage of Personal Information via Apps* (《關於開展App違法違規收集使用個人信息專項治理的公告》) promulgated and implemented by the CAC, the MIIT, the Ministry of Public Security and the SAMR on January 23, 2019, (i) mobile app operators are prohibited from collecting any personal information irrelevant to the services provided; (ii) information collection and usage policy should be presented in a simple and clear way, and consented by the users voluntarily; (iii) authorization from users should not be obtained by coercion with default or bundling clauses or making consent a condition of a service. Mobile app operators violating such rules can be ordered to correct its incompliance within a given period of time, be publicly reported, or even be ordered to suspend its operation for rectification or cancel its business permit or business license. Pursuant to the *Notice on Deeply Carrying out Special Rectification Actions against the Infringement upon Users' Rights and Interests by Apps* (《關於開展縱深推進APP侵害用戶權益專項整治行動的通知》) promulgated and implemented by the MIIT on July 22, 2020, mobile app service providers shall not: (i) collect or use personal information without the user's consent, or beyond the necessary scope of providing services, and forcing users to receive advertisements; (ii) request user's permission in a compulsory and frequent manner, or frequently launch third-party applications; and (iii) deceive and mislead users into downloading applications or providing personal information.

We strive to comply with all applicable laws and regulations relating to online business operations, including without limitation, the *Administrative Provisions on Mobile Internet Applications Information Services* (《移動互聯網應用程序信息服務管理規定》). For our measures to comply with the *Administrative Provisions on Mobile Internet Applications Information Services*, see "Business – Risk Management and Internal Control – Compliance Risk Management" in this prospectus. However, there are developments regarding the PRC laws and regulations and thus the measures we take to comply with these laws, regulations and industry standards may not always be effective. We may be subject to litigation or administrative penalties if we fail to abide by applicable laws or to provide adequate notice and/or obtain consent from end users. Any legal proceeding or perception of concerns relating to these aspects could harm our reputation, force us to spend significant amounts on defense of these proceedings, distract our management, increase our costs of doing business and inhibit the use of our services, which could materially and adversely affect our business, financial condition, results of operations and prospects.

Regulatory or legislative developments for using algorithmic recommendation technologies in business operation are rapidly evolving and could create relevant costs.

During the Track Record Period, we used algorithmic recommendation technologies including generative synthesis, personalized pushing, and searching and filtering in our business operation. We are regarded as an algorithmic recommendation service provider with public sentiment attributes or social mobilizing capabilities, and therefore, shall comply with the relevant laws and regulations, including without limitation, the *Administration of Algorithmic Recommendation for Internet Information Services* (《互聯網信息服務算法推薦管理規定》) (the "**Algorithmic Recommendation Provisions**"), the *Administration of Deep Synthesis for Internet-based Information Services* (《互聯網信息服務深度合成管理規定》), and the *Interim Measures for the Administration for Generative Artificial Intelligence Services* (《生成式人工智能服務管理暫行辦法》). For details, see "Regulatory Overview – Regulations in Relation to Cyber Security, Data Security and Personal Information Protection – Regulations in Relation to Cyber Security and Data Security" in this prospectus. As of the Latest Practicable Date, we had completed the security assessment in accordance with the Algorithmic Recommendation Provisions, and submitted algorithm filing materials through the internet information service algorithm filing system before February 5, 2024. According to the Domestic Internet Information Service Algorithm Filing List (December 2023), our searching and filtering algorithm recommendation technology has passed the filing review. As of the Latest Practicable Date, according to the Domestic Internet Information Services Algorithm Filing List (April 2024) (《境內互聯網信息服務算法備案清單(2024年4月)》), our personalized push algorithm recommendation technology has passed the filing review. In addition, we have (i) formulated internal control management policies such as the Algorithmic Security and Algorithmic Mechanism Review Policy (《算法安全及算法機制機理審核制度》), the Science and Technology Ethics Review Policy (《科技倫理審查制度》), the User Registration and Information Release Review Policy (《用戶註冊和信息發佈審核制度》), the Information Security Management Policy (《信息安全管理制度》), the Management Policy for Personal Information Protection (《個人信息保護管理制度》), the Anti-Telecommunications and Online Fraud Policy (《反電信網絡詐騙制度》), the Security Assessment and Monitoring Policy (《安全評估監測制度》), and the Security Incident Emergency Response Policy (《安全事件應急處置制度》), (ii) informed our users of the basic principles, purposes, and main operating mechanism of algorithmic recommendation services in an appropriate manner, and (iii) provided users with the functions of conveniently turning off the algorithmic recommendation service and removing the user label specific to their personal characteristics for the algorithmic recommendation services.

Since (i) during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any fines or administrative penalties, mandatory rectifications, or other investigations or sanctions by any competent authorities in relation to the laws and regulations relating to the use of algorithmic recommendation technologies in business operation, nor had we received any inquiry, notice or warning in such respect; (ii) we had implemented effective policies, procedures and measures to ensure secured storage and transmission of data and prevent unauthorized access or use of data; and (iii) we will continuously pay close attention to the legislative and regulatory development in algorithmic recommendation technologies, maintain ongoing communication with relevant government authorities and implement all necessary measures in a timely manner to ensure continuous compliance with relevant laws and regulations.

Based on the aforesaid, our Directors are of the view that, as confirmed by our PRC Legal Adviser, up to the Latest Practicable Date, we had complied with the relevant laws and regulations relating to algorithmic recommendation technologies in all material respects. However, there are developments regarding the PRC laws and regulations and thus the measures we take to comply with these laws, regulations and industry standards may not always be effective. We may be subject to litigation or administrative penalties if we fail to abide by applicable laws or to provide adequate notice and/or obtain consent from end users. Any legal proceeding or perception of concerns relating to these aspects could harm our reputation, force us to spend significant amounts on defense of these proceedings, distract our management, increase our costs of doing business and inhibit the use of our services, which could materially and adversely affect our business, financial condition, results of operations and prospects.

As our business is subject to evolving laws, regulations and governmental policies regarding cybersecurity, privacy and data protection, actual or alleged failure to comply with applicable laws, regulations and governmental policies could damage our reputation, deter current and potential customers or end users from using our marketing service, and subject us to significant legal, financial and operational consequences.

In recent years, privacy and data protection has become an increasing regulatory focus of government authorities across the world. In particular, the PRC government has enacted a series of laws, regulations and governmental policies on privacy and data protection in the past few years, to which our business may be subject. For example, on June 10, 2021, the SCNPC promulgated the *Data Security Law of the People's Republic of China* (《中華人民共和國數據安全法》), which came into effect on September 1, 2021.

The *Data Security Law of the People's Republic of China* stipulates data security obligations on entities and individuals carrying out data processing activities, introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, and the degree of harm it will cause to national security, public interests or legitimate rights and interests of individuals or organizations when such data are tampered with, destroyed, leaked, or illegally acquired or used, and provides for a national security review procedure for those data processing activities which may affect national security as well as imposes export restrictions on certain data and information. On August 20, 2021, the SCNPC issued the *Personal Information Protection Law of the People's Republic of China* (《中華人民共和國個人信息保護法》), coming into effect on November 1, 2021, which reiterates the circumstances under which a personal information processor could process personal information and the requirements thereunder. The *Personal Information Protection Law of the People's Republic of China* clarifies the scope of application, the definition of personal information and sensitive personal information, the legal basis of personal information processing and the basic requirements of notice and consent.

As the regulatory requirements on privacy and data protection are relatively new, which can be subject to varying developments, we cannot assure you that our privacy and data protection measures are, and will be, always considered sufficient under applicable laws and regulations. Additionally, the effectiveness of our privacy and data protection measures is also subject to system failures, interruptions, inadequacy, security breaches or cyberattacks. Any failure or perceived failure by us to comply with applicable laws and regulations on privacy and data protection may result in governmental investigations, inquiries, enforcement actions and prosecutions, private claims and litigation, fines and penalties, adverse publicity or potential loss of business, which could damage our reputation, deter current and potential customers or end users from using our marketing service and subject us to significant legal, financial and operational consequences.

Even if we endeavor to comply with the aforementioned cybersecurity regulations, the detailed implementing rules by relevant government authorities are subject to future developments, and we may not always be able to consistently comply with relevant regulations. Nevertheless, failure to comply with the cybersecurity requirements in a timely manner, or at all, may result in reputational damages and subject us to government enforcement actions and investigations, fines, penalties, suspension of our non-compliant operations, and revocation of relevant business permits or licenses, among other penalties, which could materially and adversely affect our business and results of operations.

We expect that there may continue to be newly proposed laws, rules, regulations and industry standards concerning cybersecurity, privacy and data protection. As a result, we may be required to upgrade or adjust our business operations to ensure continuous compliance. However, the evolvement in the relevant regulatory requirements and standards may increase our costs of compliance, delay or reduce demand for our marketing service, and affect the way in which we operate, any of which could harm our business, financial condition and results of operations.

Our Listing may be impeded and our business operations may be adversely affected by the Cybersecurity Review Measures or the Regulation on the Administration of Cyber Data Security (Draft for Comments).

On December 28, 2021, the CAC, jointly with the other 12 governmental authorities, promulgated the *Cybersecurity Review Measures* (網絡安全審查辦法), which took effect since February 15, 2022. Article 7 of the *Cybersecurity Review Measures* stipulates that an online platform operator which possesses personal information of over one million users and intends to "list abroad (國外上市)" shall be subject to cyber security review. However, the *Cybersecurity Review Measures* provides no further explanation or interpretation for "online platform operator" and "list abroad (國外上市)", and does not stipulate that an online platform operator which intends to list in Hong Kong shall be subject to cyber security review. Given that (i) the expression used in the *Cybersecurity Review Measures* is "list abroad (國外上市)" rather than "offshore listing", and (ii) according to the Exit and Entry Administration Law of the PRC (中華人民共和國出境入境管理法), Hong Kong is not a country or region outside of the PRC, as long as there is no specific explanation to include Hong Kong in the scope of "abroad (國外)" in the future, our PRC Legal Adviser is of the view that the Listing is unlikely to be considered as "listing abroad" and thus we have no obligation to proactively apply for cyber security review for our application for the Listing under Article 7 of the *Cybersecurity Review Measures*. Separately, on April 19, 2023, our PRC Legal Adviser conducted a telephone consultation on a named basis with the China Cybersecurity Review Technology and Certification Center (the "**CCRC**"), which is the competent governmental authority delegated by the CAC to set up cybersecurity review consultation hotlines and undertake specific tasks related to cybersecurity review, accept application materials and conduct formal reviews under the guidance of the Cybersecurity Review Office. The CCRC confirmed that the term "seeking for listing in a foreign country" provided in the *Cybersecurity Review Measures* does not include listing in Hong Kong, and a proposed listing in Hong Kong will not trigger cybersecurity review.

Furthermore, pursuant to Article 2 of the *Cybersecurity Review Measures*, critical information infrastructure operators that intend to purchase internet products and services and online platform operators engaging in data processing activities, that affect or may affect national security, shall be subject to cyber security review. The *Cybersecurity Review Measures* further elaborates on the factors to be considered when assessing national security risks of the relevant objects or situations, see "Regulations Overview – Regulations in Relation to Cyber Security, Data Security and Personal Information Protection – Regulations in Relation to Cyber Security and Data Security" for more details. Given that (i) we do not carry out business outside the PRC, nor do we provide any personal information outside the PRC in the ordinary course of business; (ii) we had not been determined or identified as a "critical information infrastructure operator" by any governmental authorities as of the Latest Practicable Date, and we believe that we do not engage in any data processing activities that affect or may affect national security; and (iii) as of the Latest Practicable Date, we had not been involved in any investigations on cyber security review made by the CAC, and we had not received any inquiry, notice, warning, or sanctions in such respect, our Directors believe that, which our PRC Legal Adviser concurs, the *Cybersecurity Review Measures* will not have material adverse impact on our business operations. Having taken into account the view and analysis of the Company and the Company's PRC Legal Adviser as described above as well as the due diligence conducted, nothing has come to the attention of the Sole Sponsor (as a non-legal expert) which would cause it to disagree with the reasonableness of the above view and analysis of the Company and the Company's PRC Legal Adviser.

However, the *Cybersecurity Review Measures* also grants the member organization of the cyber security review mechanism the right to initiate cyber security review without application, if any of them has a reason to believe that any internet products, services or data processing activities affect or may affect national security. The PRC government authorities may have broad discretion in the interpretation of "affect or may affect national security". If any internet products, services or data processing activities of us are deemed to "affect or may affect national security" by the PRC government authorities under its broad discretion, we may be subject to cyber security review. If we fail to pass such cybersecurity review, our listing may be impeded and/or our business operations may be adversely affected.

On November 14, 2021, the CAC promulgated the Regulation on the Administration of Cyber Data Security (Draft for Comments) (網絡數據安全管理條例(徵求意見稿)), or the Draft Cyber Data Security Regulation. In accordance with the Draft Cyber Data Security Regulation, data processors shall, in accordance with relevant state provisions, apply for cyber security review when carrying out activities including (i) seeking to be listed in Hong Kong that affect or may affect national security and (ii) other data processing activities that affect or may affect national security. The Draft Cyber Data Security Regulation has not taken effect, and it is uncertain as to the definition and interpretation of key terms in the Draft Cyber Data Security Regulation, the standard of review to be adopted and potential consequences. Especially, the Draft Cyber Data Security Regulation provides no further explanation or interpretation for "affect or may affect national security", which remains to be clarified and elaborated by the CAC. As advised by our PRC Legal Adviser, the PRC government authorities may have broad discretion in the interpretation of "affect or may affect national security". We believe that we have not engaged in any data processing activities that affect or may affect national security and thus we are unlikely to be deemed as a data processor that affect or may affect national security. Therefore, even if the Draft Cyber Data Security Regulation is implemented in its current form before our listing, the Listing is expected not to be materially and adversely affected. In addition, if the Draft Cyber Data Security Regulation were implemented in its current form, we believe that our business operations will not be materially and adversely affected and there are no substantive obstacles for us to fulfill the obligations that may be applicable to us, on the basis that (i) as of the Latest Practicable Date, we had not been subject to any material fines or administrative penalties, mandatory rectifications, or other sanctions by any competent authorities in relation to the infringement of cyber security and data protection laws and regulations; and there is no material leakage of data or personal information or violation of cyber security and data protection and privacy laws and regulations by us which will have a material adverse impact on our business operations; (ii) we had not been involved in any investigations on cyber security review initiated by the CAC and nor had we received any inquiry, notice, warning, or sanctions in such respect; (iii) we had implemented effective cyber security and data protection policies, procedures, and measures to ensure secured storage and transmission of data and prevent unauthorized access or use of data; and (iv) we will continuously pay close attention to the legislative and regulatory development in cyber security and data protection, maintain ongoing communication with relevant government authorities and implement all necessary measures in a timely manner to ensure continuous compliance with relevant laws and regulations. Based on the aforesaid, our PRC Legal Adviser does not foresee any material impediment for us to take measures for compliance with Draft Cyber Data Security Regulation in all material respects. However, if we were deemed as a data processor that "affect or may affect national security" by the PRC government authorities under its broad discretion, we may be subject to cyber security review. If we fail to pass such cyber security review, our listing may be impeded, our business operations may be adversely affected, and/or we may be subject to other severe penalties and/or action by the competent government authority.

In addition, pursuant to the *Measures for the Security Assessment of Cross-border Data Transfer* (《數據出境安全評估辦法》) promulgated by the CAC on July 7, 2022 and implemented on September 1, 2022 and to prevent risks on the security of cross-border data transfer, data processors shall apply to the national cyberspace administration for security assessment of data cross-border transfer in one of the following circumstances: (i) where a data processor transfers important data across the border; (ii) where an operator of critical information infrastructure and a personal information processor that processes personal information of more than one million individuals transfer personal information across the border; (iii) where a data processor that has transferred personal information of more than 100,000 individuals or sensitive personal information of more than 10,000 individuals cumulatively as of January 1 of the previous year transfers personal information across the border; or (iv) other circumstances under which security assessment of cross-border data transfer is required as prescribed by the CAC. We do not carry out business outside the PRC, nor do we provide any personal information outside the PRC in the ordinary course of business. We cannot assure you we will not be subject to such security assessment of data cross-border transfer, and if so, if we can successfully pass such security assessment.

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

In February 2012, the SAFE promulgated the *Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly Listed Companies* (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (the "**Stock Option Rules**"). In accordance with the Stock Option Rules and other relevant rules and regulations, PRC citizens or non-PRC citizens residing in China for a continuous period of not less than one year, who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain procedures. We and our employees who are PRC citizens or who reside in China for a continuous period of not less than one year and who participate in our stock incentive plan will be subject to such regulation. We plan to assist our employees to register their share options or shares. However, any failure of our PRC individual beneficial owners and holders of share options or shares to comply with the SAFE registration requirements may subject them to fines and penalties and may limit the ability of our PRC subsidiaries to distribute dividends to us. We also face regulatory developments that could affect our ability to adopt additional incentive plans for our directors and employees.

We are subject to regulatory requirements in labor-related laws and regulations of the PRC.

During the Track Record Period, we have not fully made the social insurance and housing provident fund contributions for our employees in accordance with the relevant legal requirements, and our total shortfall amount of social insurance premium and housing provident funds in 2021, 2022 and 2023 amounted to RMB3.4 million, RMB4.1 million and RMB3.9 million, respectively. In addition, pursuant to the PRC laws and regulations, payment of social insurance and housing provident fund should be based on employment relationship between the employer and the employee as evidenced by labor contract. During the Track Record Period, we engaged third-party human resource agencies and made contributions to social insurance and housing provident funds for some of our employees through such agencies. We may be subject to penalties if such agencies failed to pay social insurance and housing provident funds in full.

Pursuant to relevant PRC laws and regulations, the relevant PRC authorities may demand us to pay the outstanding social insurance contributions within a stipulated deadline and we may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay, calculating from the date of occurrence of such outstanding social insurance contributions. If we fail to make such payments, we may be liable to a fine of one to three times the amount of the outstanding contributions.

With respect to a failure to pay the full amount of housing provident fund as required, the housing provident fund management center in China may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement.

As advised by our PRC Legal Adviser, the maximum amount of the late payment fee with respect to our underpayment of social insurance and housing provident funds contribution was approximately RMB2.67 million as of the Latest Practicable Date. As advised by our PRC Legal Adviser, since (i) during the Track Record Period and up to the Latest Practicable Date, we had not received any notice from the relevant PRC authorities requiring us to rectify or pay the outstanding amounts or been imposed any penalties in respect of social insurance and housing provident funds; (ii) the likelihood of us being required to conduct a voluntary contribution of our historical social insurance and housing provident funds arrears is relatively low; and (iii) we undertake that we will rectify or make outstanding payments within a prescribed period once ordered by competent authorities, the likelihood of us being imposed administrative penalties with respect to underpayment of social insurance contribution and housing provident fund is remote. However, we cannot assure you that we will not be subject to any penalty, or order to rectify in the future. We may incur additional expenses to comply with such laws and regulations.

As the labor-related laws and regulations are still evolving and the PRC government has recently enhanced its measures relating to social insurance collection, which may lead to stricter enforcement, we cannot assure you that our employment practices and policies will at all times be deemed to be in full compliance with such laws and regulations, which may subject us to labor disputes or government investigations. If we are deemed to have violated the relevant labor laws and regulations, we could be subject to related penalties, fines or legal fees, and our business, financial condition and results of operations could be materially and adversely affected.

Moreover, during the Track Record Period, we have engaged third-party employment agencies to dispatch contract workers. During the Track Record Period, our fees paid to such third-party employment agencies amounted to RMB2.9 million, RMB6.4 million and RMB3.0 million in 2021, 2022 and 2023, respectively. On December 28, 2012, the *Labor Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法》) was amended to impose more stringent requirements on labor dispatch and such amendments became effective on July 1, 2013. For example, the number of dispatched contract workers that an employer hires may not exceed a certain percentage of its total number of employees, and the dispatched contract workers may only engage in temporary, auxiliary or substitute work. According to the *Interim Provisions on Labor Dispatching* (《勞務派遣暫行規定》) promulgated by the Ministry of Human Resources and Social Security on January 24, 2014, which became effective on March 1, 2014 (the "**Interim Provisions**"), the number of dispatched contract workers hired by an employer shall not exceed 10% of the total number of its employees (including both directly hired employees and dispatched contract workers), and the dispatched contract workers may only engage in temporary, auxiliary or substitute work. The Interim Provisions further requires the employer that is not in compliance with the above provisions to formulate a plan to reduce the number of its dispatched contract workers to below 10% of the total number of its employees. In addition, an employer is not permitted to hire any new dispatched contract worker until the number of its dispatched contract workers has been reduced to below 10% of the total number of its employees. The employers who fail to comply with the relevant requirements on labor dispatch shall be ordered by the labor administrative authorities to make correction within a stipulated period. Where correction is not made within the stipulated period, the employers may be subject to a penalty ranging from RMB5,000 to RMB10,000 per dispatched worker exceeding the 10% threshold. During the Track Record Period, the maximum number of the dispatched contract workers hired by us that exceed the limit of 10% of total number of employees stipulated by the Interim Provisions was 43, which may result in us being subject to a maximum penalty of RMB430,000. However, as of the Latest Practicable Date, we had reduced the number of dispatched contract workers to below 10% of the total number of our employees. In addition, during the Track Record Period, one vice president of us was also employed in labor-dispatch form due to personal reasons. However, such non-compliance had also been rectified as of the Latest Practicable Date. As advised by our

PRC Legal Adviser, the likelihood of us being imposed administrative penalties or fines with respect to the hiring of dispatched contract workers is remote. However, even though we have not received any notice of warning or been subject to any administrative penalties or other disciplinary actions from relevant governmental authorities, we cannot assure you that they will not take actions against us for our past practice. If we decide to increase our number of dispatched workers in the future and are found to be in violation of the rules regulating dispatched contract workers, we may be subject to fines and penalties. Such penalties may adversely affect our reputation and profitability.

Our leased property interests may be defective and our right to lease or use the properties may be challenged.

As of the Latest Practicable Date, the relevant lessors of a number of our leased properties had not provided relevant title ownership certificates or other similar proofs of such leased properties to us. Therefore, we cannot assure you that such lessors are entitled to lease the relevant properties to us. If the lessors are not entitled to lease the properties to us and the owners of such properties decline to ratify the lease agreements between us and the respective lessors, we may not be able to enforce our rights to lease such properties under the respective lease agreements against the owners. In addition, the actual usage of a number of our leased properties may be inconsistent with the usage set out in their title evidence. Therefore, the lessors may be required by the applicable government authorities to rectify such usage defects if our usage of such leased properties are deemed to be inconsistent with the usage set out in the respective title evidence, and we may be required to vacate these leased properties or terminate these leases.

Moreover, pursuant to applicable PRC laws and regulations, property lease agreements must be filed with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As of the Latest Practicable Date, 22 of our leased properties, which are used as warehouses or office premises, have not been registered with the PRC governmental authorities. According to our PRC Legal Adviser, the failure to do so does not in itself invalidate the leases, but we may be ordered by the PRC government authorities to rectify such non-compliance and, if we fail to do so within a given period of time, we may be subject to fines ranging from RMB1,000 and RMB10,000 for each of our unregistered lease agreements. According to our PRC Legal Adviser, the maximum fines in relation to such non-filing of lease agreements amounts to RMB220,000. We cannot assure you that we will not be subject to any penalties arising from the non-registration of our lease agreements and any disputes arising out of our leased properties in the future.

Changes in political and economic policies, as well as the interpretation and enforcement of law, rules and regulations, may affect our business, financial condition, results of operations and prospects.

Due to our extensive operations in the PRC, our business, financial condition, results of operations and prospects are affected by political, economic and legal developments in the PRC. The overall economic growth of PRC is influenced by the governmental regulations and policies in relation to resource allocation, monetary policies, regulations of financial services and institutions, preferential treatment to particular industries or companies and others. Any of the foregoing would affect our business, financial condition, results of operations and prospects.

We shall comply with the applicable PRC laws, rules and regulations. With social developments, the relevant PRC laws, rules and regulations in force at present may be amended in the future, and their interpretation and implementation shall be determined in accordance with relevant laws and regulations in force at the time. Any non-compliance with any existing or new laws and regulations could materially and adversely affect our business, financial condition, results of operations, cash flows and prospects.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management based on Hong Kong or other foreign laws.

We are incorporated under the laws of the Cayman Islands, but substantially all of our assets are located in the PRC. In addition, a majority of our Directors and senior management personnel reside within the PRC, and substantially all their assets are located within the PRC. As a result, it may be difficult for investors to directly effect service of legal process upon our Directors and senior management personnel.

On July 14, 2006, the Supreme People's Court of the PRC and the government of Hong Kong Special Administrative Region entered into the *Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned* (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**Arrangement**"). Under the Arrangement, where any designated PRC court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or commercial case under a choice of court agreement in writing, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the judgment. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly selected as the court having sole jurisdiction for the dispute. In addition, the Arrangement has expressly provided for "enforceable final judgement," "specific legal relationship" and "written form." A final judgement that does not comply with the Arrangement may not be recognized and enforced in a PRC court.

On January 18, 2019, the Supreme People's Court of the PRC and the government of the Hong Kong Special Administrative Region entered into the *Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region* (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "**2019 Arrangement**"), which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong and the mainland China, without including the requirement for a choice of court agreement in writing by the parties. Under the 2019 Arrangement, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the effective judgments in civil and commercial cases subject to the conditions set forth in the 2019 Arrangement. The 2019 Arrangement will, upon its effectiveness, supersedes the Arrangement. Therefore, before the 2019 Arrangement becomes effective, a choice of court agreement in writing by parties in the dispute is generally required for enforcing a judgment rendered by a Hong Kong court in China.

Regulations on currency exchange may affect our ability to utilize our revenue effectively in order to satisfy our foreign currency denominated obligations.

Government authorities in regions where we operate our business regulate the convertibility and remittance of currencies. Shortages in availability of foreign currency may then affect our ability to remit sufficient foreign currency to our offshore entities for our offshore entities to pay dividends or make other payments or otherwise to satisfy our foreign currency denominated obligations. The RMB is currently convertible under the "current account," which includes dividends, trade and service-related foreign exchange transactions, but not under the "capital account," which includes foreign direct investment and loans, including loans we may secure from our onshore subsidiaries. Currently, we and our PRC subsidiaries may purchase foreign currency for settlement of "current account transactions," including making dividend payments in foreign currencies, without the approval of the SAFE by complying with certain procedural requirements. However, the relevant regulatory developments may affect our ability to purchase foreign currencies in the future for current account transactions. Since a portion of our revenue is denominated in RMB, any existing and future regulations on currency exchange may affect our ability to utilize our revenue to fund our offshore business activities or pay dividends in foreign currencies to holders of our Shares. Foreign exchange transactions under the capital account require approvals from, registration with, or filing with, SAFE and other relevant governmental authorities and competent banks. This could affect our ability to obtain foreign currency through debt or equity financing for our subsidiaries.

We may be deemed to be a PRC tax resident enterprise under the PRC Enterprise Income Tax Law and be subject to PRC taxation on our worldwide income.

Under applicable PRC tax laws, regulations and statutory documents, non-PRC resident individuals and enterprises are subject to different tax obligations with respect to dividends received from us or gains realized upon the sale or other disposition of our Shares. Non-PRC individuals are generally subject to PRC individual income tax under the *Individual Income Tax Law of the PRC* (《中華人民共和國個人所得稅法》) (the "**IIT Law**") with respect to PRC source income or gains at a rate of 20% unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. We are required to withhold related tax from dividend payments. Pursuant to applicable regulations, domestic non-foreign-invested enterprises issuing shares in Hong Kong may generally, when distributing dividends, withhold individual income tax at the rate of 10%. However, withholding tax on distributions paid by us to non-PRC individuals may be imposed at other rates pursuant to applicable tax treaties (and up to 20% if no tax treaty is applicable) if the identity of the individual holder of the Shares and the tax rate applicable thereto are known to us.

Non-PRC resident enterprises that do not have establishments or premises in the PRC, or that have establishments or premises in the PRC but their income is not related to such establishments or premises are subject to PRC enterprise income tax at the rate of 10% on dividends received from PRC companies and gains realized upon disposition of equity interests in the PRC companies pursuant to the PRC Enterprise Income Tax Law and other applicable PRC tax regulations and statutory documents, which may be reduced or eliminated under special arrangements or applicable treaties between the PRC and the jurisdiction where the non-resident enterprise resides. Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' verification. The interpretation and application of the relevant PRC tax laws by the PRC tax authorities may continue to evolve, including whether and how individual income tax or enterprise income tax on gains derived by holders of our Shares from their disposition of our Shares may be collected. If any such tax is collected, the value of our Shares may be adversely affected.

Under the PRC Enterprise Income Tax Law, an enterprise established outside the PRC with "de facto management bodies" within China is considered a "resident enterprise," meaning that it is treated in a manner similar to a Chinese enterprise for PRC enterprise income tax purposes. The implementing rules of the PRC Enterprise Income Tax Law define "*de facto* management bodies" as "management bodies that exercise substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. In addition, the *Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies* (《國家稅務局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), or Circular 82, specifies that certain Chinese-controlled offshore incorporated enterprises, defined as enterprises incorporated under the laws of foreign countries or territories and that have PRC enterprises or enterprise groups as their primary controlling shareholders, will be classified as resident enterprises if all of the following are located or resident in China: (i) senior management personnel and departments that are responsible for daily production, operation and management; (ii) financial and personnel decision-making bodies; (iii) key properties, accounting books, company seal, and minutes of board meetings and shareholders' meetings; and (iv) half or more of senior management or directors having voting rights. The State Taxation Administration of the PRC, or the SAT, has subsequently provided further guidance on the implementation of Circular 82.

As substantially all of the operational management of our Company is currently based in the PRC, our offshore subsidiaries may be deemed to be "PRC resident enterprises" for the purpose of the PRC Enterprise Income Tax Law. If our offshore subsidiaries are deemed PRC resident enterprises, they could be subject to the enterprise income tax at 25% on our global income, except that the dividends we receive from our PRC subsidiaries may be exempt from the enterprise income tax to the extent such dividend income constitutes "dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise." It is, however, unclear what type of enterprise would be deemed a "PRC resident enterprise" for such purposes. The enterprise income tax on our subsidiaries' global income could increase our tax burden and adversely affect our cash flows and profitability.

The M&A Rules and certain other PRC regulations establish certain procedures for some acquisitions of Chinese companies by foreign investors, which could affect our acquisitions.

On February 3, 2015, the SAT issued the *Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises* (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (the "**Circular 7**"), which abolished certain provisions in the *Notice on Strengthening the Administration of Enterprise Income Tax on Non-Resident Enterprises* (《關於加強非居民企業股權轉讓企業所得稅管理的通知》) (the "**Circular 698**"), which was previously issued by the SAT on December 10, 2009, as well as certain other rules providing clarification on Circular 698. Circular 7 provided comprehensive guidelines relating to, and also heightened the PRC tax authorities' scrutiny over, indirect transfers by a non-resident enterprise of assets (including equity interests) of a PRC resident enterprise (the "**PRC Taxable Assets**").

For example, Circular 7 specifies that the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC Taxable Assets according to Article 47 of the *PRC Enterprise Income Tax Law*, when a non-resident enterprise transfers PRC Taxable Assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC Taxable Assets, by disregarding the existence of such overseas holding company and considering the transaction to be a direct transfer of PRC Taxable Assets, if such transfer is deemed to have been conducted for the purposes of avoiding PRC enterprise income taxes and without any other reasonable commercial purpose.

Except as provided in Article 5 and Article 6 of Circular 7, transfers of PRC Taxable Assets under the following circumstances shall be automatically deemed as having no reasonable commercial purpose, and are subject to PRC enterprise income tax: (i) more than 75% of the equity value of the overseas enterprise is directly or indirectly from PRC Taxable Assets; (ii) more than 90% of the total assets (cash excluded) of the overseas enterprise are directly or indirectly composed of investment in China at any time during the year prior to the indirect transfer of PRC Taxable Assets, or more than 90% of the income of the overseas enterprise is directly or indirectly from China during the year prior to the indirect transfer of PRC Taxable Assets; (iii) the overseas enterprise and its subsidiaries directly or indirectly hold PRC Taxable Assets and have registered in the host countries (regions) in order to meet the local legal requirements in relation to organization forms, yet prove to be lack of economic substance due to their inadequate ability to perform their intended functions and withstand risks as their alleged organization forms suggest; or (iv) the income tax from the indirect transfer of PRC Taxable Assets payable abroad is lower than the income tax in China that may be imposed on the direct transfer of such PRC Taxable Assets.

Although Circular 7 contains certain exemptions (including, (i) where a non-resident enterprise derives income from the indirect transfer of PRC Taxable Assets by acquiring and selling shares of a listed overseas holding company which holds such PRC Taxable Assets on a public market; and (ii) where there is an indirect transfer of PRC Taxable Assets, but if the non-resident enterprise had directly held and disposed of such PRC Taxable Assets, the income from the transfer would have been exempted from enterprise income tax in the PRC under an applicable tax treaty or arrangement), it requires further clarification whether any exemptions under Circular 7 will be applicable to the transfer of our Shares that do not qualify for the aforementioned situation or to any future acquisition by us outside of the PRC involving PRC Taxable Assets, or whether the PRC tax authorities will reclassify such transaction by applying Circular 7. Therefore, the PRC tax authorities may deem any transfer of our Shares by our Shareholders that are non-resident enterprises, or any future acquisition by us outside of the PRC involving PRC Taxable Assets, to be subject to the foregoing regulations, which may subject our Shareholders or us to relevant PRC tax reporting obligations or tax liabilities.

Regulations relating to offshore investment activities by PRC residents or entities may affect our PRC subsidiary's abilities to distribute their profits and proceeds to us and our ability to increase our investment in our PRC subsidiary.

The SAFE has promulgated several regulations requiring PRC residents and entities to register with PRC government authorities before engaging in direct or indirect offshore investment activities, including *Circular of the State Administration of Foreign Exchange on the Administration of Foreign Exchange Involved in Overseas Investment, Financing and Roundtrip Investment through Special Purpose Vehicles Conducted by Domestic Residents in China via Special-Purpose Companies* (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) ("**SAFE Circular 37**"), issued and effective on July 4, 2014. SAFE Circular 37 requires PRC residents and entities to register with local branches of the SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with assets or equity interests of onshore companies or offshore assets or interests held by the PRC residents and entities, referred to in SAFE Circular 37 as a "special purpose vehicle." SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle. If a shareholder who is a PRC citizen or resident does not complete the registration with the local SAFE branches, the PRC subsidiaries of the special purpose vehicle may be prohibited from distributing their profits and proceeds from any reduction in capital or liquidation to the special purpose vehicle, and the special purpose vehicle may be restricted to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with the various SAFE registration requirements described above may result in liabilities for the PRC residents and entities under PRC laws for evasion of applicable foreign exchange restrictions, including (1) the requirement by the SAFE to return the foreign exchange remitted overseas within a period of time specified by the SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas and deemed to have been evasive and (2) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive. For details, see "History, Reorganization and Corporate Structure – PRC Regulatory Requirements – SAFE Circular 37 and Related Rules" in this prospectus.

We may not at all times be fully aware or informed of the identities of all our beneficiaries who are PRC nationals, and may not always be able to compel our beneficiaries to comply with the requirements of SAFE Circular 37 or other related regulations. As a result, we cannot assure you that all of our Shareholders or beneficiaries who are PRC nationals will at all times comply with, or in the future make or obtain applicable registrations or approvals with the SAFE, the NDRC and the Ministry of Commerce of the PRC (the "**MOFCOM**") or their local branches which are required by SAFE Circular 37 or other related regulations, including applicable NDRC and MOFCOM regulations.

PRC regulations of loans to and direct investment in PRC entities by offshore holding companies and currency exchange may affect us in using the proceeds of our securities offerings to make loans or additional capital contributions to our PRC subsidiaries.

Any funds we transfer to our WFOE, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration with relevant governmental authorities in China. According to the relevant PRC regulations on foreign-invested enterprises in China, the information of capital contributions to our WFOE should be reported to MOFCOM or its local branches and filed with other governmental authorities in China.

Additionally, any foreign loan procured by our WFOE is required to be registered with the SAFE or its local branches, and our WFOE may not procure loans which exceed the difference between its registered capital and its total investment amount as approved by MOFCOM or its local branches. Any medium or long-term loan to be provided by us to our Consolidated Affiliated Entities for a term of over one year must be approved by the NDRC and the SAFE or its local branches. We may not obtain these governmental approvals or complete such registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by us to our PRC subsidiaries. If we fail to receive such approvals or complete such registrations, our ability to use the proceeds of the Global Offering and to capitalize our PRC operations may be negatively affected, which could adversely affect our WFOE's liquidity and our ability to fund and expand our business.

On March 30, 2015, the SAFE issued the *Circular on Performing the Administration Approach regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises* (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) ("**SAFE Circular 19**"). SAFE Circular 19 allows foreign-invested enterprises in China to convert foreign currencies into Renminbi in order to pay their registered capital and make equity investments in Renminbi. On June 9, 2016, SAFE promulgated the *Notice of the State Administration of*

Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) ("**SAFE Circular 16**"), which reiterates some of the rules set forth in SAFE Circular 19, but changes the prohibition against using Renminbi capital converted from foreign currency-denominated registered capital of a foreign-invested enterprises to issue Renminbi entrusted loans to a prohibition against using such capital to issue loans to non-associated enterprises. As a result, SAFE Circular 19 and SAFE Circular 16 may affect our ability to convert, transfer and use the net proceeds from the Global Offering.

Our operations are subject to and may be affected by changes in PRC tax laws and regulations.

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. Although we believe that in the past we had acted in compliance with the requirements under the relevant PRC tax laws and regulations in all material aspects and had established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or actions that could adversely affect our business, financial condition and results of operations, as well as our reputation. Furthermore, the PRC government may continue to adjust or revise its tax laws and regulations. For example, under the IIT Law which was last amended on August 31, 2018 and came into effect on January 1, 2019, foreign nationals who have no domicile in China but have resided in the PRC for a total of 183 days or more in a tax year, would be subject to PRC individual income tax on their income gained within or outside the PRC. Should such rule be strictly enforced, our ability to attract and retain highly skilled foreign scientists and research technicians to work in China may be adversely affected, which may in turn have an adverse effect on our business, financial condition, results of operations, cash flows and prospects. Further adjustments or developments to tax laws and regulations could also have an adverse effect on our business, financial condition and results of operations.

Payment of dividends may be affected by regulations in the PRC law.

Under PRC law and regulations, we may only pay dividends out of distributable profits. Distributable profits are our after-tax profits, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including in periods for which our financial statements indicate we are profitable. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years.

Moreover, our operating subsidiaries in the PRC may not have distributable profit as determined under the Generally Accepted Accounting Principles of the PRC (the "**PRC GAAP**"). Accordingly, we may not receive sufficient distributions from our subsidiaries for us to pay dividends. Failure by our operating subsidiaries to pay us dividends could adversely impact our ability to make dividend distributions to our Shareholders and our cash flow, including periods in which we are profitable.

Risks Relating to Our Intellectual Property Rights

We may not be able to adequately protect our intellectual property rights, which could harm the value of our brand and adversely affect our business.

We rely on a combination of trademarks, patents, domain name registrations, copyrights and confidentiality agreements to protect our intellectual property rights. We also possess a significant number of know-how or trade secrets in relation to technologies, which we believe are material to our operations and which are not covered by patents.

We cannot assure that there will be no counterfeit or forgery of our equipment, whether purchased or self-developed in-house products, such as our vending machines, trademarks and/or brands in the market. Counterfeiters may illegally set up vending machines under our brand. Such counterfeit or forged products are usually difficult to detect or ban in a timely manner. The occurrence of such incidents may harm the value of our brand and thereby leading to adverse effects on our profitability and competitiveness.

We rely on various protective measures to safeguard such unpatented proprietary information. However, we cannot assure that our protective measures will be sufficient to protect our trade secrets, know-how or other proprietary information against any unauthorized use, misappropriation or disclosure. We also cannot assure that we will be successful in enforcing confidentiality provisions or undertaking enforcement proceedings in the event that there is any unauthorized use of our intellectual property.

Furthermore, any litigation to protect our intellectual property would be time-consuming and costly, and may divert the attention of our members of senior management and key personnel from our business operations. If we fail to effectively protect our intellectual property from inappropriate or unauthorized use by third parties in ways that adversely affect our brand, our reputation could suffer, which in turn could materially and adversely affect our business, financial condition and results of operations.

We may be subject to intellectual property infringement claims, which may be expensive to defend and may disrupt our business and operations.

Third parties may claim that the technology or content used in our operation or our services infringe upon their intellectual property rights. The possibility of intellectual property claims against us increases as we continue to grow. Such claims, whether or not having merit, may result in our expenditure of significant financial and management resources, injunctions against us or payment of damages. We may need to obtain licenses from third parties who allege that we have infringed their rights, but such licenses may not be available on terms acceptable to us or at all. These risks have been amplified by the increase in the number of third parties whose sole or primary business is to assert such claims. In addition, as some third parties have already registered or may register the trademarks which are similar to the marks we used in our business, infringement claims may be asserted against us, and we cannot assure you that a government authority or a court will hold the view that such similarity will not cause confusion in the market. In this case, we may be required to explore the possibility of acquiring these trademarks from, or entering into exclusive licensing agreements with the third parties, which will cause us to incur additional costs.

China has enacted laws and regulations governing internet access and the distribution of products, services, news, information, audio-video programs and other content through the internet. The PRC government has prohibited the distribution of information through the internet that it deems to be in violation of PRC laws and regulations. If any of the information disseminated through our services were deemed by the PRC government to violate any content restrictions, we would not be able to continue to display such content and could become subject to penalties, including confiscation of income, fines, suspension of business and revocation of required licenses, which could materially and adversely affect our business, financial condition and results of operations.

The outcome of any claims, investigations and proceedings is inherently uncertain, and in any event defending against these claims could be both costly and time-consuming, and could significantly divert the efforts and resources of our management and other personnel. An adverse determination in any such litigation or proceedings could cause us to pay damages, as well as legal and other costs, limit our ability to conduct business or require us to change the manner in which we operate.

Confidentiality agreements with employees and others may not adequately prevent disclosure of trade secrets and other proprietary information.

We have devoted substantial resources to the development of our technology and know-how. Although we enter into employment agreements with confidentiality and intellectual property ownership clauses with our employees, we cannot assure you that these agreements will not be breached, that we will have adequate remedies for any breach, or that our proprietary technology, know-how or other intellectual property will not otherwise become known to third parties. In addition, third parties may independently discover trade secrets and proprietary information, limiting our ability to assert any proprietary rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights and failure to obtain or maintain trade secret protection could adversely affect our competitive position.

Risks Relating to Our General Operations

Adverse publicity related to our services or merchandise, our employees or our business partners, or failure or perceived failure to handle customer or consumer complaints could materially and adversely impact our business and operating results.

Our ability to manage customer or consumer complaint successfully is integral to maintaining and enhancing market recognition of our brand. Any customer or consumer complaints, negative publicity or allegations, whether in the form of news reports, social media posts or others, whether concerning our business, our Directors, Supervisors, members of senior management, employees, suppliers, brand customers, business partners, or our competitors, in particular relating to food quality and safety issues, public health concerns and data privacy related issues, even if meritless or immaterial to our operations, could affect brand customer perception of our business and may damage our brand and reputation. Moreover, we may be required to spend significant time and incur substantial costs in response to such allegations and negative publicity, during which course our management's attention may be diverted, however, we may not be able to diffuse them to the satisfaction of our investors and brand customers. If we fail to effectively manage such negative publicity or complaints, our brand value may be diminished and our business, brands and results of operations will be materially and adversely affected.

Failure to enhance our sales and marketing efficiency could harm our ability to increase the sales of our services and achieve broader market reception.

We rely on our brand image and reputation in marketing and selling our services. As there are an increasing number of potential brand customers who may seek services based on our reputation and brand in the FMCG outdoor marketing market, we will need to constantly manage our reputation and brand image and further enhance brand customer education through promotions and online marketing activities. Our ability to increase customer base and achieve broader market reception of our services and products will depend to a significant extent on our ability to enhance our sales and marketing efficiency. We expect to enhance our sales and marketing efficiency to increase our market share in the future. However, there is no guarantee that we will be successful in attracting and maintaining our brand customers, and our ability to control selling and marketing expenses may significantly affect our profitability. Even if we are successful in expanding our customer base, if these efforts paid to analyze their needs and market our services and products to them would divert our limited resources away from existing brand customers, our ability to attract and maintain our current brand customers would be negatively impacted, which might cause a loss of our current customer base and adversely affect our business operation and financial results.

Any substantial increase in rent, non-renewal of lease agreements, or unexpected early termination of lease agreements may affect our business.

During the Track Record Period, we leased certain properties as our warehouses, office premises or staff dormitories, therefore, we are susceptible to fluctuations in the property rental market. We believe that, generally, rental costs for premises that are suitable for our business will continue to increase. Our substantial operating lease obligations expose us to potential risks, including increasing our vulnerability to adverse economic conditions, limiting our ability to obtain additional financing and reducing our cash available for other purposes.

Our lease agreements for our warehouses, office premises or staff dormitories typically have a term ranging from one to four years. If our lessors determine to terminate our lease agreements early, refuse to renew such lease agreements upon their expirations, or if a lease agreement is renewed with substantially higher rent or if any other existing favorable terms granted by the lessor are not extended, our business operations will be adversely disrupted. If we are confronted with early terminations of our lease agreements or are unable to renew our lease agreements upon their expirations due to either the lessors' refusal to renew such lease agreements or our determination that the renewal on modified terms is not in our business interest, we will have to close or relocate the relevant warehouses, office premises or staff dormitories. We cannot assure you that we will be able to secure comparable locations with leases based on comparable terms to relocate our business in time, or at all, which could subject us to interruption to our business, construction, renovation and other costs and risks.

In addition, during the Track Record Period, certain of our leased properties were mortgaged to independent third parties even before the execution of the lease agreements. A mortgagee can exercise the power of sale by way of judicial auction over the mortgaged property when the right is due and exercisable. As a result, we may be subject to compulsory acquisition, closure or demolition of any of the properties on which our warehouses, office premises or staff dormitories are situated. Although we may receive liquidated damages or compensation if our leases are terminated unexpectedly, we may be forced to divert management attention, time and costs to find new sites and relocate our warehouses, office premises or staff dormitories.

Our investments, strategic alliances or acquisitions may fail and have a material and adverse effect on our business, reputation and results of operations.

From time to time during our business operations, we may invest in joint ventures, associates or companies in the future as we deem appropriate. We expect to allocate 10% of our net proceeds from the Global Offering, or approximately HK$46.5 million, to pursue such strategic alliances and acquisitions. We may not obtain control and may lack influence over the operations in these joint venture(s) and associates which may prevent us from achieving our strategic goals and financial returns in these joint venture(s) and associates. Furthermore, acquisitions and investments also involve challenges, risks and uncertainties, including but not limited to, difficulties in, and significant and unanticipated additional costs and expenses resulting from, integrating into our existing business the large number of personnel, operations, products, services, technology, internal controls and financial reporting of the business we acquire or invest in, disruption of our ongoing business, distraction of and significant time and attention required from our management and employees and increases in our expenses, and additional or conflicting regulatory requirements, heightened restrictions on and scrutiny of investments, acquisitions and foreign ownership in other jurisdictions. Some of these challenges and risks are beyond our control, and there can be no assurance that we will be able to realize the anticipated benefits, synergies, cost savings or efficiencies may cast a material adverse effect on our business, financial condition and results of operations.

Our operations and business plans may be adversely affected by natural disasters, epidemics and other public health emergencies.

Substantially all of our vending machines are located at high foot traffic sites including office premises, rental apartments, shopping centers and schools. Therefore, our operations and business plans are susceptible to force majeure events, natural disasters such as earthquakes, tsunamis, snowstorms, sandstorms, fire, droughts and extreme and adverse bad weather conditions, epidemics and other public health emergencies, such as Middle East Respiratory Syndrome (MERS), Severe Acute Respiratory Syndrome (SARS), H5N1 avian flu, human swine flu (also known as Influenza A (H1N1)), H7N9 or Zika Virus Disease and the COVID-19 and its variants, or other events, such as wars, acts of terrorism, environmental accidents, power shortage or communication interruptions. Any natural disasters, epidemics and other outbreaks that are beyond our control may be expected to affect the economy, restrict the level of business activities in the affected areas, directly impact our and our brand customers' operations, including straining facilities and employees, exposing employees to personal risks, temporarily closing office spaces, imposing additional health or safety measures upon office spaces, or exposure to potential liabilities for actions taken or not taken. In addition, the COVID-19 pandemic as well as the restrictive measures in response presented challenges to our business operations as well as to our brand customers, suppliers and other participants in our business. Many places where our vending machines were located were required to be closed temporarily or even permanently, which resulted in an unexpected disruption to our business operation and vending machine network optimization and expansion in certain geographical area. While our business operations and financial performance have recovered in 2021 as the impact of COVID-19 wanes, COVID-19 resurged in various locations in 2022, with counter-resurgence measures being taken, resulting in closure of, and reduced consumer traffic and sales activities at public places where our vending machines were placed. We cannot assure you that such natural disasters, epidemics and other outbreaks will always be within our control or that our business operations and financial condition will not be adversely affected.

Our ability to retain key executives and to attract, hire, retain and motivate other qualified and skilled personnel is important to our future success, however, we may experience labor shortages or increases in labor costs.

We are highly dependent on Ms. Yin, chairwoman of our Board and our CEO, and other management members to help us successfully set and implement our business strategies. If any of them leaves us for any reason including starting their own business that competes with our business, our business, results of operations and prospects may be materially and adversely affected.

The success of our business also relies on our ability to attract, hire, retain and motivate qualified technical, logistical, and sales and marketing personnel, who assist us in formulating the design of our marketing service and our marketing strategies, as well as our ability to successfully integrate and work with personnel from our joint ventures with business partners. For instance, during the Track Record Period, our research and development staff costs amounted to RMB8.9 million, RMB10.4 million and RMB7.8 million in 2021, 2022 and 2023, respectively. Although we have entered into employment agreements with each of our executives and employees, they may terminate their agreements with us at any time. The loss of the services of any of them could impede the achievement of our business growth and market penetration objectives.

Furthermore, replacing executive officers and key employees may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully design, market and monetize marketing service. Competition to hire from this limited pool is intense, and we may face difficulties in hiring and retaining talents and skilled personnel from time to time as our competitors may offer more attractive salary package, higher positions and better training opportunities to such talents. Therefore, we may be unable to hire, train, retain or motivate these key personnel or consultants on acceptable terms given the competition among numerous companies for similar personnel. We also experience competition for the hiring of research and development personnel from universities, research institutions, government entities and other organizations. As a result, we may incur additional expenses and devote significant time to recruit and train new personnel, which could severely disrupt our business and growth. In addition, our employees may be engaged by our competitors and may have commitments under employment contracts with other entities that may limit their availability to us. If we are unable to continue to attract and retain high quality personnel, our ability to pursue our growth strategy will be limited. In addition, if we face labor shortages or significant increases in labor costs caused by the intense competition or reputational damage caused by labor disputes, higher employee turnover rates, increases in wages or other employee benefit costs or changes to labor laws and regulations, our operating costs could increase significantly, which could materially and adversely affect our results of operations.

Our insurance coverage may be insufficient to cover all risks involved in our business operations.

We purchase and maintain various insurance policies that we believe to be aligned with the customary commercial practice in our industry and as required under relevant laws and regulations to safeguard against risks and unexpected events for our employees, properties and assets. However, we cannot assure that our insurance coverage will be sufficient or available to cover damages, liabilities or losses we may incur in the ordinary course of our business. In additional, there are certain losses for which insurance is not available on commercially practicable terms, such as losses or damages arising from any disruption in our network infrastructure or business operations, litigation or natural disasters. If we are held responsible for any losses or damages and there is insufficiency or unavailability of insurance, we could suffer significant costs and diversion of our resources as well as management's attention, and our business, financial conditions and results of operation could be materially and adversely affected.

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

We seek to establish risk management and internal control systems consisting of an organizational framework, policies, procedures and reporting mechanisms that are appropriate for our business operations, and seek to continue to periodically review, reflect on and improve these systems. For further information, see "Business – Risk Management and Internal Control" in this prospectus. However, due to the inherent limitations in the design and implementation of risk management and internal control systems, we cannot assure you that our risk management and internal control systems will be effective in every aspect and be able to identify, prevent and manage all risks. Our internal control procedures are designed to monitor our operations and ensure their overall compliance. However, our internal control procedures may be unable to identify all non-compliance incidents in a timely manner or at all. It is not always possible to timely detect and prevent fraud and other misconduct, and the precautions we take to prevent and detect such activities may not be effective.

Our risk management and internal controls also depend on their effective implementation by our employees. Although we strive to offer our employees sufficient trainings on compliance on a regular basis, however, due to the significant size of our operations, we cannot assure you that their implementation will not involve any human errors or mistakes, which may materially and adversely affect our business and results of operations, as well as our reputation and brand name. In addition, as we are likely to offer a broader and more diverse range of services in the future, the diversification of our service offerings will require us to continue to enhance our risk management capabilities to successfully manage our growth. If we fail to timely adapt our risk management policies and procedures to our changing business, our business, results of operations and financial condition could be materially and adversely affected.

If we become subject to litigation, legal or contractual disputes, governmental investigations or administrative proceedings, our management's attention may be diverted and we may incur substantial costs, and liabilities if the outcomes are adverse to us.

We may from time to time become subject to various litigation, legal or contractual disputes, investigations or administrative proceedings arising in the ordinary course of our business, including but not limited to various disputes with or claims from our employees, suppliers, brand customers, business partners and other third parties that we engage for our business operations. On-going or threatened litigation, legal or contractual disputes, investigations or administrative proceedings may divert our management's attention and consume their time and our other resources. In addition, any similar claims, disputes or legal proceedings involving us or our employees may result in damages or liabilities, as well as legal and other costs and may cause a distraction to our management. Furthermore, any litigation, legal or contractual disputes, investigations or administrative proceedings which are initially not of material importance may escalate and become important to us, due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved. If any verdict or award is rendered against us or if we settle with any third parties, we could be required to pay significant monetary damages, assume other liabilities and even to suspend or terminate the related business projects. In addition, negative publicity arising from litigation, legal or contractual disputes, investigations or administrative proceedings may damage our reputation and adversely affect the image of our brands and marketing service. Consequently, our business, financial condition and results of operations may be materially and adversely affected.

Fluctuations in exchange rates could result in foreign currency exchange losses.

Certain of our cash and bank balance are denominated in foreign currencies. Therefore, we are exposed to foreign currency risk. The exchange rate of Renminbi against USD and other foreign currencies is affected by, among other things, regulatory updates and developments in China's and international political and economic conditions, as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between Renminbi, USD, HKD or other currencies in the future.

The proceeds from the Global Offering will be received in HKD. As a result, any appreciation of RMB against USD, HKD or any other foreign currencies may result in the decrease in the value of our proceeds from the Global Offering. On the other hand, any significant appreciation of HKD against RMB may materially adversely affect any dividends payable on our Shares in HKD. There are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Any of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

Risks Relating to Our Financial Position and Need for Additional Capital

Our gross profit margins have fluctuated during the Track Record Period and may continue to fluctuate in the future.

We have experienced fluctuations in gross profit margin during the Track Record Period. Our overall gross profit margin amounted to 68.8%, 60.4% and 53.2% in 2021, 2022 and 2023, respectively. The fluctuations in our gross profit margin were influenced by both internal factors such as business expansion and external factors including the negative impact of the COVID-19 pandemic. The decrease in our overall gross profit margin in 2022 was primarily related to the recurrence of COVID-19. See "Financial Information – Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income" in this prospectus for further details.

There can be no assurance that our gross profit margin will not be lower than the levels recorded during the Track Record Period or our gross profit margin will not continue to further fluctuate in the future. Our gross profit margin may decline by a material extent for reasons beyond our control, such as decreasing marketing spending by brand customers, increasing competition, and developments in government policies or general economic conditions. Accordingly, we cannot guarantee that our gross profit margin will not fluctuate from time to time. If there is any decline in our gross profit margin in the future, our Shares could be subject to significant price volatility, which will further harm our business and financial conditions.

We have recorded net losses during the Track Record Period, and we may not be able to achieve or subsequently maintain profitability.

In 2021 and 2022, we recorded net losses of RMB139.5 million and RMB116.1 million, respectively, and we generated net profit of RMB136.7 million in 2023. We believe that our future abilities to maintain profitability will depend on, among other factors, our ability to develop new technologies, enhance customer experience, establish effective monetization strategies, compete effectively and successfully, and continuously grow our customer base and revenues in a cost-effective way by improving our operational efficiency. Moreover, our ability to obtain additional capital in the future, however, is subject to a number of uncertainties, including those relating to our future business development, financial condition and results of operations, general market conditions for financing activities by companies in our industry and macro-economic and other conditions. If we cannot obtain sufficient capital to meet our capital needs, we may not be able to execute our growth strategies, and our business, financial condition and prospects may be materially and adversely affected. Accordingly, you should not rely on our historical results of operations as an indication of our future performance. In addition, we expect to incur substantial costs and expenses as a result of being a public company. If we are unable to generate adequate revenues and manage our costs and expenses, we may continue to incur significant losses in the future and our net losses may increase compared to prior years, and we may not be able to achieve or subsequently maintain profitability.

We are exposed to credit risk of our brand customers and we may experience delays or defaults in collecting our trade and other receivables and our results of operations, financial position and liquidity may be materially and adversely affected.

We are exposed to credit risk associated with payment delays and defaults by our brand customers. As of December 31, 2021, 2022 and 2023, our trade receivables amounted to RMB243.2 million, RMB461.9 million and RMB494.0 million, respectively, with loss allowance thereon amounting to RMB22.7 million, RMB48.4 million and RMB47.3 million, respectively. In 2021, 2022 and 2023, our trade receivables turnover days were 182.2 days, 320.3 days and 222.5 days, respectively. In particular, our trade receivable turnover days increased significantly in 2022 primarily due to the temporary extension of credit terms to certain customers to help them cope with the lockdowns imposed due to COVID-19. Therefore, we may not be able to collect all such trade receivables in a timely manner due to a variety of factors that are beyond our control.

If any of our brand customers experiences financial difficulties in settling our trade receivables, or if the relationship between us and any of our brand customers is terminated or deteriorates, the recoverability of our corresponding trade receivables may be negatively impacted. The increase in provisions made on our trade receivables is recorded as expenses on our consolidated statements of profit or loss and other comprehensive income. In the event that we are unable to effectively manage the credit risk associated with our trade receivables, our financial performance and results of operations could be significantly and adversely affected.

Moreover, substantial defaults or payment delays by our brand customers have the potential to significantly and adversely impact our cash flow. In such cases, we may be forced to terminate our relationships with those brand customers to mitigate the impact on our overall financial position.

During the Track Record Period, a number of our customers had contributed to a large portion to our revenue.

Our revenue generated from the sales to our five largest customers in each year during the Track Record Period accounted for 22.0%, 18.4% and 15.2% of our total revenue for the same years, respectively. Our revenue generated from the largest single customer in 2021, 2022 and 2023 accounted for 4.8%, 4.6% and 3.5% of our total revenue for the same years, respectively. If one or more of our large customers were to significantly reduce their purchases from us and if we fail to develop new large customers to replace them in a timely manner, or at all, our business, financial condition, results of operations, and prospects would be materially and adversely affected.

We have historically received government grants and was entitled to preferential tax treatment, but we may not receive such government financial incentives and may be subject to additional taxes in the future.

We have historically received government grants in the form of incentives and subsidies related to certain of our research and development activities. In 2021, 2022 and 2023, we recognized government grants as our other income and gains of RMB3.2 million, RMB1.3 million and RMB1.8 million, respectively. For details of our government grants, see "Financial Information – Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income – Other Income and Gains." Our eligibility for government grants depends on a variety of factors, including the assessment of our improvement on existing technologies, relevant government policies, the availability of funding at different granting authorities and the research and development progress made by other peer companies. In addition, the timing, amount and criteria of government financial incentives are determined within the sole discretion of the local government authorities and cannot be predicted with certainty before we actually receive any financial incentive. We generally do not have the ability to influence local governments in making these decisions. Local governments may decide to reduce or eliminate incentives. Also, some of the government financial incentives are granted on a project basis and subject to the satisfaction of certain conditions, including compliance with the applicable financial incentive agreements and completion of the specific projects therein. We cannot guarantee that we will satisfy all relevant conditions, and if we fail to satisfy any such conditions, we may be deprived of the relevant incentives. We cannot assure you of the continued availability of the government incentives currently enjoyed by us. Any reduction or elimination of incentives would have an adverse effect on our financial condition and results of operations.

During the Track Record Period, we also enjoyed preferential tax treatment. For example, in China, we have obtained the "High and New Technology Enterprise" accreditation and, accordingly, was entitled to a preferential income tax rate of 15% on its estimated assessable profits during the Track Record Period. For more details on the preferential tax treatments, see "Financial Information – Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income – Income tax expense" and Note 10 to the Accountants' Report in Appendix I to this prospectus. Our eligibility to receive these preferential tax treatment requires that we continue to qualify for them. Since our receipt of the preferential tax treatment is subject to periodic time lags, as long as we continue to receive these preferential tax treatment, our net income in a particular period may be higher or lower relative to other periods depending on the potential developments in these preferential tax treatment in addition to any business or operational factors that we may otherwise experience. The discontinuation of preferential tax treatment currently available to us could have an adverse effect on our financial condition, results of operations, cash flows and prospects.

Impairment and depreciation of our property, plant and equipment and right-of-use assets could negatively affect our financial condition and results of operations.

The value of our property, plant and equipment and right-of-use assets represent a significant portion of the assets on our consolidated balance sheet. We recorded property, plant and equipment of RMB233.4 million, RMB174.6 million and RMB117.7 million as of December 31, 2021, 2022 and 2023, respectively. We recorded right-of-use assets of RMB5.1 million, RMB2.1 million and RMB2.4 million as of December 31, 2021, 2022 and 2023, respectively. The value of property, plant and equipment and right-of-use assets is based on a number of assumptions made by the management. If any of these assumptions does not materialize, or if the performance of our business is not consistent with the assumptions, we may be required to record a significant impairment loss, which could in turn adversely affect our results of operations. Any significant impairment of our property, plant and equipment and right-of-use assets could have a negatively affect our financial condition and results of operation. In addition, during the Track Record Period, depreciation of our property, plant and equipment and right-of-use assets, primarily including the depreciation of our vending machines, constituted a considerable portion of our operating expenses. In 2021, 2022 and 2023, depreciation and amortization charges recorded under cost of sales, which included that of our vending machines, amounted to RMB42.3 million, RMB58.6 million and RMB55.5 million, respectively. For more details of depreciation and amortization and the financial impact of relevant accounting policies, see Note 2.4 to the Accountants' Report in Appendix I to this prospectus.

Our success depends, in part, on our ability to successfully manage our inventories.

Our inventories primarily consist of fast-moving consumer goods like beverages and food. Our inventories amounted to RMB20.4 million, RMB32.7 million and RMB27.8 million as of December 31, 2021, 2022 and 2023, respectively. Maintaining an optimal level of inventories is important for the success of our business. Through our operation system, we are able to monitor information such as inventory level, movement of our SKUs and stock description on a real time basis. However, we may be exposed to risks of overstocking or under-stocking inventories as a result of a variety of factors beyond our control, including changes of consumer preferences. We cannot assure you that we can accurately predict these trends and events, or that our inventories management measures will be implemented effectively so that we will not have significant levels of inventories excess or shortage. As a result of any unforeseen or sudden events, we may experience slow movement of our inventories, or fail to utilize our inventories swiftly. Moreover, as we plan to continue expanding our service offerings, we expect to include more materials in our inventories, which will make it more challenging for us to manage our inventories effectively. Inventories levels in excess of customer demand may result in inventories write-downs, expirations or an increase in inventories holding costs, and a potential negative effect on our liquidity. If we fail to manage our inventories effectively, we may also be subject to a heightened risk of inventories excess or shortage, which may have a material adverse effect on our business, financial condition and results of operations.

Share-based payments may adversely affect our financial performance and also potentially dilute our shareholding.

We adopted employee incentive plans for the benefit of our employees (including directors) as remuneration for their services provided to us to incentivize and reward the eligible persons who have contributed to the success of our Company and retain the services of eligible employees for our continuous growth and development. Our employees receive a portion of their remuneration and rewards in the form of share-based payments, whereby they render services as consideration for equity instruments. For details, see "History, Reorganization and Corporate Structure – Adoption of Stock Incentive Plan" in this prospectus. During 2021, 2022 and 2023, we incurred expenses for share-based compensation of RMB2.4 million, RMB2.8 million and RMB14.6 million, respectively. The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a discounted cash flow model and is recognized as expenses in our consolidated statement of comprehensive income, which may have a material adverse effect on our net income. To further incentivize our employees to contribute to us, we may grant additional share-based payments in the future. Issuance of additional Shares with respect to such share-based payments may dilute the shareholding percentage of our existing Shareholders. Expenses incurred with respect to such share-based payments may also increase our operating expenses and therefore have a material and adverse effect on our financial performance. On the other hand, if we reduce the amount of share-based payments, we may not be able to attract or retain key personnel by offering them incentives linked to the value of our Shares.

We had net liabilities position during the Track Record Period, which may adversely affect our liquidity.

During the Track Record Period, we had net liabilities of RMB460.4 million as of December 31, 2021, RMB573.7 million as of December 31, 2022, and RMB367.9 million as of December 31, 2023, respectively, which were primarily attributable to the significant amount of convertible redeemable preferred shares and convertible bonds which were primarily related to that issued in our equity financings. We had non-current liabilities of convertible redeemable preferred shares of RMB936.1 million, RMB1,310.9 million and RMB1,254.0 million and current liabilities of convertible bonds of RMB40.6 million, nil and nil as of December 31, 2021, 2022 and 2023, respectively. For details, see "Financial Information – Discussion of Certain Selected Items From the Consolidated Statements of Financial Position – Convertible Redeemable Preferred Shares and Convertible Bonds" in this prospectus.

We expect to substantially improve our net position and net liabilities position upon completion of the Listing and the Global Offering, as fair value of such convertible redeemable preferred shares and convertible bonds will be reclassified from financial liabilities to equity at that time. However, we cannot guarantee that we will not incur net liabilities in the future. If we are to record net liabilities again, it will affect our liquidity, as well as our ability to raise funds, obtain bank loans, pay debts when they become due and declare and pay dividends. This, in turn, may impact our ability to execute our business strategies.

Our financial condition and results of operations may be adversely affected by the changes in fair value of convertible redeemable preferred shares.

As of December 31, 2021, 2022 and 2023, we had non-current liabilities of convertible redeemable preferred shares of RMB936.1 million, RMB1,310.9 million and RMB1,254.0 million, respectively. In 2021, 2022 and 2023, the fair value losses on financial liabilities at FVTPL amounted to RMB189.4 million, RMB191.5 million and RMB24.1 million, respectively. According to applicable accounting policies, such convertible redeemable preferred shares are recorded in the consolidated statements of financial position, with changes in their fair value recognized in the consolidated statements of profit or loss, therefore directly affecting our financial condition and results of operations.

The determination of the fair value changes in such convertible redeemable preferred shares requires the use of estimates that are based on significant unobservable inputs, such as discounts for lack of marketability and risk-free interest rate. For details, see Note 25 to the Accountants' Report in Appendix I to this prospectus. Such unobservable inputs require us to make significant estimates, which may be subject to material changes, and therefore inherently involve a certain degree of uncertainty. For instance, factors beyond our control can significantly influence and cause adverse changes to the estimates we use and thereby affect the fair value of such liabilities. These factors include, but are not limited to, general economic condition, changes in market interest rates and stability of the capital markets. Any of these factors, as well as others, could cause our estimates to vary from actual results, which could materially and adversely affect our financial condition and results of operations.

We may be subject to risks of recoverability of deferred tax assets.

We had deferred tax assets of RMB3.8 million, RMB8.4 million and RMB11.0 million as of December 31, 2021, 2022 and 2023, respectively. As deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses, our management is required to make judgement to assess the probability of future taxable profits. This requires significant judgment on the tax treatments of certain transactions and also assessment of the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered. Any changes in management's judgment as well as the future results of operations of the relevant entities would affect the carrying amounts of deferred tax assets to be recognized and the recoverability of deferred tax assets recognized in our consolidated financial statements, and therefore may materially and adversely affect our financial position and results of operations in the coming years.

We had negative net cash from operating activities during the Track Record Period.

We had negative net cash from operating activities of RMB68.9 million and RMB108.9 million in 2021 and 2022, respectively, and we generated cash from operating activities of RMB191.7 million in 2023. We cannot assure that we will be able to continue generating net profits or positive cash flow from operating activities in the future. Our ability to achieve and maintain profitability depends on various factors, including but not limited to, maintaining existing and attracting new brand customers, controlling costs and expenses and increasing our revenue, and the effectiveness of our marketing service. Furthermore, if we are unable to successfully offset our increased costs and expenses with an appropriate increase in our revenue and margins, our financial condition and results of operations may be materially and adversely affected. As such, we may not be able to fund our operating expenses and expenditures and may be unable to fulfil our financial obligations as they become due, which may result in voluntary or involuntary dissolution or liquidation proceedings of our Company and a total loss of your investment.

We may need to obtain additional financing to fund our operations, which may cause dilution to our Shareholders, restrict our operations, or require us to relinquish rights to our technologies, and we may not be able to obtain additional financing on favorable terms or at all.

We expect to continue to spend substantial amounts of capital on developing innovative technologies and responding to new trends in the FMCG outdoor marketing market, conducting sales and marketing activities to promote our brand and increase our brand recognition, and finding suitable sites for our vending machines and expanding our vending machines network. However, our existing capital resources may not be sufficient for us to complete all of the foregoing efforts. Accordingly, we will need further funding through public or private offerings, debt financing, governmental subsidies, and/or other sources. We cannot assure you that we will be able to secure sufficient financial resources to support our operations. Our future funding requirements will depend on many factors, including:

- The cost of research and development of emerging and innovative technologies of the FMCG outdoor marketing market and incorporating the same into our services;

- selling and marketing costs associated with promoting our marketing service, including the cost and timing of expanding our sales and marketing team;

- the outcome, timing and cost of complying with evolving and rapidly changing regulatory environment and market conditions;

- the cost of filing, prosecuting, defending and enforcing any patent claims, trade secret and other intellectual property rights;

- our headcount growth and associated costs; and/or

- cash requirements of any future investments in the form of joint ventures or acquisitions.

We cannot assure you that we will have sufficient financing from other sources to fund our operations. If we are unable to raise capital when needed or on acceptable terms, we would be forced to delay, reduce or eliminate our research and development progress or sales and marketing efforts, which may materially and adversely affect our continued business operations.

Even if we resort to other financing activities, we may not able to obtain the financing on terms acceptable to us, or at all, including financing costs and other commercial terms. If we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a holder of our Shares. The incurrence of additional indebtedness or the issuance of certain equity securities could result in increased fixed payment obligations and could also result in certain additional restrictive covenants, such as limitations on our ability to incur additional debt or issue additional equity, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. In addition, issuance of additional equity securities, or the possibility of such issuance, may cause the market price of our Shares to decline.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares and the liquidity and market price of our Shares may be volatile.

Prior to this Global Offering, there has been no public market for our Shares. The Offer Price for our Offer Shares was the result of negotiations among us and Sole Overall Coordinator (for itself and on behalf of the Underwriters) and the Offer Price may differ significantly from the market price for our Shares following this Global Offering. We have applied for listing of and permission to deal in our Offer Shares on the Stock Exchange.

A listing on the Stock Exchange, however, does not guarantee that an active and liquid trading market for the Shares will develop, or if it does develop, that it will be sustained following the Global Offering, or that the market price of the Shares will not decline following the Global Offering. In addition, the trading price and trading volume of the Shares may be subject to significant volatility in responses to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the market price of the shares of other companies engaging in similar business may affect the price and trading volume of our Shares. In addition to market and industry factors, the price and trading volume of our Shares may be highly volatile for specific business reasons, such as the success of our marketing service, regulatory developments affecting the FMCG outdoor marketing market, fluctuations in our revenue, earnings, cash flows, investments and expenditures, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors.

You will incur immediate and significant dilution and raising additional capital may cause further dilution or restrict our operation.

The Offer Price of the Offer Shares is higher than the net tangible asset value per Share immediately prior to the Global Offering. Therefore, purchasers of the Offer Shares in the Global Offering will experience an immediate dilution in pro forma consolidated net tangible asset value. There can be no assurance that if we were to immediately liquidate after the Global Offering, any assets will be distributed to Shareholders after the creditors' claims. If we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a shareholder. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, limitations on our ability to acquire or license intellectual property rights or declaring dividends, or other operating restrictions.

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

Our Controlling Shareholders will, through their voting power at the Shareholders' meetings and delegates on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional shares or other equity securities, timing and amount of dividend payments, and our management. Our Controlling Shareholders may not act in the best interests of our minority Shareholders. In addition, without the consent of our Controlling Shareholders, we could be prevented from entering into transactions that could be beneficial to us. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the price of our Shares.

We are a Cayman Islands exempted company, judicial precedent regarding the rights of shareholders is more limited under the laws of the Cayman Islands than other jurisdictions, and Cayman laws relating to the protection of interests of minority shareholders differ in some respects from other jurisdictions.

Our corporate affairs are governed by our Articles of Association, the Cayman Companies Act and the common law of the Cayman Islands. The rights of shareholders to take action against directors, the rights of minority shareholders to institute actions and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of our Shareholders and the fiduciary responsibilities of our Directors under Cayman Islands law may not be the same as they would be under statutes or judicial precedent in Hong Kong. In particular, the Cayman Islands have different securities laws as compared to Hong Kong and may not provide the same protection to investors. Furthermore, shareholders of Cayman Islands companies may not have standing to initiate a shareholder derivative action in a Hong Kong court.

We have no experience operating as a public company, and we may incur increased costs as a result of becoming a public company.

We have no experience conducting our operations as a public company. As a result of the Listing on the Hong Kong Stock Exchange, we may face enhanced administrative and compliance requirements, which may make us incur substantial related costs and expenses that we did not incur as a private company. We expect rules and regulations applicable to public companies to increase our accounting, legal and financial compliance costs and to make certain corporate activities more time-consuming and costly. Our management may be required to devote substantial time and attention to our public company reporting obligations and other compliance matters. We will evaluate and monitor developments with respect to these rules and regulations, but we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. Our reporting and other compliance obligations as a public company may place a significant strain on our management, operational and financial resources and systems for the foreseeable future.

In addition, since we are becoming a public company, our management team will need to develop the expertise necessary to comply with the numerous regulatory and other requirements applicable to public companies, including requirements relating to corporate governance, listing standards and securities and investor relationships issues. As a public company, our management will have to evaluate our internal controls system with new thresholds of materiality, and to implement necessary changes to our internal controls system. We cannot guarantee that we will be able to do so in a timely and effective manner.

Future sales or perceived sales of a substantial number of our Shares in the public market following the Global Offering could materially and adversely affect the price of our Shares and our ability to raise additional capital in the future, and may result in dilution of your shareholding.

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

If securities or industry analysts cease to publish research or reports about our business, or if they adversely change their recommendations regarding our Shares, the market price for our Shares and trading volume could decline.

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

We cannot assure you that we will declare and distribute any dividends in the future.

There can be no assurance that we will declare and pay dividends because the declaration, payment and amount of dividends are subject to the discretion of our Directors, depending on, among other considerations, our operations, earnings, cash flows and financial position, operating and capital expenditure requirements, our strategic plans and prospects for business development, our constitutional documents and applicable law. For more details on our dividend policy, see "Financial Information – Dividend" in this prospectus.

We have significant discretion as to how we will use the net proceeds of the Global Offering, and you may not necessarily agree with how we use them.

Our management may spend the net proceeds from the Global Offering in ways with which you may not agree or which do not yield a favorable return to our shareholders. We plan to use the net proceeds from the Global Offering to expand our vending machine network, provide enhanced marketing service, expand our customer base, enhance our technological capabilities and research and development efforts, pursue strategic alliances and acquisitions and for general working capital and general corporate purposes, among others. For details, see "Future Plans and Use of Proceeds – Use of Proceeds" in this prospectus. However, our management will have discretion as to the actual application of our net proceeds. You are entrusting your funds to our management, whose judgment you must depend on, for the specific uses we will make of the net proceeds from this Global Offering.

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

This prospectus contains certain statements and information that are "forward-looking" and uses forward-looking terminology such as "aim", "anticipate", "believe", "continue", "could", "expect", "estimate", "intend", "may", "plan", "potential", "predict", "project", "propose", "seek", "should", "will", "would" or similar terms. Those statements include, among other things, the discussion of our growth strategy and expectations concerning future operations, liquidity and capital resources. Investors of our Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our control. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations that our plans or objectives will be achieved and investors should not place undue reliance on such forward-looking statements. Our Company does not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise. For details, see "Forward-Looking Statements" in this prospectus.

Waivers have been granted from compliance with certain requirements of the Listing Rules.

We have applied for, and the Stock Exchange has granted to us, a number of waivers from strict compliance with the Listing Rules. For details, see "Waivers from Strict Compliance with the Listing Rules and Exemptions from Strict Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance." There is no assurance that the Stock Exchange will not revoke any of these waivers granted or impose certain conditions on any of these waivers. If any of these waivers were to be revoked or to be subject to certain conditions, we may be subject to additional compliance obligations, incur additional compliance costs and face uncertainties arising from issues of multijurisdictional compliance, all of which could adversely affect us and our Shareholders.

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

This document, particularly the section headed "Industry Overview," contains information and statistics relating to the FMCG outdoor marketing market in China. Such information and statistics have been derived from third-party reports, either commissioned by us or publicly accessible, and other publicly available sources. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. However, we cannot guarantee the quality or reliability of such source materials. The information from official government sources has not been independently verified by us, the Sole Sponsor, the Sole Overall Coordinator, the Underwriters, any of their respective directors or any other party involved in the Global Offering, and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. You should, therefore, not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as or consistent with similar statistics presented elsewhere, and such information may not be complete or up to date. In any event, you should consider carefully the importance placed on such information or statistics.

You should read the entire prospectus carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the Global Offering.

You should rely solely upon the information contained in this prospectus, the Global Offering and any formal announcements made by us in Hong Kong when making your investment decision regarding our Shares. Subsequent to the date of this prospectus but prior to the completion of the Global Offering, there may be press and media coverage regarding us and the Global Offering, which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for the accuracy or completeness of any such press articles or other media coverage, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the Global Offering or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us in any such press articles or media coverage. To the extent such statements are inconsistent with, or conflict with, the information contained in this prospectus, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information. By applying to purchase our Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus.

In preparation for the Global Offering, our Company has sought and has been granted the following waivers from strict compliance with the relevant provisions of the Listing Rules and the following exemption from compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Our management, business operations and assets are primarily based outside Hong Kong. Our headquarters and our business operations are based, managed and conducted in the PRC. As our executive Directors play very important roles in our business operation, it is in our best interest for them to be based in the places where our Group has significant operations. We consider it practicably difficult and commercially unreasonable for us to arrange for two executive Directors to be ordinarily reside in Hong Kong, either by means of relocation of our executive Directors to Hong Kong or appointment additional executive Directors. Therefore, we do not have, and in the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules, provided that our Company implements the following arrangements:

(a) we have appointed Ms. Yin, an executive Director, chairwoman of the Board and our chief executive officer and Ms. FUNG Po Ting (馮寶婷), our joint company secretary, as our authorized representatives pursuant to Rule 3.05 of the Listing Rules. The authorized representatives will act as our principal channel of communication with the Stock Exchange. The authorized representatives will be readily contactable by phone, facsimile and email to promptly deal with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon the request of the Stock Exchange;

(b) when the Stock Exchange wishes to contact our Directors on any matter, each of the authorized representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly at all times. We will also inform the Stock Exchange promptly in respect of any changes in the authorized representatives. We have provided the Stock Exchange with the contact details (i.e. mobile phone number, office phone number and/or email address) of all Directors to facilitate communication with the Stock Exchange;

(c) all Directors who do not ordinarily reside in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon the request of the Stock Exchange;

(d) we have appointed Innovax Capital Limited as our compliance adviser upon Listing pursuant to Rule 3A.19 of the Listing Rules for a period commencing on the Listing Date and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date. Our compliance adviser will serve as the additional channel of communication with the Stock Exchange when our authorized representatives are not available and will have access at all times to our authorized representatives, our Directors and our senior management who will provide such information and assistance as our compliance adviser may reasonably request in connection with the performance of its duties as set out in Chapter 3A of the Listing Rules; and

(e) meetings between the Stock Exchange and our Directors could be arranged through our authorized representatives or our compliance adviser, or directly with our Directors within a reasonable time frame.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following factors in assessing the "relevant experience" of the individual:

(a) length of employment with the issuer and other issuers and the roles he/she played;

(b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

Pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants published by the Stock Exchange (the "**Guide for New Listing Applicants**"), the Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include:

(a) whether the applicant has principal business activities primarily outside Hong Kong;

(b) whether the applicant was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under paragraph 11 of Chapter 3.10 of the Guide for the New Listing Applicants) nor Relevant Experience (as defined under paragraph 11 of Chapter 3.10 of the Guide for the New Listing Applicants) as a company secretary; and

(c) why the directors consider the individual to be suitable to act as the applicant's company secretary.

Further, pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants, such waiver, if granted, will be for a fixed period of time (the "**Waiver Period**") and on the following conditions:

(a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and

(b) the waiver can be revoked if there are material breaches of the Listing Rules by the applicant.

Our Company has appointed Mr. CHENG Xing (程幸) ("**Mr. Cheng**"), legal director and the assistant to the chairwoman of our Board, as one of our joint company secretaries. He has extensive experience in board and corporate management matters but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Ms. FUNG Po Ting (馮寶婷) ("**Ms. Fung**"), an associate member of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute in the United Kingdom, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Mr. Cheng for an initial period of three years from the Listing Date to enable him to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

Given Ms. Fung's professional qualification and experience, she will be able to explain to both Mr. Cheng and us the relevant requirements under the Listing Rules and other applicable Hong Kong laws and regulations. Ms. Fung will also assist Mr. Cheng in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Fung is expected to work closely with Mr. Cheng and will maintain regular contact with him, our Directors and the senior management of our Company. In addition, Mr. Cheng will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules to enhance his knowledge of the Listing Rules during the three-year period from the Listing Date. He will also be assisted by our compliance adviser and our legal adviser as to Hong Kong law on matters in relation to our ongoing compliance with the Listing Rules and the applicable laws and regulations.

Since Mr. Cheng does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Cheng may be appointed as a joint company secretary of our Company. The waiver is valid for an initial period of three years from the Listing Date on the conditions that (a) Mr. Cheng must be assisted by Ms. Fung who possesses the qualifications and experience required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (b) the waiver will be revoked immediately if and when Ms. Fung ceases to provide assistance to Mr. Cheng as a joint company secretary or if there are material breaches of the Listing Rules by our Company.

Before the expiration of the initial three-year period, the qualifications of Mr. Cheng will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will liaise with the Stock Exchange to enable it to assess whether Mr. Cheng, having benefited from the assistance of Ms. Fung for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

WAIVER AND EXEMPTION IN RELATION TO THE STOCK INCENTIVE PLAN

The Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance prescribes certain disclosure requirements in relation to the Stock Incentive Plan adopted by the Company:

(a) Rule 17.02(1)(b) of the Listing Rules requires that full details of all outstanding options and awards and their potential dilution effect on the shareholdings upon listing as well as the impact on the earnings per share arising from the issue of shares in respect of such outstanding options or awards be disclosed in this prospectus.

(b) Paragraph 27 of Appendix D1A to the Listing Rules requires a listing applicant to disclose, *inter alia*, particulars of any capital of any member of the Group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement, provided that where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to employees under a share option scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.

(c) Paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires the Company to set out in the prospectus, among other things, details of the number, description and amount of any shares in or debentures of the Company which any person has, or is entitled to be given, an option to subscribe for, together with the certain particulars of the option, namely the period during which it is exercisable, the price to be paid for shares or debentures subscribed for under it, the consideration (if any) given or to be given for it or for the right to it and the names and addresses of the persons to whom it has given.

As of the Latest Practicable Date, the Company had granted outstanding options under the Stock Incentive Plan to 108 grantees, including (i) three Directors and three members of the senior management of the Group; and (ii) 102 grantees who are employees of the Group (other than the Directors, chief executive, substantial Shareholders or associates of any of them), to subscribe for an aggregate of 40,658,824 Shares, representing approximately 15.48% of the total issued share capital immediately upon completion of the Global Offering (assuming the options granted under the Stock Incentive Plan are not exercised), on the terms set out in the paragraph headed "Statutory and General Information – D. Stock Incentive Plan" in Appendix IV to this prospectus. All outstanding options under the Stock Incentive Plan have been granted to specified grantees prior to the Listing.

We have applied to (i) the Stock Exchange for a waiver from strict compliance with the requirements under Rule 17.02(1)(b) of and paragraph 27 of Appendix D1A to the Listing Rules; and (ii) to the SFC for a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting the Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, on the ground that strict compliance with the above requirements would be unduly burdensome for the Company and the waiver and the exemption would not prejudice the interest of the investing public for the following reasons:

(a) given that a total of 108 grantees are involved, strict compliance with the above disclosure requirements in setting out full details of all the grantees of options under the Stock Incentive Plan would be costly and unduly burdensome for the Company in light of significant increase in cost and time for information compilation and prospectus preparation;

(b) the grant and exercise in full of the options under the Stock Incentive Plan will not cause any material adverse impact on the financial position of the Company;

(c) lack of full compliance with the above disclosure requirements would not prevent the Company from providing its potential investors with information for them to make an informed assessment of the activities, assets, liabilities, financial position, management and prospects or the Company; and

(d) material information relating to the options under the Stock Incentive Plan will be disclosed in this prospectus, including a summary of the terms of the Stock Incentive Plan, the total number of Shares subject to the Stock Incentive Plan, the exercise price per Share, the potential dilution effect on shareholding, and impact on earnings per Share upon full exercise of the options granted under the Stock Incentive Plan. The Directors consider that the information that is reasonably necessary for the potential investors to make an informed assessment of the Company in their investment decision making process has been included in this prospectus.

The Stock Exchange has granted us a waiver from strict compliance with the relevant requirements under the Listing Rules on the conditions that:

(a) full details of the options granted under the Stock Incentive Plan to each of (1) the Directors, members of senior management and connected persons (if any) of our Company; and (2) grantees who have been granted options to subscribe for 1,000,000 or more Shares, are disclosed in the paragraph headed "Statutory and General Information – D. Stock Incentive Plan" in Appendix IV to this prospectus;

(b) with respect to the options granted to other grantees (other than those referred to in (a) above), disclosures are made on an aggregate basis, categorized into lots based on the number of Shares underlying each individual grantee, being (1) 1-99,999; and (2) 100,000-999,999, and for each lots of Share, the following details are disclosed in this prospectus, including (1) the aggregate number of grantees other than those set out in (a) above and number of Shares underlying the options under Stock Incentive Plan; (2) the consideration paid for the grant of the options under the Stock Incentive Plan; and (3) the exercise period and exercise price of the options granted under the Stock Incentive Plan;

(c) the aggregate number of Shares underlying the outstanding options granted under the Stock Incentive Plan and the percentage of the Company's total issued and outstanding share capital represented by such number of Shares as of the Latest Practicable Date are disclosed in this prospectus;

(d) the dilutive effect and impact on earnings per Share upon full exercise of the options under the Stock Incentive Plan will be disclosed in the paragraph headed "Statutory and General Information – D. Stock Incentive Plan" in Appendix IV to this prospectus;

(e) a summary of the principal terms of the Stock Incentive Plan will be disclosed in the paragraph headed "Statutory and General Information – D. Stock Incentive Plan" in Appendix IV to this prospectus;

(f) the particulars of the waiver and the exemption will be disclosed in this prospectus;

(g) a full list of all the grantees (including those persons whose details have already been disclosed in this prospectus) under the Stock Incentive Plan, containing all the particulars as required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix D1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance be made available for public inspection in accordance with the paragraph headed "Documents Delivered to the Registrar of Companies and Documents on Display – Documents Available for Inspection" in Appendix V to this prospectus;

(h) further information relating to the grantees who have been granted options is provided to the Stock Exchange; and

(i) the grant of a certificate of exemption under the Companies (Winding Up Miscellaneous Provisions) Ordinance from the SFC exempting the Company from the disclosure requirements under paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

The SFC has granted us the certificate of exemption under Section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that:

(a) full details of the options under the Stock Incentive Plan granted to each of (1) the Directors, members of senior management and connected persons (if any) of our Company; and (2) grantees who have been granted options to subscribe for 1,000,000 or more Shares, will be disclosed in the paragraph headed "Statutory and General Information – D. Stock Incentive Plan" in Appendix IV to this prospectus on an individual basis as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(b) with respect to the options granted to other grantees (other than those referred to in (a) above), disclosures are made on an aggregate basis, categorized into lots based on the number of Shares underlying each individual grantee, being (1) 1-99,999; and (2) 100,000-999,999, and for each lots of Share, the following details are disclosed in this prospectus, including (1) the aggregate number of grantees and number of Shares underlying the options under Stock Incentive Plan; (2) the consideration paid for the grant of the options under the Stock Incentive Plan; and (3) the exercise period and exercise price of the options granted under the Stock Incentive Plan;

(c) a full list of all the grantees (including those persons whose details have already been disclosed in this prospectus) under the Stock Incentive Plan, containing all the particulars as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance be made available for public inspection in accordance with the paragraph headed "Documents Delivered to the Registrar of Companies and Documents on Display – Documents Available for Inspection" in Appendix V to this prospectus;

(d) the particulars of the exemption will be disclosed in this prospectus; and

(e) the prospectus will be issued on or before May 17, 2024.

Further details of the Stock Incentive Plan are set forth in the paragraph headed "Statutory and General Information – D. Stock Incentive Plan" in Appendix IV to this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which all of our Directors (including any proposed Director who is named as such in this prospectus) collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there is no other matter the omission of which would make any statement in this prospectus misleading.

CSRC FILING

According to the Overseas Listing Trial Measures, we are required to complete the filing procedures with the CSRC in connection with the proposed Listing. We have submitted a filing to the CSRC for application for the Listing on September 6, 2023. The CSRC confirmed completion of such filing on January 17, 2024. No other approvals from the CSRC are required to be obtained for the Listing.

UNDERWRITING AND INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus sets out the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of initially 1,970,400 Offer Shares and the International Offering of initially 17,733,600 Offer Shares (subject to, in each case, reallocation on the basis referred to under the section headed "Structure of the Global Offering" in this prospectus).

The Listing of our Shares on the Stock Exchange is sponsored by the Sole Sponsor and the Global Offering is managed by the Sole Overall Coordinator. Subject to the terms of the Hong Kong Underwriting Agreement (including the Sole Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and us agreeing on the Offer Price), the Hong Kong Offer Shares are fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement and the International Offer Shares are expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement, which is expected to be entered into on or around the Price Determination Date. Further information regarding the Underwriters and the Underwriting Agreements are set out in the section headed "Underwriting" in this prospectus.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus and any information or representation not contained herein and therein must not be relied upon as having been authorized by our Company, the Sole Sponsor, the Sole Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of their respective directors, officers, employees, agents or advisers or any other party involved in the Global Offering.

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

Please refer to the section headed "Underwriting" in this prospectus for further information about the Underwriters and the underwriting arrangements.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering (including its conditions) are set out in the section headed "Structure of the Global Offering" in this prospectus.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The application procedures for the Hong Kong Offer Shares are set forth in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of the Hong Kong Offer Shares to, confirm that he/she is aware of the restrictions on offers and sales of the Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation for subscription. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Hong Kong Offer Shares have not been publicly offered or sold, directly or indirectly, in the PRC or the United States. Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her/its acquisition of the Offer Shares to, confirm that he/she/it is aware of the restrictions on offers of the Offer Shares described in this prospectus.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of the listing of, and permission to deal in, (i) the Shares in issue, (ii) the Shares to be issued pursuant to the Global Offering, and (iii) the Shares to be issued under the Stock Incentive Plan.

Dealings in the Shares on the Stock Exchange are expected to commence on Monday, May 27, 2024. No part of our Shares or loan capital is listed or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought on any other stock exchange as of the Latest Practicable Date. All the Offer Shares will be registered on the Hong Kong register of members of our Company in order to enable them to be traded on the Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, our Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Stock Exchange.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS. Investors should seek the advice of their stockbrokers or other professional advisers for details of the settlement arrangements as such arrangements may affect their rights and interests.

SHARE REGISTER AND STAMP DUTY

Our principal register of members will be maintained in the Cayman Islands by our principal registrar in the Cayman Islands. All of the Offer Shares issued pursuant to the Global Offering will be registered on the Hong Kong register of members of our Company to be maintained in Hong Kong by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited. Dealings in the Shares registered in our Hong Kong register of members will be subject to Hong Kong stamp duty. For further details of Hong Kong stamp duty, please seek professional tax advice. The stamp duty is charged to each of the seller and purchaser at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, the Shares transferred. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of the Shares. In addition, a fixed duty of HK$5 is charged on each instrument of transfer (if required).

Unless determined otherwise by our Company, dividends payable in respect of the Shares will be paid to the Shareholders listed on the Hong Kong register of members of our Company in Hong Kong, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers as to the taxation implications of subscribing for, purchasing, holding or disposal of, and/or dealing in the Shares or exercising rights attached to them. None of us, the Sole Sponsor, the Sole Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of their respective directors, officers, employees, partners, agents, advisers or representatives or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchasing, holding, disposition of, or dealing in, the Shares or exercising any rights attached to them.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. Unless indicated otherwise, (i) the translations between Renminbi and U.S. dollars were made at the rate of RMB7.10020 to US$1.00, being the PBOC rate prevailing on the Latest Practicable Date; (ii) the translations between Hong Kong dollars and Renminbi were made at the rate of RMB0.90806 to HK$1.00, being the PBOC rate prevailing on the Latest Practicable Date; and (iii) the translations between U.S. dollars and Hong Kong dollars were made at the rate of HK$7.81909 to US$1.00.

No representation is made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all.

LANGUAGE

If there is any inconsistency between this prospectus and its Chinese translation, this prospectus shall prevail. For ease of reference, the names of the PRC laws and regulations, government authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this prospectus in both Chinese and English languages. In the event of any inconsistency, the Chinese version shall prevail.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies between totals and sums of amounts listed in any table, chart or elsewhere in this prospectus are due to rounding.

Name	Address	Nationality
Executive Directors		
Ms. YIN Juehui (殷珏輝)	Room 701 No. 19, Lane 199 Baiyang Road Huamu Town Pudong New Area Shanghai PRC	Chinese
Mr. CAO Liwen (曹理文)	Room 402, Floor 17 Area 2, Licheng Haidian District Beijing PRC	Chinese
Mr. HUANG Aihua (黃愛華)	Room 1302 No. 11 Lane 801 Yinghua Road Pudong New Area Shanghai PRC	Chinese
Non-executive Directors		
Mr. DAI Jianchun (戴建春)	Flat A, 27/F Block 6, The Palazzo 28 Lok King Street Sha Tin Hong Kong	Chinese (Hong Kong)
Mr. CHEN Rui (陳瑞)	18F, Building 6 Donghai Garden Futian District Shenzhen, Guangdong PRC	Chinese

Name	Address	Nationality
Independent Non-executive Directors		
Dr. CHE Lufeng (車錄鋒)	Room 201, Unit 1 Building 14, Gangwan Home Zijinghua North Road Xihu District Hangzhou Zhejiang PRC	Chinese
Mr. ZHU Lin (朱霖)	7-31, Napa Valley No. 68 Shashun Road Changping District Beijing PRC	Chinese
Dr. YANG Bo (楊波)	Room 108, Unit 4, Building 68 Gaoke Rongjing Pinyuan No. 8 Xuesen Road Qixia District Nanjing Jiangsu PRC	Chinese

For further information with respect to our Directors, please refer to the section headed "Directors and Senior Management" in this prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**Haitong International Capital Limited** Suites 3001-3006 and 3015-3016 One International Finance Centre No. 1 Harbour View Street Central Hong Kong
Sole Sponsor-Overall Coordinator and Sole Overall Coordinator	**Haitong International Securities Company Limited** 22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
Sole Global Coordinator, Joint Bookrunner and Joint Lead Manager	**Haitong International Securities Company Limited** 22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
Joint Bookrunners	**Zhongtai International Securities Limited** 19/F, Li Po Chun Chambers 189 Des Voeux Road Central Central Hong Kong
	CCB International Capital Limited 12/F, CCB Tower 3 Connaught Road Central Central Hong Kong
	ABCI Capital Limited 11/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
	SPDB International Capital Limited 33/F, SPD Bank Tower One Hennessy, 1 Hennessy Road Hong Kong

Fosun International Securities Limited
Suite 2101-2105
21/F, Champion Tower
3 Garden Road
Central
Hong Kong

BOCOM International Securities Limited
9/F, Man Yee Building
68 Des Voeux Road Central
Hong Kong

Quam Securities Limited
5/F and 24/F (Rooms 2401 and 2412)
Wing On Centre
111 Connaught Road Central
Hong Kong

Joint Lead Managers

Zhongtai International Securities Limited
19/F, Li Po Chun Chambers
189 Des Voeux Road Central
Central
Hong Kong

CCB International Capital Limited
12/F, CCB Tower
3 Connaught Road Central
Central
Hong Kong

ABCI Securities Company Limited
10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

SPDB International Capital Limited
33/F, SPD Bank Tower
One Hennessy, 1 Hennessy Road
Hong Kong

Fosun International Securities Limited
Suite 2101-2105
21/F, Champion Tower
3 Garden Road
Central
Hong Kong

BOCOM International Securities Limited
9/F, Man Yee Building
68 Des Voeux Road Central
Hong Kong

Quam Securities Limited
5/F and 24/F (Rooms 2401 and 2412)
Wing On Centre
111 Connaught Road Central
Hong Kong

Futu Securities International (Hong Kong) Limited
34/F, United Centre
No. 95 Queensway, Admiralty
Hong Kong

Livermore Holdings Limited
Unit 1214A 12/F, Tower II
Cheung Sha Wan Plaza
833 Cheung Sha Wan Road
Kowloon
Hong Kong

Capital Market Intermediaries

Haitong International Securities Company Limited
22/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Zhongtai International Securities Limited
19/F, Li Po Chun Chambers
189 Des Voeux Road Central
Central
Hong Kong

CCB International Capital Limited
12/F, CCB Tower
3 Connaught Road Central
Central
Hong Kong

ABCI Capital Limited
11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

ABCI Securities Company Limited
10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

SPDB International Capital Limited
33/F, SPD Bank Tower
One Hennessy, 1 Hennessy Road
Hong Kong

Fosun International Securities Limited
Suite 2101-2105
21/F, Champion Tower
3 Garden Road
Central
Hong Kong

BOCOM International Securities Limited
9/F, Man Yee Building
68 Des Voeux Road Central
Hong Kong

Quam Securities Limited
5/F and 24/F (Rooms 2401 and 2412)
Wing On Centre
111 Connaught Road Central
Hong Kong

Futu Securities International (Hong Kong) Limited
34/F, United Centre
No. 95 Queensway, Admiralty
Hong Kong

Livermore Holdings Limited
Unit 1214A 12/F, Tower II
Cheung Sha Wan Plaza
833 Cheung Sha Wan Road
Kowloon
Hong Kong

Legal Advisers to our Company

As to Hong Kong and U.S. laws
O'Melveny & Myers
31/F, AIA Central
1 Connaught Road Central
Hong Kong

As to PRC law
Merits & Tree Law Offices
5th Floor, Raffles City
Beijing Office Tower
No. 1 Dongzhimen South Street
Dongcheng District
Beijing 100007
PRC

As to Cayman Islands law
Maples and Calder (Hong Kong) LLP
26th Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Legal Advisers to the Sole Sponsor and the Underwriters

As to Hong Kong and U.S. laws
Cooley HK
35/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

As to PRC law
Jingtian & Gongcheng
34/F, Tower 3
China Central Place
77 Jianguo Road
Chaoyang District
Beijing
PRC

Reporting Accountants and Auditor	**Ernst & Young** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Industry Consultant	**China Insights Industry Consultancy Limited** 10/F, Block B Jing'an International Center 88 Puji Road Jing'an District Shanghai PRC
Receiving Bank	**CMB Wing Lung Bank Limited** 15/F, CMB Wing lung Bank Building 45 Des Voeux Road Central Hong Kong

Registered Office	PO Box 309 Ugland House Grand Cayman, KY1-1104 Cayman Islands
Head Offices and Principal Places of Business in China	17/F, Wentong International Plaza 398 Guiyang Road Yangpu District Shanghai PRC 5-205, Building 5 No. 16 Angel Avenue Anji County Huzhou Zhejiang PRC
Principal Place of Business in Hong Kong	31/F., Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
Company's Website	**www.zzss.com** (*Information contained on this website does not form part of this prospectus*)
Joint Company Secretaries	**Mr. CHENG Xing (程幸)** Room 901 No. 13, Lane 386 Kangshan Road Pudong New Area Shanghai PRC **Ms. FUNG Po Ting (馮寶婷)** (*ACG and HKACG*) 31/F., Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong

Authorized Representatives	**Ms. YIN Juehui (殷珏輝)** Room 701 No. 19, Lane 199 Baiyang Road Huamu Town Pudong New Area Shanghai PRC
	Ms. FUNG Po Ting (馮寶婷) *(ACG and HKACG)* 31/F., Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
Audit Committee	Mr. ZHU Lin (朱霖) *(Chairperson)* Dr. CHE Lufeng (車錄鋒) Dr. YANG Bo (楊波)
Remuneration Committee	Dr. YANG Bo (楊波) *(Chairperson)* Ms. YIN Juehui (殷珏輝) Mr. ZHU Lin (朱霖)
Nomination Committee	Ms. YIN Juehui (殷珏輝) *(Chairperson)* Dr. CHE Lufeng (車錄鋒) Dr. YANG Bo (楊波)
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The information and statistics set out in this section and other sections of this prospectus were extracted from the report prepared by CIC, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged CIC to prepare the CIC Report, an independent industry report, in connection with the Global Offering. We believe that the sources of this information and statistics are appropriate sources for such information and statistics and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information and statistics false or misleading. The information from official government sources has not been independently verified by us, the Sole Sponsor, the Sole Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers or the Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering and no representation is given as to its accuracy.

SOURCE AND RELIABILITY OF INFORMATION

We commissioned CIC, an independent market research and consulting company that provides industry consulting services, commercial due diligence and strategic consulting to conduct a detailed research and analysis of the FMCG outdoor marketing market in China. We have agreed to pay a fee of RMB790,000 in connection with the preparation of the CIC Report. We have extracted certain information from the CIC Report in this section, as well as in "Summary," "Risk Factors," "Business," "Financial Information," and elsewhere in this document, to provide our potential investors with a more comprehensive presentation of the industry in which we operate. Our Directors confirm that, after taking reasonable care, they are not aware of any material adverse change in the overall market information since the date of the CIC Report that would materially qualify, contradict or have an adverse impact on such information.

During the preparation of the CIC Report, CIC performed both primary and secondary research, and obtained knowledge, statistics, information and industry insights on the industry trends of the FMCG outdoor marketing market in China. Primary research was conducted via interviews with key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources. Projected market data were based on the following assumptions: (i) global economy development is likely to maintain a steady growth trend in the next decade based on the International Monetary Fund's forecasts for the global economy; (ii) related industry key drivers, such as intensified competition among FMCG brands, development of technology, emerging FMCG outdoor marketing scenarios and facilities, are likely to drive the continuing growth of the FMCG outdoor marketing market in China; and (iii) there is not any extreme unforeseen circumstance or industry regulation in which the market may be affected dramatically or fundamentally. The information and data collected by CIC have been analyzed, assessed and validated using CIC's in-house analysis models and techniques.

FMCG MARKETING MARKET IN CHINA

FMCG Industry in China

As one of the world's largest consumer market and benefitting from the healthy macroeconomic environment and rising *per capita* disposable income in past decades, China has experienced a stable growth in the retail sales value of consumer goods over the past five years with increasing product diversification offered to consumers, notwithstanding impact from COVID-19 pandemic since 2020. The total retail sales value of consumer goods in China increased from RMB41.2 trillion in 2019 to RMB47.2 trillion in 2023 at a CAGR of 3.5% from 2019 to 2023, and is expected to reach RMB60.0 trillion in 2028 with a CAGR of 4.9% from 2023 to 2028, according to CIC.

As an important category in China's consumer market, fast-moving consumer goods ("**FMCGs**") generally comprise daily-use products, including food and beverages, beauty and skincare products and daily necessities. FMCGs are characterized by shorter shelf life, higher consumption frequency and highly iterative preferences from consumers, exhibiting distinctive characteristics compared with other consumer goods, such as home utensils, footwear, apparels and accessories, furniture appliances and others.

The market size of China's FMCG industry reached RMB6.5 trillion in 2023, and is expected to continue to grow in line with Chinese residents' living standards improvements and consumption upgrades, according to CIC. As such, China's FMCG industry is projected to reach RMB8.1 trillion in 2028, with a CAGR of 4.5% from 2023 to 2028, according to the same source.

Overview of FMCG Marketing Market in China

The main target consumer group of FMCG brands, i.e., the "new middle class[1]" and young consumers.

To address the diversified consumer preferences that keep evolving, continuous innovation and launching new products has been a common strategy for various FMCG brands to sustain growth, where new products refer to products with new brands, categories, taste, formula, or appearance that have been launched in the market for less than one year. And generally, once products have been launched on the market for over one year, they will be deemed as mature products. For FMCG new products, marketing programs mainly focus on promoting public awareness, market recognition and sales solicitation; while the promotion of mature products, on the other hand, tends to emphasize the broadness of marketing exposure, improve market penetration, harness competitive barriers, in a way to effectively extend product life. In particular, industry players invest more and more in utilization of advanced technology features and innovative theme designs, so that relevant marketing campaigns may create a more immersive and personalized experience for target consumers, which further results in enhanced incentive for consumers to provide necessary feedback and creates strong consumer bonds that inspire brand loyalty.

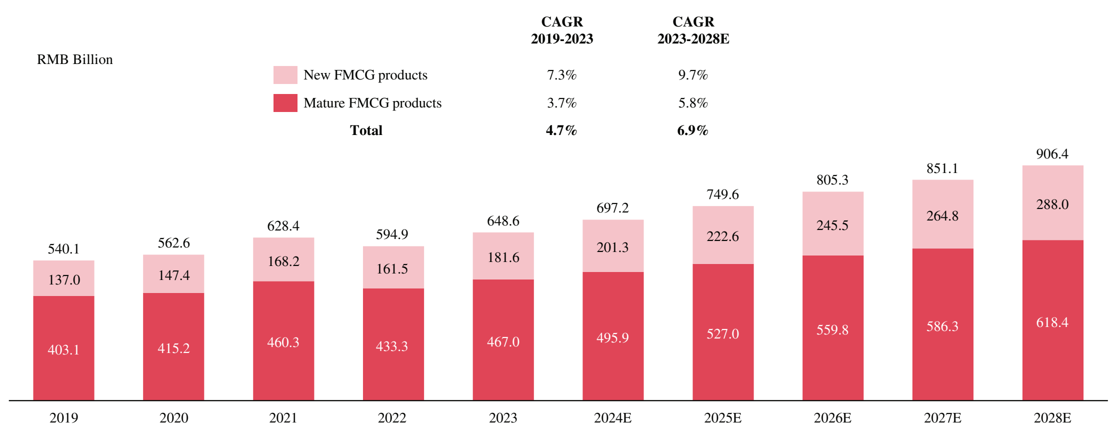
1 New middle class typically refers to the group of people whose annual income exceeds RMB150,000.

Market Size of FMCG Marketing Market in China

In addition to optimizing product portfolio and performance, FMCG brands in China are also spending increasing amount of marketing and sales expense to further capture market share against the intensifying competitions. The total marketing and sales expense of FMCG industry in China increased from RMB540.1 billion in 2019 to RMB648.6 billion in 2023 at a CAGR of 4.7% from 2019 to 2023, and is expected to reach RMB903.5 billion in 2028 at a CAGR of 6.9% from 2023 to 2028, according to CIC.

Since 2018, both new and mature FMCG products have experienced steady increase in marketing and sales expense, while new FMCG products enjoyed a higher growth rate in this respect, recording a CAGR of 7.3% from 2019 to 2023. The following diagram illustrates the market size of China's FMCG marketing market by product maturity from 2019 to 2028.

The market size of China's FMCG marketing market by product maturity, 2019-2028E



Sources: CIC Report, third party institutes such as Euromonitor and QuestMobile, interviews with industry players, and websites of China's major FMCG brands.

CHINA'S FMCG OUTDOOR MARKETING MARKET

Overview

FMCG outdoor marketing market is one of the subsegment of the FMCG marketing market. In 2023, China's FMCG outdoor marketing market accounted for approximately 6.4% of China's overall FMCG marketing market measured by total sales and marketing expenses. It refers to the marketing service provided to FMCG brands in public settings, such as office buildings, residential apartments, shopping centers, transportation stations, and streets. Its purpose is to enable FMCG brands to deliver product information and brand imagery to consumer in a vivid, intuitive, and impactful manner. This form of marketing encompasses diverse forms, including vending machine marketing, elevator media, transportation station media, fleet media, and others. These scenarios are centered around consumers' daily life, travel, and consumption scenes, capturing their attention through electronic screens, posters, billboards, and other formats. Additionally, the introduction of various advanced technologies such as interactive functions integrated into mechanical devices, big data analytics, and IoT technology make it possible for FMCG outdoor marketing to create engaging and precise marketing effect.

FMCG outdoor marketing allows brands to initiate a variety of marketing activities in a scalable and cost-effective manner, effectively and rapidly drawing the attention of a broad target audience for relevant products. Such marketing media that provide continuous, stable, and easily accessible reach to the consumer, combined with the new generation of consumers' preferences in sharing consumption experiences through digital forms, may create synergy effects beyond expectations which greatly empower the market awareness and sales of relevant FMCG products.

Pain Points in FMCG Brands' Marketing

Though pressured by accelerating new product launches, intensifying competitions as well as evolving and quickly iterative consumer preferences, FMCG brands are typically faced with the following pain points in their marketing efforts:

- ***Significant Resource and Time Investment in New Product Launches With Limited Consumer Reach***. It is usually costly and time-consuming for FMCG brands to carry out on-site marketing events. For instance, for events taking place in supermarkets, FMCG brands have to bear a broad range of fees, including supermarket shelving fees, delivery expenses and manpower costs. In addition, the cycle from new product marketing planning to market launch generally takes at least two months for FMCG brands.

  Notwithstanding such heavy investments, the effect of consumers' purchase conversion is generally limited, given that FMCG brands' on-site marketing usually heavily relies upon the number of marketing staff involved and their experience in acquiring and retrieving consumers' feedback therein. Furthermore, the limited geographical coverage of on-site marketing makes it difficult for new products to spread quickly in multiple cities at the same time.

- ***Close-to-Saturation Online Traffic and High Consumer Acquisition Costs***. The overall public domain online traffic in China covering e-commerce, social platforms and search engines, etc. was close to saturation in recent years, among which that of e-commerce had been dominated by a few leading Internet companies. Accordingly, the cost of consumer acquisition through these online channels kept increasing. For instance, the consumer acquisition cost of mainstream e-commerce platforms exceeded RMB300 *per capita* in 2023. With the acceleration of new product launches and increase of marketing expenses, FMCG brands are eager to seek alternative marketing service that may exhibit advantages of online marketing channels, such as comprehensive consumer behavior analysis and traceable record, with effectively reduced costs associated therein.

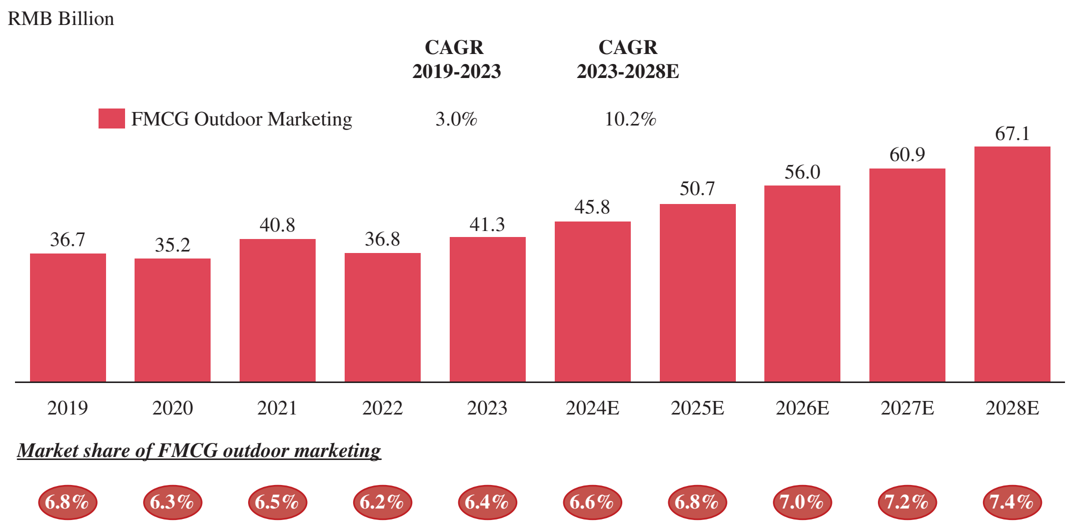
- ***Significant challenges in effectively achieving both brand building and encouragement of purchasing behaviors (品效合一).*** FMCG brands generally pursue two objectives during their marketing, firstly, the establishment of enduring consumer awareness through the creation of a brand image that deeply resonates with consumers, and secondly, directly arousing consumers' purchasing desire thereby boosting sales. The former typically demands substantial financial investment and sustained advertising efforts, while the latter, even when achieved, usually fails to provide consumers with comprehensive knowledge about the brand, therefore lacking engine to drive their long-lasting purchasing desire. Therefore, FMCG brands urgently need to identify a stable and efficient marketing channel that effectively reaches the target audience while striking a balance between brand building and influencing purchase decisions.

Given highly frequent new product launches and marketing campaigns that FMCG brands need to undertake, the highly scattered nature of consumer attention, and the above-mentioned under-served demands, more and more FMCG brands turn to outdoor marketing service providers to address their needs, contributing to the continuous growth of FMCG outdoor marketing market.

Market Size of FMCG Outdoor Marketing

Capitalizing on the continuous growth of FMCG industry in China and leveraging FMCG outdoor marketing service's advantages and ability to effectively address the unsolved needs from FMCG brands, the market size of FMCG outdoor marketing has witnessed a growth from RMB36.7 billion in 2019 to RMB41.3 billion in 2023 at a CAGR of 3.0% from 2019 to 2023, which is expected to keep growing at a CAGR of 10.2% from 2023 to 2028. Between 2020 and 2022, the FMCG outdoor marketing market, closely tied to public settings such as transportation scenarios, was adversely affected by the COVID-19, which led to less public pedestrian flow and in turn a reduction in FMCG brands' investment in marketing campaigns. Nonetheless, since 2023 and along with the decline of the spread of COVID-19 in China, the FMCG outdoor marketing market is experiencing a resurgence, with significant market growth potential in the future. The following diagram illustrates the market size and market share of China's FMCG outdoor marketing market from 2019 to 2028.

Market size of China's FMCG outdoor marketing, 2019-2028E



Sources: CIC Report, website of government department, such as State Administration for Market Regulation, third-party institutes such as CTRChina (央視市場研究), QuestMobile and Community Marketing Research Institute, interviews with industry players, and websites of China's major FMCG marketing service providers.

Drivers of the FMCG Outdoor Marketing Market in China

Catering to strong demands from FMCG brands for marketing services that truly captivate consumers' attention and leave a long-lasting impression on their minds, FMCG outdoor marketing has been increasingly empowered by development of technologies, and enjoying growing market recognition and opportunities. Specifically, the following drivers have been facilitating the growth of the FMCG outdoor marketing market in China:

- ***Strong Demands From FMCG Brands for Captivating Marketing Service:*** Faced with intensifying competitions as well as short consumer attention span, FMCG brands need to not only continuously launch competitive new products to grasp market opportunities, but also embrace more captivating marketing service at relatively affordable costs. FMCG outdoor marketing, being among the marketing channels closest to consumers' daily lives, is diversifying and enriching its presence, extending from commercial areas to residential zones, and from transportation scenarios to living environments, continually reaching consumers and strengthening brand awareness in a direct and long-lasting manner. Furthermore, leveraging visualized images, FMCG outdoor marketing inherently creates an impactful marketing effect by leaving an intuitive impression on consumers' minds. Consequently, FMCG outdoor marketing has been seen as an essential approach for FMCG brands to capture consumer attention and has gained increasing market recognition.

- ***Development of Technologies:*** In recent years, technological developments have become increasingly sophisticated and have been widely applied in various marketing scenarios. As a demonstration, the application of technologies such as interactive functions integrated into mechanical devices, big data analytics and IoT technology has strengthened the impact of FMCG outdoor marketing. The advancement of technology has significantly contributed to the creative transformation of marketing campaigns. Fueled by such technological progress, FMCG outdoor marketing now delivers more vivid and memorable experiences for the target audience. Simultaneously, brand owners are provided with an opportunity to assess the effectiveness of FMCG outdoor marketing through data analytics, which enables increasingly precise marketing planning and creative marketing content design, resulting in more personalized and precise audience outreach, ultimately enhancing the efficiency of marketing activities.

- ***The Emergence of New Outdoor Marketing Scenarios and Facilities:*** FMCG outdoor marketing service providers are consistently exploring new display locations for outdoor marketing, serving as a growth engine of the FMCG outdoor marketing market. Concurrently, innovative and convenient facilities, such as vending machines, are emerging and prompting FMCG outdoor marketing service providers to search for new market opportunities centered around daily consumption scenarios and gain added attraction to consumers by means such as integrating interactive functions. The strategic expansion and innovation of FMCG outdoor marketing service, catering to varying consumer needs across diverse scenarios, has become a pivotal growth factor in the FMCG outdoor marketing market.

Competitive Landscape of FMCG Outdoor Marketing Market in China

We are the seventh, fifth and fourth largest service provider in China's FMCG outdoor marketing market in terms of FMCG outdoor marketing revenue in 2021, 2022 and 2023, respectively, with a market share of approximately 0.8%, 0.9% and 1.2%, respectively. Other major market players in China's FMCG outdoor marketing market primarily include Asiaray Media, Beijing Bashi Media, Focus Media, Huamei Holdings, JCDecaux Group, Mega-info Media, Ubox, Voyage Media, and Xinchao Media. The largest market player had a market share of 13.1%, 12.7% and 14.3% in terms of FMCG outdoor marketing revenue in 2021, 2022 and 2023, respectively. The respective comparable revenue and market share of each such service provider in 2021, 2022 and 2023 is shown in the following tables:

Competitive landscape of FMCG outdoor marketing market in China, 2021

Ranking	Company name	FMCG outdoor marketing revenue	Market share
		RMB million	*%*
1	Company A[(1)]	5,327	13.1%
2	Company C[(2)]	1,200	2.9%
3	Company B[(3)]	418	1.0%
4	Company D[(4)]	868	2.1%

Ranking	Company name	FMCG outdoor marketing revenue *RMB million*	Market share %
5	Company E[(5)]	345	0.8%
6	Company F[(6)]	321	0.8%
7	Our Group	311	0.8%
8	Company G[(7)]	240	0.6%
9	Company H[(8)]	186	0.5%
10	Company I[(9)]	104	0.3%

Sources: Independent research conducted by CIC which includes interviews with industry players and research on public information available on websites of the companies mentioned above.

Notes:

(1) Company A is a listed company which has been listed on the Shenzhen Stock Exchange since 2004. The listed entity of Company A has a registered capital of RMB14 billion. Established in 2003 and headquartered in Shanghai, Company A mainly specializes in the development and operation of marketing through outdoor media and engages in outdoor marketing through various media channels, including inner-building advertising media and cinema screen advertising media, etc.

(2) Company C is a private company. The registered capital of the head office of Company C is RMB130 million. Established in 2007 and headquartered in Chengdu, Company C specializes in advertising both inside and outside office and residential buildings. Its primary focus is on outdoor marketing through inner-building media, which includes screens located inside elevators, offices, and residential buildings.

(3) Company B is a French company which has been listed on the Euronext Paris since 2001. The entity within the group of Company B that predominantly conducts FMCG outdoor marketing in China, located in Shanghai, possesses a registered capital of USD78 million. Established in 1964 and headquartered in France, Company B entered the Chinese market in 2005, initially focusing on bus-stop advertising systems, billboards, public bicycle rentals, and street furniture. The entity within the group of Company B is primarily dedicated to outdoor marketing, offering customized bus wraps, screen media, and billboards in locations such as airports, bus shelters, etc.

(4) Company D is a listed company which has been listed on the Stock Exchange since 2015. The entity within the group of Company D that predominantly conducts FMCG outdoor marketing in China, located in Shanghai, possesses a registered capital of RMB200 million. Established in 1999 and headquartered in Hong Kong, Company D primarily specializes in the development and operation of outdoor advertising media. Its main focus is on outdoor marketing through transportation station media at locations such as airports, subway stations, and train stations.

(5) Company E is a listed company which has been listed on the Shenzhen Stock Exchange since 1996. Company E has a registered capital of RMB1 billion. Established in 1993 and headquartered in Hangzhou, Company E offers newspapers advertising, internet advertising and outdoor marketing in subways through broadcasting and on streets through LED screens, etc.

(6) Company F is a listed company which has been listed on the Beijing Stock Exchange since 2012. Company F has a registered capital of RMB204 million. Established in 2009, and headquartered in Beijing, Company F mainly engages in airport marketing media including billboards, lightboxes, LED screens, etc.

(7) Company G is a listed company which has been listed on the Stock Exchange since 2023. Company G has a registered capital of RMB757 million. Established in 2011 and headquartered in Beijing, Company G is a leading vending machine operator that conducts outdoor marketing through vending machines.

(8) Company H is a listed company which has been listed on Shenzhen Stock Exchange since 2022. Company H has a registered capital of RMB290 million. Company H was established in 1997 and headquartered in Beijing. Company H is dedicated to marketing media in high-speed railway stations through LED screens, etc.

(9) Company I is a listed company which has been listed on Shanghai Stock Exchange since 2021. Company I has a registered capital of RMB806 million. Established in 1999 and headquartered in Beijing, initially focusing on urban public transportation and subsequently transformed to a comprehensive service provider mainly engaged in advertising media, automotive services, and investment and financing businesses. Company I mainly engages in marketing media in bus frame, bus shelter, and in-bus advertising media.

Competitive landscape of FMCG outdoor marketing market in China, 2022

Ranking	Company name	FMCG outdoor marketing revenue	Market share
		RMB million	*%*
1	Company A	4,675	12.7%
2	Company B	1,050	2.9%
3	Company C	969	2.6%
4	Company D	495	1.3%
5	Our Group	339	0.9%
6	Company E	316	0.9%
7	Company F	296	0.8%
8	Company G	200	0.5%
9	Company H	173	0.5%
10	Company I	92	0.3%

Sources: Independent research conducted by CIC which includes interviews with industry players and research on public information available on websites of the companies mentioned above.

Competitive landscape of FMCG outdoor marketing market in China, 2023

Ranking	Company name	FMCG outdoor marketing revenue	Market share
		RMB million	*%*
1	Company A	5,906.0	14.3%
2	Company C	1,207.5	2.9%
3	Company B	1,160.0	2.8%
4	Our Group	495.1	1.2%
5	Company D	483.0	1.2%
6	Company F	339.0	0.8%
7	Company E	306.0	0.7%
8	Company H	179.2	0.4%
9	Company G	115.6	0.3%
10	Company I	88.1	0.2%

Entry Barriers in FMCG Outdoor Marketing Market

- ***Data Accumulation and Application of Innovative Technologies:*** FMCG outdoor marketing service providers can leverage innovative technologies to accumulate and analyze operational data, enabling a deeper understanding of consumer demands and precise advertising placement. The accumulated operational data also facilitates AI training, enhancing marketing performance and accuracy, ultimately improving marketing effectiveness. However, for new entrants in the industry, collecting a sufficient amount of operational data within a short period of time can be challenging, hindering precise consumer demand analysis and desired advertising placement results.

- ***Industry Know-How:*** Industry know-how is crucial for FMCG outdoor marketing service providers, including a deep understanding of market trends, insights into customer preferences and creative advertising strategies. By possessing such knowledge, FMCG outdoor marketing service providers can effectively serve FMCG brand customers and establish strong collaborative relationships with a diverse range of FMCG brand customers. New entrants in the industry often encounter challenges due to their limited industry experience and insights. They have to invest considerable time and effort in learning and building trust and cooperative relationships with their respective customers.

- ***Geographic Location:*** The exposure and marketing effectiveness of FMCG outdoor marketing terminals depends largely on their location and potential outreach of target customers. FMCG outdoor marketing service providers with strong bargaining power can secure better locations. However, for new entrants in the industry, acquiring premium location poses a challenge as existing FMCG outdoor marketing service providers have already established stable commercial relationships with venue operators, usually occupying prime locations.

- ***Capital Requirement:*** New entrants in the FMCG outdoor marketing market need to make a substantial capital investment in procuring advertising placement equipment, such as vending machines, screens, posters and billboards, etc. Simultaneously, in the current landscape of emerging technologies such as big data analytics, various FMCG outdoor marketing service providers have to allocate additional funds towards research and development thereon to maintain their competitiveness in the market. They also need to invest substantially in initial market development, location acquisition, and equipment maintenance. Therefore, a significant amount of capital is required during the early stages of development for new entrants in the FMCG outdoor marketing market.

Major Challenges in FMCG Outdoor Marketing Market

- ***The FMCG Industry is Highly Sensitive to Macroeconomic Conditions:*** The slowdown in macroeconomic growth may lead to a decrease in consumers' purchasing power, resulting in a decline in revenue for FMCG brands and a reduction in their outdoor marketing budgets, which may in turn lead to a decline in FMCG outdoor marketing service providers' revenue.

- ***Iterating Consumer Demands and Preferences:*** Consumer demands and preferences are constantly changing, leading to increasing requirements for FMCG product quality, personalization and brand reputation. FMCG outdoor marketing service providers need to continuously innovate, adjust, and optimize their advertising strategies to better respond to the highly iterative consumer demands and preferences, serve brand customers, constantly deliver satisfactory marketing service and help brand customers achieve revenue growth.

- ***Difficulties in Achieving and Maintaining High Operational Efficiency:*** FMCG outdoor marketing service providers are faced with the challenge in achieving and maintaining high operational efficiency, including implementing an effective advertisement placement strategy to fully utilize their sites and facilities, optimizing their internal operation system through digitalization transformation and acquiring and maintaining favorable sites with affordable costs.

Key Success Factors in FMCG Outdoor Marketing Market in China

With continuously developing technologies, some FMCG outdoor marketing services demonstrate better marketing capacities, such as enabling direct interactions with marketing audiences through sound, vision, touch, movement, and even smell while analyzing advertising effectiveness through data analytics and implementing precision marketing via big data, therefore creating a more innovative and personalized experience for consumers while empowering brand promotion and product iteration. Leading FMCG outdoor marketing service providers typically demonstrate the following advantages, among others:

- ***Comprehensive and Diversified Marketing Service Capabilities:*** Leading FMCG outdoor marketing service providers have the ability to provide multi-layered and comprehensive marketing services ranging from online and offline marketing campaigns, on-site flash events, user interaction, offline distribution, feedback collection, to private traffic channeling. In the future, leading FMCG outdoor marketing service providers are expected to further improve and expand their service scope to include diversified value-added services such as training courses, video advertising and various brand name promotional campaigns. Continuously expanding its operations and dismantling the barriers between online and offline realms, foremost FMCG outdoor marketing service providers construct a diverse marketing and service matrix for FMCG brands, accompanied by a more robust marketing toolkit. This capability allows leading FMCG outdoor marketing service providers to systematically explore new customer segments and broaden its business footprint.

- ***Technological Strengths and Operation Refinement Capabilities:*** Leading FMCG outdoor marketing service providers can effectively leverage industrial technology innovations to digitize and automate the promotion of FMCG products as well as enhance the effectiveness of their internal operations. The successful applications of cutting-edge technologies such as big data, AI algorithms and cloud computing involve high technological barriers and require substantial resource investment, thereby reinforcing leading FMCG outdoor marketing service providers' competitiveness. Additionally, they standardize and modularize their entire marketing and promotional process and can formulate new service packages that flexibly cater to customer requirements, and readily replicate benchmark cases for each product segment, thereby enhancing operational margins.

- ***In-Depth Understanding of Consumer Preferences and Industry Know-How on Marketing and Products:*** Leading FMCG outdoor marketing service providers have accumulated deep understandings of consumer needs and preferences as well as FMCG brands' marketing strategies. Therefore, they are able to offer their brand customers with valuable advice on products mass production, geographical layout as well as marketing focus. At the same time, their sharp insights and identification of potential blockbuster products allow them to assist FMCG brands to incubate their next-generation products with great market potentials.

Trends of FMCG Outdoor Marketing Market in China

- ***Increasing Emphasis on Deeper Consumer Experience:*** In response to consumers' personalization needs and short attention span in the information explosion era, FMCG outdoor marketing services will increasingly focus on creating deeper perceptions for consumers and making stronger and long-lasting impressions on their minds. Such purpose can be effectively facilitated by making technology-enabled multi-sensory interactions with them, as well as getting closer to their actual consumption scenes and penetrating into their daily life scenarios. With such efforts, FMCG brands are enabled to capture consumers' attention and establish deeper bonds with them, achieve higher purchase conversion rate and cultivate consumer stickiness.

- ***More Comprehensive and Robust Service Portfolio:*** While FMCG brands are seeking to diversify and optimize their products to cater to iterative consumer preferences and short consumer attention span, FMCG outdoor marketing service providers are also expected to further expand their service portfolio in line. Such efforts include adopting more diversified marketing methods, enhancing marketing customization capability, developing various value-added services including advertising performance analysis and advertising content optimization, as well as leveraging digital intelligence technology to create technological synergies for their services.

- ***Increasing Demands for One-Stop and End-to-End Marketing Services:*** FMCG brands' rapid product launches and increasing demands for marketing generate growing needs for one-stop and end-to-end marketing services. FMCG outdoor marketing service will evolve towards a closed marketing loop covering product positioning, advertising planning, multi-channel delivering, and consumer feedback collecting, therefore further optimizing marketing effectiveness to empower the overall business growth of FMCG brands.

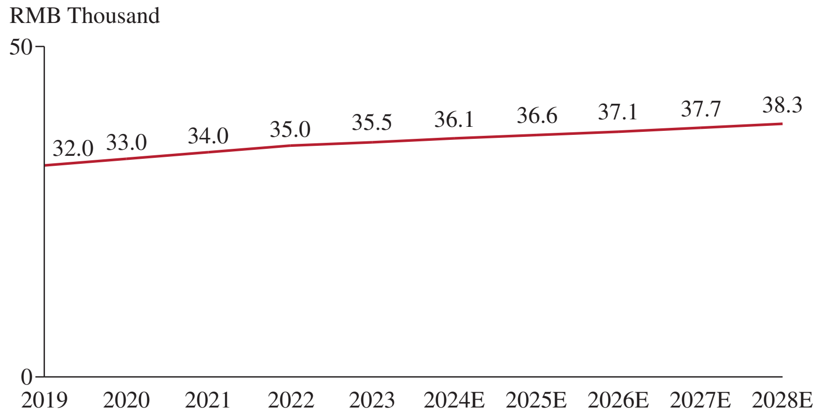
- ***Increasing Demands for Vending Machine Marketing Services:*** Vending machine marketing services refer to FMCG outdoor marketing services that utilize the vending machine as a medium or touchpoint. The vending machine marketing market is a promising subsegment of the FMCG outdoor marketing market, characterized by its ability to save manpower, which is particularly important for marketing of FMCG products that may involve sophisticated training, and/or language or marketing skills of large human forces, should such event does not utilize machine-based interactions, such as those events involving FMCG products carrying innovative features, foreign culture concepts and/or other specifications that are strange to potential consumers within reach of relevant machines. In addition, vending machine marketing is able to integrate retail and marketing features. It enables consumers to immediately experience FMCG products within marketing campaigns, aligning with consumers' pursuit of convenient, real-time, and interactive consumption experiences. The market size of China's vending machine marketing market in terms of marketing revenue reached RMB2.5 billion in 2023, and is expected to reach RMB17.1 billion in 2028, representing a CAGR of 46.6%, according to CIC. Our Group ranked the first in 2023 in China's vending machine marketing market, in terms of the revenue generated from vending machine marketing market. Going forward, within the vending machine marketing market, vending machines equipped with various modules to facilitate technology-driven interactive functions are expected to gain greater favor among consumers.

HISTORICAL AND FORECAST TRENDS OF MAJOR COST COMPONENTS OF FMCG OUTDOOR MARKETING SERVICE BUSINESS

The major cost components of our Group's FMCG outdoor marketing service mainly consist of the procurement costs of vending machines and information technology service fees.

Over the past few years, the procurement costs of vending machines have exhibited a modest upward trend, which was primarily due to the application of various technologies, such as AI technology, as well as the deployment of complex internal operating software and mechanical systems. It is anticipated that in the future, with further application of refined AI functionalities, such procurement costs may continue to experience a slight increasing trend. The following diagram illustrates the average price of vending machines from 2019 to 2028.

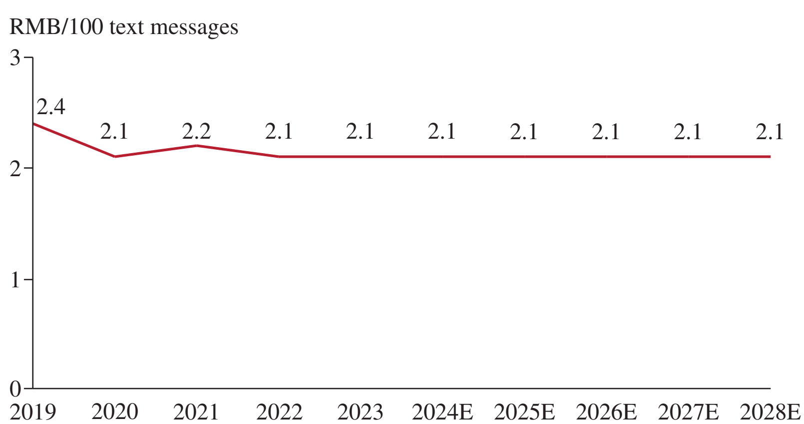
Average price of vending machines, 2019-2028E



Information technology service fees include costs of SMS packages and social media platform resources. With the intensifying competition in the SMS industry, the price of SMS packages has gradually decreased over the past five years and is currently close to cost. It is expected that the price of SMS packages will remain stable in the future, with a slight decreasing trend. The advertising costs on social media platforms over the past few years has gradually increased due to the intensified competition for acquiring online traffic, and it is expected to continue a slight upward trend in the future.

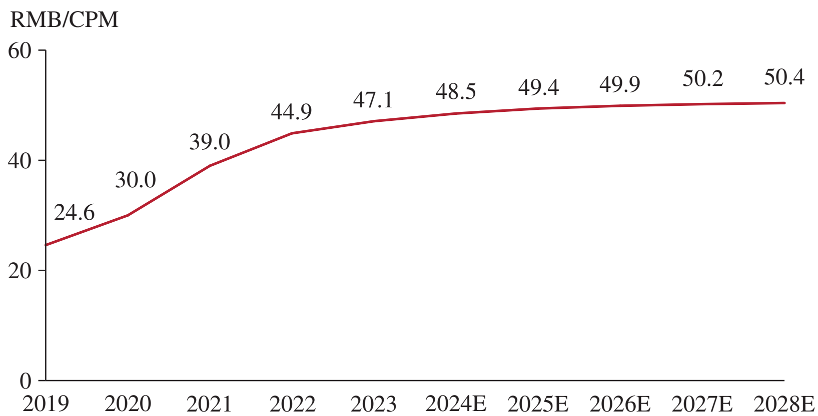
The following diagram illustrates the average price of SMS packages from 2019 to 2028.

Average price of SMS packages, 2019-2028E



The following diagram illustrates the average price of the cost per thousand impressions (CPM) on social media platforms from 2019 to 2028E.

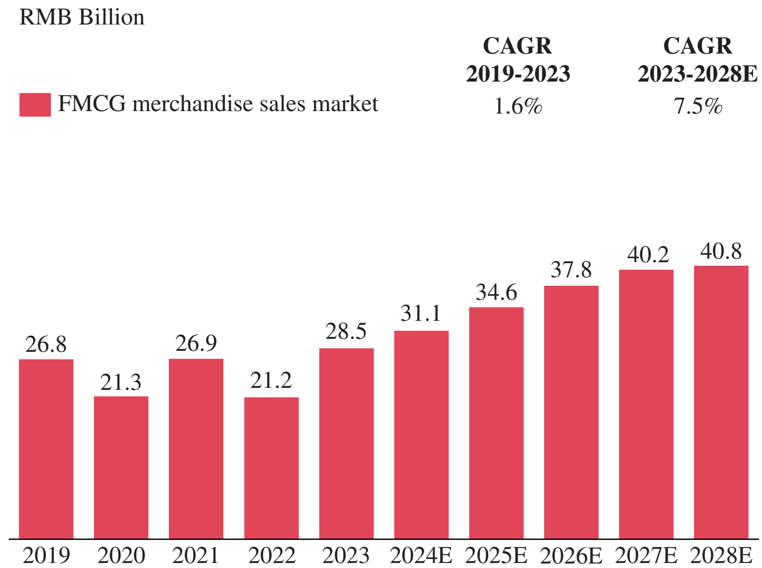
Average price of the cost per thousand impressions (Cost per Mille) on social media platforms, 2019-2028E



CHINA'S FMCG MERCHANDISE SALES MARKET

On top of FMCG marketing service business, a number of FMCG marketing service providers also engage in the merchandise sales of FMCG products, which refers to the sales of FMCG products through vending machines. The merchandise sales value of FMCG products in China increased from RMB26.8 billion in 2019 to RMB28.5 billion in 2023 at a CAGR of 1.6% from 2019 to 2023, according to CIC. In the future, the growth of China's FMCG merchandise sales market will be further facilitated by increasingly attractive shopping experience created for consumers driven by technological developments, increasing product variety benefitting from warehousing and logistics infrastructure developments, and growing consumer demands for safe, convenient and contactless retail services. As such, the merchandise sales value of FMCG products in China is expected to further increase to RMB40.8 billion in 2028 at a CAGR of 7.5% from 2023 to 2028, according to CIC. The following diagram illustrates the market size of China's FMCG merchandise sales market from 2019 to 2028E.

Market size of China's FMCG merchandise sales market, 2019-2028E



Sources: CIC report, interviews with industry players, and websites of China's major FMCG merchandise sales market players.

Competitive Landscape of China's FMCG Merchandise Sales Market

The FMCG merchandise sales market in China is highly fragmented. Our Group recorded a GMV of approximately RMB0.1 billion in 2023, accounting for a market share of 0.5% in the FMCG merchandise sales market in China. Major market players in China's FMCG merchandise sales market primarily include Chi Forest, Fengyi Technology, Nongfu Spring, Swire Bcd, and Ubox. The respective comparable revenue and market share of each such player in the FMCG merchandise sales market in 2023 is shown in the following table:

Competitive landscape of China's FMCG merchandise sales market, in terms of GMV, 2023

Ranking	Company name	GMV	Market share
		RMB Billion	*%*
1	Company G(1)	2.5	8.8%
2	Company K(2)	1.1	3.9%
3	Company L(3)	1.1	3.9%
4	Company M(4)	0.5	1.8%
5	Company N(5)	0.5	1.8%

Notes:

(1) *Company G is a listed company which has been listed on the Stock Exchange since 2023. The listed entity of Company G has a registered capital of RMB757 million. Established in 2011 and headquartered in Beijing, Company G is a leading operator in merchandise sales business. Company G's core business focus includes merchandise sales operations, advertising and system support services, wholesale business, and the sales and leasing of vending machines for merchandise sales.*

(2) *Company K is a listed company which has been listed on the Stock Exchange since 2020. The listed entity of Company K has a registered capital of RMB1 billion. Established in 1996 and headquartered in Hangzhou, Company K has established itself as a leading player in the packaged drinking water and beverage market.*

(3) *Company L is a subsidiary of a listed company which has been listed on the Shenzhen Stock Exchange since 2017. Company L has a registered capital of RMB109 million. Established in 2017 and headquartered in Shenzhen, Company L specializes in operating AI cabinets and unmanned vending machines.*

(4) *Company M is a subsidiary of a listed company which has been listed on the Stock Exchange since 1977. Company M has a registered capital of USD60 million. Established in 1987 and headquartered in Beijing, Company M is a leading player in the Chinese beverage market.*

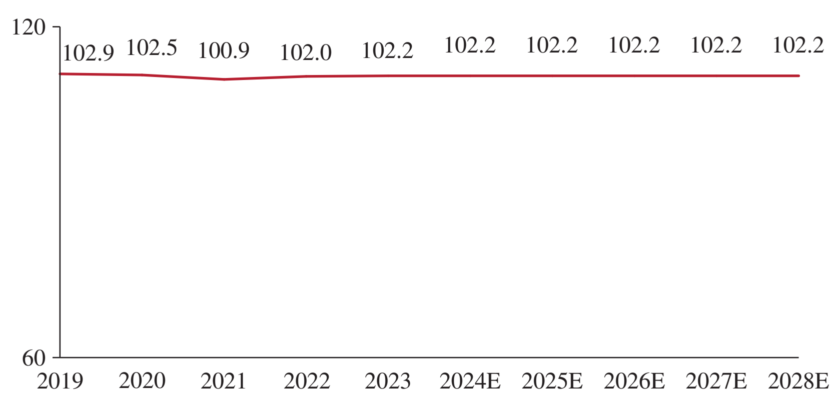
(5) *Company N is a private company with a registered capital of RMB43 billion. Established in 2016 and headquartered in Beijing, Company N has gained recognition as a prominent Chinese indie beverage brand.*

HISTORICAL AND FORECAST TRENDS OF MAJOR COST COMPONENTS OF FMCG MERCHANDISE SALES

The major cost components FMCG merchandise sales players, including our Group, mainly consist of FMCG products purchasing costs.

China's consumer price index (CPI), which reflects price fluctuation of daily goods including FMCG products, has fluctuated around 100 over the past decade, and is expected to remain at this level in the years ahead, therefore, FMCG products purchasing costs in the merchandise sales business is expect to remain stable. The following diagram illustrates China's CPI level from 2019 to 2028.

China's consumer price index (CPI), based on the previous year as 100, 2019-2028E



REGULATIONS IN RELATION TO FOREIGN INVESTMENT

The establishment, operation and management of companies in the PRC are governed by the Company Law of the People's Republic of China (《中華人民共和國公司法》), which was promulgated by the National People's Congress (the "**NPC**") on December 29, 1993, implemented on July 1, 1994 and was most recently amended on October 26, 2018. Pursuant to the Company Law of the People's Republic of China, companies are generally classified into two categories: limited liability companies and companies limited by shares. Each a limited liability company or a company limited by shares is an enterprise legal person, and liable for its debts with all its assets. The Company Law of the People's Republic of China is also applicable to foreign-invested companies, except otherwise set out in any other regulations.

In accordance with the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**") promulgated by the NPC on March 15, 2019 and implemented on January 1, 2020 and the Implementing Rules of the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法實施條例》) (the "**Implementing Rules of the Foreign Investment Law**") promulgated by the State Council on December 26, 2019 and implemented on January 1, 2020, the Sino-foreign Equity Joint Venture Law of the People's Republic of China (《中華人民共和國中外合資經營企業法》), the Wholly Foreign-owned Enterprise Law of the People's Republic of China (《中華人民共和國外資企業法》) and the Sino-foreign Cooperative Joint Venture Law of the People's Republic of China (《中華人民共和國中外合作經營企業法》) were abolished from January 1, 2020. The "foreign investment" refers to the investment activity directly or indirectly conducted by the foreign individuals, enterprises or other entities in the PRC, including the following circumstances: (i) a foreign investor establishes a foreign-invested enterprise within the territory of the PRC, independently or jointly with any other investor; (ii) a foreign investor acquires shares, equities, property shares or any other similar rights and interests of an enterprise within the territory of the PRC; (iii) a foreign investor makes investment to initiate a new project within the territory of the PRC, independently or jointly with any other investor; and (iv) a foreign investor makes investment in any other way stipulated by laws, administrative regulations or provisions of the State Council.

Foreign investment activities in the PRC are mainly governed by the Special Administrative Measures for Access of Foreign Investment (Negative List) (2021 Edition) (《外商投資准入特別管理措施(負面清單)(2021年版)》) (the "**Negative List**") and the Encouraged Industry Catalogue for Foreign Investment (2022) (《鼓勵外商投資產業目錄(2022年)》) (the "**Encouraged Catalogue**"), which were jointly promulgated by the Ministry of Commerce (the "**MOFCOM**") and the National Development and Reform Commission (the "**NDRC**") and amended from time to time. The Negative List and the Encouraged Catalogue divides industries into four categories in terms of foreign investment, namely, "encouraged", "restricted", "prohibited" and "permitted" (the last category of which includes all industries not listed under the "**encouraged**", "**restricted**" and "**prohibited**" categories).

According to the provisions of the Foreign Investment Law and the Implementing Rules of the Foreign Investment Law, a system of pre-entry national treatment and negative list shall be applied for the administration of foreign investment. The "pre-entry national treatment" means that the treatment given to foreign investors and their investments at market entry stage is no less favorable than that given to domestic investors and their investments, and the "negative list" means the special administrative measures for foreign investment's entry to specific fields or industries. Foreign investments beyond the negative list will be granted national treatment. Foreign investors shall not invest in the prohibited fields as specified in the negative list, and foreign investors who invest in the restricted fields shall comply with certain special requirements on shareholding and senior management personnel, etc.

Pursuant to the Information Reporting Measures for Foreign Investment (《外商投資信息報告辦法》) jointly promulgated by the MOFCOM and the State Administration for Market Regulation (the "**SAMR**") on December 30, 2019 and implemented on January 1, 2020 and if foreign investors directly or indirectly conduct investment activities in the PRC, foreign investors or foreign-invested enterprises shall report investment information to competent commerce departments of the government through the enterprise registration system and the national enterprise credit information publicity system.

REGULATIONS IN RELATION TO FOOD SALES AND SAFETY

Licensing System for Food Production and Trading

In accordance with the Food Safety Law of the People's Republic of China (《中華人民共和國食品安全法》) (the "**Food Safety Law**") promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on February 28, 2009, most recently amended and implemented on April 29, 2021 and the Implementing Rules of the Food Safety Law of the People's Republic of China (《中華人民共和國食品安全法實施條例》) (the "**Implementing Rules of the Food Safety Law**") promulgated by the State Council on July 20, 2009, most recently amended on October 11, 2019 and implemented on December 1, 2019, the PRC implements a licensing system for food production and trading. Entities engaging in food production, food sales and catering services shall obtain a food production license for food production and a food operation license for food sales and catering services in accordance with laws. However, a license is not required for the sale of edible agricultural products and prepackaged food. The sale of prepackaged food shall be filed with the food safety regulatory department of the people's government at or above the county level.

On August 31, 2015, the former China Food and Drug Administration promulgated the Administrative Measures for Food Operation Licensing (《食品經營許可管理辦法》), which was most recently amended and implemented on November 17, 2017. According to the Administrative Measures for Food Operation Licensing, a food operation license shall be obtained in accordance with laws to engage in food sales and catering services within the territory of the People's Republic of China. Food and drug administrative authorities shall implement classified licensing for food operations according to food operators' types and the degree of risk of their operation items. Moreover, according to the Interim Measures for the

Supervision and Administration of the Quality and Safety of Food-related Products (《食品相關產品質量安全監督管理暫行辦法》) promulgated by the SAMR on September 20, 2022 and implemented on March 1, 2023, food-related product producers or sellers shall be responsible for the quality and safety of food-related products they produce and sell, and food-related product producers shall establish and implement a responsibility system for the quality and safety of food-related products.

Food Safety Mechanism

Packaging of Prepackaged Food

Pursuant to the Food Safety Law, the Implementing Rules of the Food Safety Law and the Regulations on the Administration of Food Labeling (《食品標識管理規定》) promulgated by the former General Administration of Quality, Supervision, Inspection and Quarantine on August 27, 2007, amended and implemented on October 22, 2009, the packaging of prepackaged food shall bear labels. The labels shall state matters including the name, specifications, net content, date of production; list of ingredients or components; producer's name, address and contact information; shelf life; product standard code; storage conditions; the general name of the food additives used in the national standards; number of the food production license; and other content acquired by laws, regulations or food safety standards. Major nutrition facts and contents shall be specified on the labels of staple foods and supplementary foods exclusively for infants and other designated groups. The contents of the labels and manuals of special food such as healthcare food, special formula foods for medical purposes and infant formula shall be consistent with those filed. For the sale of special food, it shall check if the contents of the labels and manuals of food are consistent with those filed and they shall not be sold in case of inconsistencies.

Procurement Inspection System

In accordance with the provisions of the Food Safety Law, food operators shall inspect the license and ex-factory inspection conformity certificates or other conformity certificates of suppliers when purchase food. Food trading enterprises shall establish a procurement inspection system, accurately record matters including the name, specifications, quantity, date or batch number of production, shelf life and procurement date of food as well as the name, address and contact information of suppliers and maintain relevant certificates. The records and certificates shall be maintained for at least six months after the expiry of the shelf life of products. The records and certificates shall be maintained for at least two years if there is no specific shelf life. For food trading enterprises with unified delivery and operation, the headquarters of enterprises may inspect the license and food conformity certificates of suppliers and maintain the food procurement inspection records.

Self-Examination System

According to the provisions of the Food Safety Law, food producers and operators shall establish a food safety self-examination system to conduct review and appraisal on the conditions of food safety periodically. Where there are changes in the production and operation conditions and they no longer satisfy food safety requirements, food producers and operators shall immediately take rectification measures. Where there are potential risks on food safety accidents, they shall immediately cease food production and operation activities and report to the local food safety regulatory department of the people's government at the county level.

Food Recall System

Pursuant to the Food Safety Law and the Implementing Rules of the Food Safety Law, the PRC establishes a food recall system. Upon discovery of food produced not conforming to food safety standards or if there is any evidence proving that the foods produced may harm human health, food operators shall immediately cease operation, notify the relevant food producers, operators and consumers thereof, and keep records of the cessation and notification. Where food operators fail to recall or cease operation in accordance with the Food Safety Law and the Implementing Rules of the Food Safety Law, the food safety regulatory department of the people's government above the county level may order them to recall or cease operation. The Measures on the Administration of Food Recall (《食品召回管理辦法》) promulgated by the former China Food and Drug Administration on March 11, 2015 and amended and implemented by the SAMR on October 23, 2020 set out detailed provisions on the food recall system.

Food Storage

In accordance with the Food Safety Law and the Implementing Rules of the Food Safety Law, food operators shall store food according to requirements guaranteeing food safety, regularly inspect stored food, and dispose of food that have deteriorated or expired in a timely manner. For the storage of bulk food by food operators, they shall state matters including the name, date or batch number of production, shelf life, producer's name and contact information at the storage place. For the storage and transportation of food with particular requirements on temperature and humidity, they shall have heat preservation, cold storage or refrigerating equipment and maintain their effective operation.

REGULATIONS IN RELATION TO COSMETICS SALES

Pursuant to the Regulations on the Supervision and Administration of Cosmetics (《化妝品監督管理條例》) promulgated by the State Council on June 16, 2020 and implemented on January 1, 2021, cosmetics operators shall establish and implement the inspection and recording system for the purchased goods to verify the market entity registration certificates, cosmetics registration or record-filing status and the ex-factory inspection conformity certificates of the suppliers, as well as truthfully record and keep the relevant vouchers. They shall store and transport cosmetics in accordance with the provisions of relevant laws and regulations and the requirements indicated on cosmetic labels, and inspect on a regular basis and handle in a timely manner the deteriorated or expired cosmetics.

REGULATIONS IN RELATION TO PRODUCT LIABILITY AND PROTECTION OF CONSUMER RIGHTS AND INTERESTS

Product Quality

In accordance with the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》) (the "**Product Quality Law**") promulgated by the SCNPC on February 22, 1993, most recently amended and implemented on December 29, 2018, product sellers shall establish and implement the system of inspection and acceptance of goods procured, verifying the product quality certificates and other marks. Sellers shall take measures to maintain the quality of products for sale. Sellers shall not mix impurities or imitations into products, or pass counterfeit goods off as genuine ones, or defective products as good ones or substandard products as standard ones. Sellers shall be responsible for compensation if the personal injury or property losses are caused by defects resulting from the fault on the part of sellers. Sellers shall pay compensation if they fail to indicate neither the manufacturer nor the supplier of the defective products. In addition, the violation of the Product Quality Law by sellers may be subject to the confiscation of illegal products and relevant sellers may be subject to punishments such as fines, being ordered to suspend operation and revoking of business license and may be subject to criminal liabilities in serious cases.

According to the Product Quality Law and the Civil Code of the People's Republic of China (《中華人民共和國民法典》) (the "**Civil Code**") promulgated by the NPC on May 28, 2020 and implemented on January 1, 2021, victims who suffer personal injury or property losses due to product defects may demand compensation from the producer as well as the seller. Where the responsibility for product defects lies with the producer, the seller have the right to recover such compensation from the producer if they take the responsibility and make a compensation, and vice versa.

Protection of Consumer Rights and Interests

Pursuant to the Consumer Rights and Interests Protection Law of the People's Republic of China (《中華人民共和國消費者權益保護法》) (the "**Consumer Rights and Interests Protection Law**") promulgated by the SCNPC on October 31, 1993, most recently amended on October 25, 2013 and implemented on March 15, 2014, business operators shall ensure that the goods or services they provide satisfy the requirements for personal or property safety, provide consumers with truthful and full information concerning the quality, function, usage and term of validity of the goods or services they provide and shall not make any false or misleading statements. Where business operators have discovered any defect in the goods or services they provided, which may endanger personal or property safety, they shall forthwith report to relevant administrative authorities and notify consumers, and take measures such as suspension of selling, alerts, recalls, decontamination, destruction, and suspension of manufacturing or services. Where business operators sell goods on the Internet, on television, over telephone, or by mail order, among others, consumers shall have the right to return the commodities within seven days of receipt of them without cause except for certain particular goods. In case of violation of the abovementioned provisions, business operators may be subject to civil liabilities such as refunding purchase prices, replacing or repairing the commodities, mitigating the damages, compensation for losses and restoring the reputation. In addition, for the violation of the Consumer Rights and Interests Protection Law, relevant business operators may be subject to punishments such as fines, being ordered to suspend operation and revoking of business license and may be subject to criminal liabilities in serious cases.

REGULATIONS IN RELATION TO ANTI-UNFAIR COMPETITION

In accordance with the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) (the "**Anti-Unfair Competition Law**") promulgated by the SCNPC on September 2, 1993, most recently amended and implemented on April 23, 2019, operators shall follow the principles of willingness, equality, fairness, honesty and credibility, and abide by laws and business ethics in production and operating activities. They shall not conduct unfair competitions disrupting the competition order and infringing the legitimate rights and interests of other operators or consumers. When the legitimate rights and interests of an operator are damaged by unfair competition, the operator may file a lawsuit to the people's court. On the contrary, if operators violate the Anti-Unfair Competition Law and cause losses to others, they shall bear civil liabilities. In addition, for the violation of the Anti-Unfair Competition Law by operators, the supervision and inspection authority shall order it to cease the illegal act, confiscate the illegal goods, impose fines and even revoke the business license.

REGULATIONS IN RELATION TO ONLINE TRADING AND E-COMMERCE

On August 31, 2018, the SCNPC promulgated the E-Commerce Law of the People's Republic of China (《中華人民共和國電子商務法》) (the "**E-Commerce Law**"), which came into effect on January 1, 2019. According to the E-Commerce Law, e-commerce refers to the operating activities for sales of goods or provision of services through the Internet and other information network; and e-commerce operators refer to the natural persons, legal persons and non-legal person organizations engaging in the operating activities for sales of goods or provision of services through the Internet and other information network, including e-commerce platform operators, intra-platform operators and e-commerce operators selling merchandise or providing services through self-built websites and other network services. An e-commerce operator should continuously display its business license information and the information of its administrative license related to its operating business, or the hyperlink symbol of the aforesaid information, in a prominent position on its homepage. An e-commerce operator shall disclose the information of goods or services in a comprehensive, accurate and timely manner, and protect consumers' right to know and right to choose. An e-commerce operator shall not use false transactions, fabricated user review etc. to conduct false or misleading business promotion, so as to defraud or mislead consumers. The E-Commerce Law also set out provisions on e-commerce contracts, settlement of disputes, the development of e-commerce and legal liabilities involved in e-commerce. An e-commerce operator shall complete the registration as a market entity and obtain relevant administrative approvals in accordance with laws.

On March 15, 2021, the SAMR promulgated the Administrative Measures for Online Trading (《網絡交易監督管理辦法》) (the "**Measures for Online Trading**") which came into effect on May 1, 2021. Pursuant to the Measures for Online Trading, any business activity of selling goods or providing services through the Internet within the PRC Mainland shall abide by the PRC laws and the provisions of the Measures for Online Trading. Operators engaged in online goods trading ("**Online trading operators**") are required to make an industrial and commercial registration in accordance with laws. The goods sold or services provided by online trading operators shall observe the requirements for the protection of personal, property safety and environmental protection, and online trading operators shall not sell goods or provide services that are prohibited by laws or regulations, damage the national interest and public inters, or violate public order and good morals.

REGULATIONS IN RELATION TO MOBILE APPLICATIONS

Pursuant to the Administrative Provisions on Mobile Internet Applications Information Services (《移動互聯網應用程序信息服務管理規定》) (the "former **Administrative Provisions on Mobile Applications**") promulgated by the Cyberspace Administration of China (the "**CAC**") on June 28, 2016 and implemented on August 1, 2016, mobile Internet application refers to application software that is obtained and run on the mobile smart terminal by preloading, downloading, etc., and provides information services to users while mobile Internet application providers refer to the owners or operators of mobile Internet applications providing information services. According to the former Administrative Provisions on Mobile Applications, mobile Internet application providers shall verify a user's mobile phone number and other identity information under the principle of mandatory real name registration at the back-office end and voluntary real name display at the front-office end. Mobile Internet application providers shall not enable functions that can collect a user's geographical location information, access user's contact list, activate the camera or recorder of the user's mobile smart device or other functions irrelevant to its services, nor are they allowed to conduct bundle installations of irrelevant application programs, unless they have clearly indicated to the user and obtained the user's consent on such functions and application programs.

On June 14, 2022, the CAC promulgated the amended Administrative Provisions on Mobile Internet Applications Information Services (《移動互聯網應用程序信息服務管理規定》) (the "**Provisions**"), which came into effect on August 1, 2022. According to the Provisions, mobile Internet application refers to application software that runs on mobile smart terminal and provides information services to users. The Provisions stipulates application providers shall perform the following duties: (i) to fulfill the responsibility of information content management, to be responsible for the results of information content presentation, not to produce and disseminate illegal information, and to consciously prevent and resist malicious information; (ii) to fulfill the obligation of data security protection, to establish and improve the whole-process data security management system, to take technical measures to ensure data security and others, and strengthen risk monitoring; (iii) to provide users with information release, instant communication and other services, to verify the real identity information of the user applying for registration by checking users' mobile phone numbers, identification card numbers or unified social credit codes; and (iv) to follow the principles of legality, legitimacy, necessity and integrity in processing the users' personal information, to publicly disclose the rules, methods and scope of processing, and not to refuse the users to use basic functional services due to users' disagree to provide unnecessary personal information.

In accordance with the Interim Measures on the Administration of Pre-Installation and Distribution of Applications for Mobile Smart Terminals (《移動智能終端應用軟件預置和分發管理暫行規定》) (the "**Interim Measures**") promulgated by the Ministry of Industry and Information Technology (the "**MIIT**") on December 16, 2016 and implemented on July 1, 2017, the Interim Measures aims to strengthen the management of mobile applications, requiring (among others) that mobile phone manufacturers and Internet information service providers shall ensure that users can conveniently remove mobile applications and their ancillary resource files, configuration files and users' data unless they are basic functional software, namely the hardware supporting the mobile smart device and the software supporting the normal operation of the operating system.

According to the Circular on the Special Campaign of Correcting Illegal Collection and Usage of Personal Information via Apps (《關於開展App違法違規收集使用個人信息專項治理的公告》) promulgated and implemented by the CAC, the MIIT, the Ministry of Public Security (the "**MPS**") and the SAMR on January 23, 2019, (i) App operators are prohibited from collecting any personal information irrelevant to the services provided by such operator; (ii) information collection and usage policy should be presented in a simple and clear way, and such policy should be consented by the users voluntarily; and (iii) authorization from users should not be obtained by coercing users with default or bundling clauses or making consent a condition of a service. App operators violating such rules can be ordered by authorities to correct its incompliance within a given period of time, be reported in public; or even suspend its operation for rectification or revocate its business permit or business license.

Pursuant to the Notice on Deeply Carrying out Special Rectification Actions against the Infringement upon Users' Rights and Interests by Apps (《關於開展縱深推進APP侵害用戶權益專項整治行動的通知》) (the "**Notice on Deeply Carrying out Rectification Actions**") promulgated and implemented by the MIIT on July 22, 2020, it requires inspecting whether App service providers are involved certain of the following activities, including: (i) collecting or using personal information without the user's consent, collecting or using personal information beyond the necessary scope of services provided, and forcing users to receive advertisements; (ii) requesting user's permission in a compulsory and frequent manner, or frequently launching third-party applications; and (iii) deceiving and misleading users into downloading applications or providing personal information. The Notice on Deeply Carrying out Rectification Actions also sets forth that the period for the regulatory specific inspection on applications and that the MIIT will order the non-compliant entities to modify their business within five business days, or otherwise the MIIT will make public announcement, remove the applications from the App stores or impose other administrative penalties.

Pursuant to the Notice on Conducting Mobile Internet Applications Filing (《關於開展移動互聯網應用程序備案工作的通知》) (the "Notice on Mobile Application Filing") promulgated and implemented by the MIIT on July 21, 2023, App operators who engaged in Internet information services in China shall go through the filing procedures in accordance with the Anti-telecom and Online Fraud Law of the People's Republic of China and the Administrative Measures for Internet Information Services (Order No. 292 of the State Council), and those who failed to go through the filing procedures shall not engage in APP

Internet information services. The filing period of existing Apps is from September 2023 to March 2024. The Apps that have commenced business prior to the issuance of the Notice on Mobile Application Filing shall go through the filing procedures with the provincial communications administration in the place where it resides through its network access service provider and distribution platform in accordance with the requirements of the Notice on Mobile Application Filing. For those who have gone through the website filing procedures, only the relevant information on their Apps needs to be supplemented and improved, and there is no need to repeatedly fill in the true identity information of the operators. If there is no website filing information existed for an App, such App operator shall go through the filing procedures in accordance with the Notice on Mobile Application Filing.

REGULATIONS IN RELATION TO FIRE PREVENTION

In accordance with the Fire Prevention Law of the People's Republic of China (《中華人民共和國消防法》) (the "**Fire Prevention Law**") promulgated by the SCNPC on April 29, 1998 and most recently amended and implemented on April 29, 2021, when conducting large-scale public activities, the host entity shall file an application for a safety permit with the relevant public security authority in accordance with laws, formulate fire fighting and emergency evacuation plans and organize exercises, clarify the division of fire safety and protection responsibilities and work, designate personnel to manage fire safety and protection, maintain fire fighting facilities and equipment fully equipped and in good and effective condition, and ensure that fire escapes and exits, fire escape signs, emergency lighting, and passageways for fire engines conform to technical standards and administrative provisions for fire prevention.

According to the Regulations on Security Administration of Large-Scale Mass Activities (《大型群眾性活動安全管理條例》) promulgated by the State Council on September 14, 2007 and implemented on October 1, 2007, large-scale public activities refer to the following activities that the legal persons or other organizations hold for the public with the participants expected to reach 1,000 or more: (I) sports competition; (II) culture and artistic performance like concert; (III) exhibition, commodity fair and other activities; (IV) garden party, lantern festival, temple fair, flower show, fireworks show and other activities; and (V) career fair, lottery sale with the winning number announced on the spot, etc. Where the expected number of participants of the large-scale public activity is larger than 1,000 but lower than 5,000, the safety permit shall be implemented by the local public security authority of the people's government at the county level; for the expected number of participants over 5,000, the safety permit shall be implemented by the local public security authority of the people's government of the city with districts or municipality; in case the large-scale public activity crosses provinces, autonomous regions or municipalities, the security permit shall be implemented by the public security department of the State Council. The large-scale public activity without the security permit of the public security authorities shall be banned and the organizers shall be liable to a fine of more than RMB100,000 but less than RMB300,000.

REGULATIONS IN RELATION TO ADVERTISEMENTS

Pursuant to the Advertisement Law of the People's Republic of China (《中華人民共和國廣告法》) (the "**Advertisement Law**") promulgated by the SCNPC on October 27, 1994 and most recently amended and implemented on April 29, 2021, relevant PRC laws on advertisement require advertisers, advertising operators and advertising distributors to ensure that the content of the advertisements they produce or distribute are true and in full compliance with applicable laws and regulations and shall not contain wordings such as "national level", "highest level" and "best". In addition, where a special government review is required for certain categories of advertisements before publishing, the advertisers, advertising operators and advertising distributors are obligated to confirm that such review has been duly performed and that the relevant approval has been obtained. Publishing and circulating advertisements through the Internet shall not affect the normal use of the Internet by users. An Internet advertisement shall be recognizable and shall enable consumers to identify it as an advertisement. The administrator of a public place, an operator of telecommunications business, or an Internet information service provider shall stop the sending or publishing of illegal advertisements through the public place or information transmission or release platform that it knows or should have known.

According to the Advertisement Law and the Measures for the Administration of Internet Advertisements (《互聯網廣告管理辦法》) promulgated by the SAMR on February 25, 2023 and implemented on May 1, 2023, advertising operators and advertising distributors shall establish, improve and implement the management systems regarding acceptance, registration, review and filing of the Internet advertising businesses in according with the following provisions: (i) verify and register the information of advertisers such as their truthful identity, addresses and valid contact details, set up advertisement files and check and update them on a regular basis, record and maintain relevant electronic data of advertising activities. Relevant files shall be kept for not less than three years from the date of termination of the advertisement release; (ii) verify relevant certificates, check the contents of advertisements and shall not provide design, production, agent or release services for advertisements with inconsistent content or incomplete certification documents; and (iii) set up advertisement reviewers familiar with advertising laws and regulations or establish advertisement review agencies. The identity information includes names, unified social credit codes (identification card numbers), etc. For the publication of advertisements for medical treatment, pharmaceuticals, medical devices, agricultural pesticides, veterinary drugs, healthcare food, special formula foods for medical purposes and other advertisements subject to examination as provided by laws or administrative rules and regulations, the advertisement examination authority shall, prior to the publication, examine the contents of such advertisements; in the absence of such examination, such advertisements shall not be published.

REGULATIONS IN RELATION TO HOUSE LEASING

Pursuant to the Law on Administration of Urban Real Estate of the People's Republic of China (《中華人民共和國城市房地產管理法》) promulgated by the SCNPC on July 5, 1994, most recently amended on August 26, 2019 and implemented on January 1, 2020, lessors and lessees under house leasing are required to enter into a written lease contract, containing such provisions as the term of the lease, the use of the premises, rental price, liability for repair, and other rights and obligations of both parties. The lease contract shall be filed for registration with the housing administration department.

According to the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and implemented on February 1, 2011, the parties to a house leasing shall go through the house leasing registration and filing process with the competent construction (real estate) departments of the municipalities directly under the central government, cities and counties where the house is located within 30 days after the commodity house leasing contract is signed. Entities in violation of the above provisions shall be ordered to remedy the non-compliance within a specified time limit by the competent construction (real estate) departments of the municipalities directly under the central government, cities and counties; if they fail to do so within such time period, they shall be subject to a fine between RMB1,000 and RMB10,000.

In accordance with the Civil Code, the lessee may sublease the leased house to a third party, subject to the consent of the lessor. Where the lessee subleases the house, the lease contract between the lessee and the lessor remains valid. The validity of the lease contract shall not be affected if it fails to go through the registration and filing process for the lease contract. If the ownership of the leased house changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected.

REGULATIONS IN RELATION TO CYBER SECURITY, DATA SECURITY AND PERSONAL INFORMATION PROTECTION

Regulations in Relation to Cyber Security and Data Security

Pursuant to the Administrative Measures on Security Protection for International Connections to Computer Information Networks (《計算機信息網絡國際聯網安全保護管理辦法》) promulgated by the MPS on December 16, 1997 and amended and implemented by the State Council on January 8, 2011, no entity or individual will be permitted to make use of international connections to harm national security, disclose State secrets, infringe on the national, social or collective interests or the legal rights and interests of citizens, or engage in other illegal or criminal activities. All interconnection units, connection units, legal persons and other organization engaged in international networking through computer information networks shall go through filing procedures at the authorities designated by the local public security authorities of the people's government of the province, autonomous regions or municipality within 30 days from the official connection of networks.

According to the Decision Regarding the Protection of Internet Security (《關於維護互聯網安全的決定》) promulgated by the SCNPC on December 28, 2000 and amended and implemented on August 27, 2009, any one of the following activities conducted through the Internet, if constituting a crime, are subject to criminal punishment: (i) illegally hacking into a computer or system of strategic importance; (ii) intentionally inventing and spreading destructive programs such as computer viruses to attack computer systems and communications networks, thus damaging the computer systems and the communications networks; (iii) in violation of national regulations, discontinuing computer network or the communications service without authorization; (iv) leaking state secrets; (v) spreading false commercial information; or (vi) infringing intellectual property rights.

Pursuant to the National Security Law of the People's Republic of China (《中華人民共和國國家安全法》) promulgated and implemented by the SCNPC on July 1, 2015, the state shall safeguard the sovereignty, security and cyber security development interests of the state, and that the state shall establish a national security review and regulation system to review, among other things, foreign investment, particular items and key technologies, Internet and information technology products and services, construction projects and other important matter and activities that impact or are likely to impact the national security.

In accordance with the Regulations on Technological Measures for Internet Security Protection (《互聯網安全保護技術措施規定》) promulgated by the MPS on December 13, 2005 and implemented on March 1, 2006, Internet service providers and Internet utilization units shall implement the following technical measures on the protection of Internet security: (i) technical measures for preventing computer virus, network intrusion, attack and damages or other activities harming network security; (ii) redundancy backup measures for significant equipment of important databases and systems; (iii) technical measures for recording and maintaining user log-in and log-out time, calling number, account number, IP address or domain name, system maintenance logs and archives; and (iv) other technical measures implemented for Internet security protection under laws, regulations or rules. In addition, the technical measures on records maintaining implemented by Internet service providers and users in accordance with the Regulations on Technological Measures for Internet Security Protection shall have the function to maintain at least 60 days of back-up records.

According to the Administrative Measures for the Hierarchical Protection of Information Security (《信息安全等級保護管理辦法》) promulgated by the MPS, the State Secrecy Bureau, the State Cipher Code Administration and the former Information Office of the State Council on June 22, 2007, operators and utilization units of information systems shall perform the obligations and responsibilities on the hierarchical protection of information security in accordance with these measures and relevant standards. These measures divide the security protection of information systems into five grades and systems ranking Grade II or above under these measures shall go through the filing procedures for grades of the security protection of information systems with public security authorities.

Pursuant to the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》) promulgated by the SCNPC on November 7, 2016 and implemented on June 1, 2017, network operators refer to network owners, managers, and network service providers. For the construction and operation of a network or the provision of services through a network, it is a requirement to, in accordance with the provisions of laws and administrative regulations and the mandatory requirements of the PRC national standards, take technical measures and other necessary measures to ensure the secure and stable operation of the network, effectively respond to cyber security incidents, prevent illegal crimes committed on the network, and maintain the integrity, confidentiality and availability of cyber data.

In accordance with the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》) promulgated by the SCNPC on June 10, 2021 and implemented on September 1, 2021, data processing activities shall be conducted in accordance with laws and regulations. Data processors shall establish and improve processes of data security management systems, organize data security education and training and adopt appropriate technical measures and other necessary measures to protect data security. Where data processing activities are carried out through the Internet and other information networks, the above-mentioned data security protection obligations shall be fulfilled on the basis of the hierarchical network security protection system. Critical data processors shall specify responsible persons and management agencies on data security to perform the responsibilities on protecting data security. In carrying out data processing activities, risk monitoring shall be strengthened, and remedial measures shall be taken immediately when data security defects, loopholes and other risks are found. In the event of a data security incident, the processors of data shall take immediate measures to deal with it, inform the user in time and report to the competent authorities in accordance with relevant provisions. In addition, the Data Security Law of the People's Republic of China established the national data security review system in the PRC, under which data processing activities that affect or may affect national security shall be reviewed.

According to the Regulations for the Security Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》) promulgated by the State Council on July 30, 2021 and implemented on September 1, 2021, critical information infrastructure refers to important network facilities and information systems of important industries and sectors such as public communications and information services, energy, transport, water conservation, finance, public services, e-government, and science and technology industry for national defense, as well as other important network facilities and information systems that may seriously endanger national security, national economy and citizen's livelihood and public interests if they are damaged or suffer from malfunctions, or if any leakage of data in relation thereto occurs. Competent authorities as well as the supervision and administration authorities of various industries and sectors are responsible for the security protection of critical information infrastructure. The protection authorities are responsible for organizing the identification of critical information infrastructure in their own industries and sectors in accordance with the identification rules, promptly notifying the operators of the identification results and reporting to the public security department of the State Council.

According to the Network Data Security Management Regulations (Draft for Comment) (《網絡數據安全管理條例(徵求意見稿)》) issued by the CAC on November 14, 2021, data processors seeking listing in Hong Kong which affect or may affect national security, or data processors who carry out other data processing activities that affect or may affect national security, shall apply for cybersecurity review in accordance with the relevant regulations of the PRC. In addition, data processors who process more than one million personal information shall also comply with the requirements of the regulation for important data processors. Moreover, data processors who process important data or seek listing overseas shall conduct a data security assessment by themselves or through engaging a data security service agency once a year, and submit the data security assessment report of the previous year to the municipal cyberspace administration authorities of city with districts before January 31 of each year. However, as of the Latest Practicable Date, the Network Data Security Management Regulations (Draft for Comment) had not been formally promulgated and come into effect.

According to the Cybersecurity Review Measures (《網絡安全審查辦法》), which was jointly promulgated by the CAC and other departments on April 13, 2020 and amended on December 28, 2021 and came into effect on February 15, 2022, the purchase of network products and services by a critical information infrastructure operator or the data processing activities of a network platform operator that affect or may affect national security will be subject to cybersecurity review. Network platform operators possessing personal information of over one million users shall apply to the Cybersecurity Review Office for cybersecurity review when seeking for listing in a foreign country. In addition, for network products and services and data processing activities which a member unit of the cybersecurity review work mechanism believes affect or may affect national security, the Cybersecurity Review Office shall have the right to initiate a review in accordance with the Cybersecurity Review Measures upon the approval by the Central Cyberspace Affairs Commission in accordance with relevant procedures.

According to the Provisions on the Administration of Algorithmic Recommendation for Internet Information Services (《互聯網信息服務算法推薦管理規定》), which was promulgated jointly by the CAC, the MIIT, the Ministry of Public Security and the SAMR on December 31, 2021 and came into effect on March 1, 2022, the relevant authorities manage algorithm recommendation service providers based on category and grade, and algorithm recommendation service providers should perform primary responsibilities for algorithm, establish and improve the algorithm management system, and inform users of the algorithmic recommendation services in a conspicuous manner, and inform users of the basic principles, purposes and main operating mechanisms of the algorithmic recommendation services in an appropriate way, so as to ensure that users can easily turn off the algorithmic recommendation services. Where an algorithmic recommendation service provider sells goods or provides services to consumers, it shall protect the right of consumers to fair trade, and shall not carry out illegal acts such as unreasonable differential treatment according to the characteristics of consumers such as preferences and trading habits. Algorithmic recommendation service providers with public opinion attributes or social mobilizing ability shall carry out security assessment in accordance with the relevant regulations of the PRC, and shall perform filing procedures through the internet information service algorithm filing system within ten working days from the service provision commencement date.

According to the Provisions on the Administration of Deep Synthesis for Internet-based Information Services (《互聯網信息服務深度合成管理規定》), which was jointly promulgated by the CAC, the MIIT and the Ministry of Public Security on November 25, 2022 and came into effect on January 10, 2023, deep synthesis technology refers to the use of technologies in relation to deep learning and virtual reality to produce texts, images, audio, video, virtual scenarios and others. Deep synthesis service providers, technical supporters and users shall fulfill corresponding obligations and responsibilities in accordance with the provisions, including establishing and improving the algorithm management system, taking measures to protect data security and personal information, conducting content review, performing security assessment, and completing filing procedures for algorithms.

In addition, the Interim Measures for the Administration for Generative Artificial Intelligence Services (《生成式人工智能服務管理暫行辦法》), which was promulgated by the CAC together with other relevant authorities on July 10, 2023 and came into effect on August 15, 2023, specifies the compliance requirements for generative artificial intelligence service providers. Individuals or organizations that provide generative artificial intelligence services such as texts, images, audio, video and other content shall bear the responsibility of network information content producers to fulfill the obligations in relation to network information security, and shall bear the responsibility of personal information processors to protect personal information. Where generative artificial intelligence service provider with public opinion attributes or social mobilizing ability shall carry out security assessment in accordance with the relevant regulations of the PRC, and shall perform the procedures for algorithm filing, alteration and deregistration in accordance with the Provisions on the Administration of Algorithmic Recommendation for Internet Information Services.

Pursuant to the Measures for the Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) promulgated by the CAC on July 7, 2022 and implemented on September 1, 2022 and to prevent risks on the security of cross-border data transfer, data processors shall apply to the national cyberspace administration for security assessment of data cross-border transfer in one of the following circumstances: (i) where a data processor transfers important data across the border; (ii) where an operator of critical information infrastructure and a personal information processor that processes personal information of more than 1 million individuals transfer personal information across the border; (iii) where a data processor that has transferred personal information of more than 100,000 individuals or sensitive personal information of more than 10,000 individuals cumulatively as of January 1, of the previous year transfers personal information across the border; or (iv) other circumstances under which security assessment of cross-border data transfer is required as prescribed by the CAC.

In accordance with the Administrative Provisions on the Account Information of Internet Users (《互聯網用戶賬號信息管理規定》) promulgated by the CAC on June 27, 2022 and implemented on August 1, 2022, it requires that internet information service providers shall formulate and make public the rules for the management of accounts of Internet users and platform conventions and enter into service agreements with Internet users to specify relevant rights and obligations in the registration, use and management of account information. They shall have in place professionals and technical capacity appropriate to the scale of services, and establish, improve and strictly implement the authentication of real identity information, verification of account information, security of information content, ecological governance, emergency responses, protection of personal information and other management systems. Internet information service providers shall establish convenient entrances for complaints and reports at prominent places, make public means for complaints and reports, improve mechanisms for acceptance, identification, handling and feedbacks, specify the handling procedures and feedback time and handle public complaints and reports in a timely manner.

Regulations in Relation to Personal Information Protection

Pursuant to the Several Provisions on Regulation of the Order of Internet Information Service Market (《規範互聯網信息服務市場秩序若干規定》) promulgated by the MIIT on December 29, 2011 and implemented on March 15, 2012, without the consent of users, Internet information service providers shall not collect information relevant to the users that can lead to the recognition of the identity of the users independently or in combination with other information, nor shall they provide personal information of users to others, unless otherwise provided by laws and administrative regulations. Meanwhile, Internet information service providers shall properly keep the personal information of users; if the preserved personal information of users is divulged or may possibly be divulged, Internet information service providers shall immediately take remedial measures; where such incident causes or may cause serious consequences, they shall immediately report the same to the telecommunications administration authorities that grant them with the Internet information service license or filing and cooperate in the investigation and disposal carried out by relevant departments.

According to the Decision on Strengthening Network Information Protection (《關於加強網絡信息保護的決定》) promulgated by the SCNPC and implemented on December 28, 2012 and the Provisions on Protection of Personal Information of Telecommunication and Internet Users (《電信和互聯網用戶個人信息保護規定》) promulgated by the MIIT on July 16, 2013 and implemented on September 1, 2013, Internet information service providers shall set rules for the collecting and use of the personal information of users and shall not collect or use of the personal information of users without users' consent. In addition, Internet information service providers shall strictly keep the personal information of users confidential and shall not disclose, change, damage, sell or provide to others in violation of laws.

Pursuant to the Ninth Amendment to the Criminal Law of the People's Republic of China (《中華人民共和國刑法修正案(九)》) promulgated by the SCNPC on August 29, 2015 and implemented on November 1, 2015, those who sell or disclose any citizen's personal information to others in violation of relevant national provisions in a severe situation shall be subject to criminal penalty. Those who sell or provide any citizen's personal information obtained during the course of performing duties or providing services to others in violation of relevant national provisions shall be punished seriously. Meanwhile, pursuant to the Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) issued by the Supreme People's Court and the Supreme People's Procuratorate on May 8, 2017 and implemented on June 1, 2017, the following activities may constitute the crime of infringing upon a citizen's personal information: (i) providing a citizen's personal information to specified persons or releasing a citizen's personal information online or through other methods; (ii) providing legitimately collected information relating to a citizen to others without such citizen's consent (unless the information is processed, not traceable to a specific person and not recoverable); (iii) collecting a citizen's personal information by purchasing, accepting or exchanging such information in violation of relevant national provisions; or (iv) collecting a citizen's personal information during the course of performing duties or providing services. In addition, pursuant to the Ninth Amendment to the Criminal Law of the People's Republic of China, any Internet service provider that fails to fulfill the obligations related to information and cyber security administration in accordance with laws and refuses to rectify upon orders, shall be subject to criminal penalty for the result of (i) any dissemination of illegal information on a large scale; (ii) any severe effect due to the leakage of the client's information; (iii) any serious loss of criminal evidence; or (iv) other severe situations.

According to the Civil Code promulgated by the NPC on May 28, 2020 and implemented on January 1, 2021, the personal information of a natural person shall be protected by laws. Any organization or individual that need to obtain personal information of others shall obtain such information legally and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or make public personal information of others.

Pursuant to the Provisions on Several Issues concerning the Application of Law in the Trial of Civil Cases Involving the Use of Face Recognition Technologies to Process Personal Information (《關於審理使用人臉識別技術處理個人信息相關民事案件適用法律若干問題的規定》) promulgated by the Supreme People's Court on July 27, 2021 and implemented on August 1, 2021, for the processing of the facial information of a natural person, the individual's consent of such natural person or his/her guardian must be obtained. Any violation of individual's consent, or forcing or de facto forcing of a natural person to consent to the processing of facial information constitutes an infringement of the personal rights and interests of natural persons. In addition, when the information processor enters into a contract with a natural person using boilerplate terms that would require such natural person to grant the processor an indefinite right to process his/her human facial information, or that such terms are irrevocable or would permit the information processor to assign the right to process such facial information and if the natural person requests confirmation that the boilerplate terms are invalid, the people's court shall support the claim in accordance with laws.

According to the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) promulgated by the SCNPC on August 20, 2021 and implemented on November 1, 2021, personal information refers to any kind of information related to an identified or identifiable individual as electronically or otherwise recorded but excluding the anonymized information. The processing of personal information includes the collection, storage, use, processing, transmission, provision, disclosure and deletion of personal information. The Personal Information Protection Law of the People's Republic of China sets out explicit requirements on the liabilities and obligations of personal information processors in processing personal information. A personal information processor may process the personal information of this individual only under any one of the following circumstances: (i) where consent is obtained from the relevant individual; (ii) where it is necessary for the execution or performance of a contract to which the individual is a party, or where it is necessary for carrying out human resource management pursuant to employment rules legally adopted or a collective contract legally concluded; (iii) where it is necessary for performing a statutory responsibility or statutory obligation; (iv) where it is necessary in response to a public health emergency, or for protecting the life, health or property safety of a natural person in the case of an emergency; (v) where the personal information is processed within a reasonable scope to carry out any news reporting, supervision by public opinions or any other activity for public interest purposes; (vi) where the personal information, which has already been disclosed by an individual or otherwise legally disclosed, is processed within a reasonable scope; and (vii) any other circumstance as provided by laws or administrative regulations. In addition, personal information processors shall themselves, on the basis of the purposes of the processing of personal information, processing methods, categories of personal information, the impacts on individuals, and potential security risks, among others, take the following measures to ensure that personal information processing activities comply with the provisions of laws and administrative regulations, and prevent unauthorized access to as well as the leakage, tampering or loss of personal information: (i) developing internal management systems and operating procedures; (ii) implementing categorized management of personal information; (iii) taking appropriate security technical measures such as encryption and de-identification; (iv) reasonably determining the operating permission for personal information processing and regularly conducting safety education and training on practitioners; (v) developing and organizing the implementation of emergency plans for personal information security incidents; and (vi) taking other measures as prescribed by laws and administrative regulations.

REGULATIONS IN RELATION TO INTELLECTUAL PROPERTY RIGHTS

Patent

In accordance with the Patent Law of the People's Republic of China (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984, most recently amended on October 17, 2020 and implemented on June 1, 2021 and the Detailed Rules for the Implementation of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》) promulgated by the State Council on December 21, 1992, most recently amended on January 9, 2010 and implemented on February 1, 2010, there are three types of patents in the PRC, namely invention patents, utility model patents and design patents. The protection period is 20 years for an invention patent, ten years for a utility model patent, and 15 years for a design patent, commencing from their respective application dates. Any individual or entity that utilizes a patent or conducts any other activities in infringement of a patent without prior authorization of the patent holder shall pay compensation to the patent holder and is subject to disciplines, confiscation or fines imposed by relevant administrative authorities and, if constituting a crime, shall be held criminally liable in accordance with laws.

Trademark

Pursuant to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, most recently amended on April 23, 2019 and implemented on November 1, 2019 and the Regulation for the Implementation of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002, amended on April 29, 2014 and implemented on May 1, 2014, the registration of trademarks shall be handled at the Trademark Office of China National Intellectual Property Administration under the State Administration for Market Regulation. The validity of registered trademarks granted by the Trademark Office is ten years and may be renewed upon the request the registrants of trademarks with a validity of ten years for each renewal. The Trademark Law of the People's Republic of China has adopted a "first-to-file" principle with respect to trademark registration. Where trademark for which a registration application has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected by the Trademark Office. Any person applying for the registration of a trademark shall not prejudice the existing right of others obtained by priority, nor shall any person register in advance a trademark that has already been used by another person and has already gained sufficient degree of reputation.

Copyright

In accordance with the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》) promulgated by the SCNPC on September 7, 1990, most recently amended on November 11, 2020 and implemented on June 1, 2021, copyright includes personal rights such as the right of publication and that of attribution as well as property rights such as the right of production and that of distribution. Arbitrarily reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the owner of the copyright therein, unless otherwise provided in the Copyright Law, shall constitute infringements of copyrights. The infringer shall undertake to cease the infringement, eliminate the effects, offer an apology and compensate for losses as well as other civil liabilities.

According to the Regulations on Computer Software Protection (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991, most recently amended on January 30, 2013 and implemented on March 1, 2013, computer software shall be developed independently by developers and fixed in certain tangible objects. Chinese citizens, legal persons, or other organizations are entitled to the copyright in software developed thereby, under these regulations, whether published or not. Software copyright owners may register with software registration organizations recognized by the copyright administration department under the State Council. The registration certificate issued by the software registration organization is the preliminary proof of the registered items. According to the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002, the National Copyright Administration shall be the competent authority of the nationwide administration of software copyright registration and the Copyright Protection Centre of China is designated as the software registration authority.

Domain Name

In accordance with the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on August 24, 2017 and implemented on November 1, 2017, the MIIT is responsible for supervision and administration of domain name services in the PRC. Provincial communications administration departments shall conduct supervision and administration of the domain name services within their respective administrative regions. Domain name registration services shall, in principle, be subject to the principle of "first apply, first register". A domain name registrar shall, in the process of providing domain name registration services, ask the applicant for which the registration is made to provide authentic, accurate and complete identity information on the holder of the domain name and other domain name registration related information.

REGULATIONS IN RELATION TO EMPLOYMENT AND SOCIAL SECURITY

Labor Contract

Pursuant to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994, most recently amended on December 29, 2018 and implemented on the same day, an employer shall develop and improve its rules and regulations to safeguard the rights of its workers. An employer shall develop and improve its labor safety and health system, stringently implement national protocols and standards on labor safety and health, conduct labor safety and health education for workers, guard against labor accidents and reduce occupational hazards.

The Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) (the "**Labor Contract Law**"), which was promulgated by the SCNPC on June 29, 2007, most recently amended on December 28, 2012 and implemented on July 1, 2013 and the Implementation Regulations on Labor Contract Law (《勞動合同法實施條例》), which was promulgated and implemented by the State Council on September 18, 2008, regulate both parties to a labor contract, namely the employer and the employee, and contain specific provisions involving the terms of the labor contract. In accordance with the Labor Contract Law and the Implementation Regulations on Labor Contract Law, a labor contract must be made in writing. An employer and an employee may enter into a fixed-term labor contract, an unfixed term labor contract, or a labor contract that concludes upon the completion of certain work assignments, after reaching an agreement upon due negotiations. An employer may legally terminate a labor contract and dismiss its employees after reaching an agreement upon due negotiations with the employee or by fulfilling the statutory conditions.

In addition, the Labor Contract Law also imposes requirements on the use of employees of temp agencies, who are known in China as "dispatched workers". Dispatched workers are entitled to equal pay with full-time employees for equal work. Employers are only allowed to use dispatched workers for temporary, auxiliary or substitutive positions.

According to the Interim Provisions on Labor Dispatching (《勞務派遣暫行規定》) promulgated by the Ministry of Human Resources and Social Security of the PRC on January 24, 2014 and implemented on March 1, 2014, the number of dispatched workers to not exceed 10% of the total number of employees.

Social Insurance

Pursuant to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) promulgated by the SCNPC on October 28, 2010 and amended and implemented on December 29, 2018, enterprises and institutions in the PRC shall provide employees with welfare. The programs cover pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and other welfare plans. The employer shall apply to the local social insurance agency for social insurance registration within 30 days from the date of its formation and shall apply to the social insurance agency for social insurance registration for their employees within 30 days from the date of employment. Any employer who violates the regulations above shall be ordered to make correction within a prescribed time limit; if the employer fails to rectify within the time limit, the employer and its directly liable person will be fined. The employer shall apply to the social insurance agency for social insurance registration for their employees within 30 days from the date of employment. Any employer who violates the regulations above shall be ordered to make correction within a prescribed time limit; if the employer fails to rectify within the time limit, the employer and its directly liable person will be fined. Further, an employer that fails to make social insurance contributions in sufficient amount may be ordered to contribute or supplement by the social insurance agency within a stipulated deadline and be subject to a late fee of 0.05% per day. If the employer still fails to make social insurance contributions within the stipulated deadline, it may be subject to a fine ranging from one to three times the amount overdue. Meanwhile, the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999 and amended and implemented on March 24, 2019 prescribes the details concerning the social insurance.

Apart from the general provisions about social insurance, specific provisions on various types of insurance are set out in the Decision of the State Council on the Establishment of a Unified Program for Basic Old-aged Pension Insurance (《國務院關於建立統一的企業職工基本養老保險制度的決定》) promulgated and implemented by the State Council on July 16, 1997, the Decision of the State Council on the Establishment of the Medical Insurance Program for Urban Workers (《國務院關於建立城鎮職工基本醫療保險制度的決定》) promulgated and implemented by the State Council on December 14, 1998, the Regulation on Work-Related Injury Insurance (《工傷保險條例》) promulgated by the State Council on April 27, 2003, amended on December 20, 2010 and implemented on January 1, 2011, the Regulations on

Unemployment Insurance (《失業保險條例》) promulgated and implemented by the State Council on January 22, 1999 and the Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》) promulgated and implemented by the former Ministry of Labour on December 14, 1994 and implemented on January 1, 1995.

Housing Provident Fund

Pursuant to the Regulations on Management of Housing Fund (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, most recently amended and implemented on March 24, 2019, any newly established entity shall make deposit registration at the housing provident fund management center within 30 days as of its establishment. After that, the entity shall open a housing provident fund account for its employees in an entrusted bank. Within 30 days as of the date of employment, the entity shall make deposit registration at the housing provident fund management center and seal up the employee's housing provident fund account within 30 days from termination of the employment relationship. Any entity that fails to make deposit registration of the housing provident fund or fails to open a housing provident fund account for its employees shall be ordered to complete the relevant procedures within a prescribed time limit. Any entity failing to complete the relevant procedure within the time limit will be fined RMB10,000 to RMB50,000. Any entity fails to make payment of housing provident fund within the time limit or has shortfall in payment of housing provident fund will be ordered to make the payment or make up the shortfall within the prescribed time limit. Otherwise, the housing provident management center is entitled to apply for compulsory enforcement with the people's court.

REGULATIONS IN RELATION TO FOREIGN EXCHANGE

General Foreign Exchange Administration

In accordance with the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, most recently amended and implemented on August 5, 2008 as well as various regulations issued by the SAFE and other relevant government authorities of the PRC, RMB is freely convertible for current account items, such as trade and service-related foreign exchange transactions and dividend payment but is not freely convertible for capital account items, such as direct investment, loan or investment in securities outside China unless prior approval of the SAFE or its local branch is obtained.

According to the Circular of the State Administration of Foreign Exchange on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "**Circular 37**") promulgated and implemented by the SAFE on July 4, 2014, it regulates foreign exchange matters in relation to the use of special purpose vehicles by PRC residents or entities to seek offshore investment and financing or conduct round trip investment in the PRC. Under Circular 37, a "special purpose vehicle" refers to an offshore entity established or controlled, directly or indirectly, by PRC residents or entities for the purpose of seeking offshore financing or making offshore investment, using legitimate onshore or offshore assets or interests, while "round trip investment" refers to direct investment in China by PRC residents or entities through special purpose vehicles, namely, establishing foreign invested enterprises to obtain ownership, control rights and management rights. Circular 37 provides that, before making a contribution into a special purpose vehicle, PRC residents or entities are required to complete foreign exchange registration with SAFE or its local branch. On February 13, 2015, the SAFE promulgated the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Administration of the Foreign Exchange Concerning Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which was implemented on June 1, 2015. This notice further amended the Circular 37 by requiring PRC residents or entities to register with qualified banks rather than the SAFE or its local branch in connection with their establishment of an offshore entity established for the purpose of overseas investment or financing.

Pursuant to the Circular of the State Administration of Foreign Exchange on Further Improving and Adjusting the Administration Policy of Foreign Exchange for Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (the "**Circular 59**") promulgated by SAFE on November 19, 2012, came into effect on December 17, 2012 and further amended on May 4, 2015, approval is not required for the opening of an account entry in foreign exchange accounts for direct investment. The Circular 59 also simplifies the capital verification and confirmation formalities for foreign-invested enterprises and the foreign capital and foreign exchange registration formalities required for foreign investors to acquire the equity of the Chinese party, and further improves the administration on exchange settlement of the foreign exchange capital of foreign-invested enterprises.

The Notice of the State Administration of Foreign Exchange on Reforming the Mode of Management of Settlement of Foreign Exchange Capital of Foreign-Funded Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**Circular 19**"), which was promulgated by SAFE on March 30, 2015 and implemented on June 1, 2015, partially abolished on December 30, 2019 and partially amended by the Circular of the State Administration of Foreign Exchange on the Reform and Standardization of the Management Policy of the Settlement of Capital Projects (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) promulgated by SAFE on June 9, 2016, replaced the Circular of the State Administration of Foreign Exchange on Issues Relating to the Improvement of Business Operations with Respect to the Administration of Foreign Exchange Capital Payment and Settlement of Foreign-invested Enterprises (《國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》) (the "**Circular 142**"). The Circular 19 stipulates that the settlement of foreign-funded enterprises shall be subject to settlement policies and revokes certain foreign exchange restrictions under the Circular 142. Meanwhile, the Circular 19 reiterates that the use of capital by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises.

According to the Circular of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《關於改革和規範資本項目結匯管理政策的通知》) (the "**Circular 16**") promulgated by the SAFE on June 9, 2016 and implemented on the same day, enterprises registered in the PRC may also covert their foreign currency and debts into RMB on a self-discretionary basis. The Circular 16 sets out unified provisions on the standards for the conversion of foreign exchange under capital account items (including but not limited to foreign currency capital and foreign debts). In addition, the Circular 16 reiterates that enterprises shall not directly or indirectly use the RMB capitals from the conversion of foreign exchange capitals for purposes out of their business scopes or investment in securities or other investment and wealth management other than principal-guaranteed products of domestic banks. Besides, RMB capitals from the conversion of foreign exchange capitals shall not be used in advancing loans to non-affiliated enterprises beyond their business scopes. Except investment in real estate enterprises, RMB capitals from the conversion of foreign exchange capitals shall not be used in constructing or purchasing real estate other than for self-use.

Pursuant to the Circular of the State Administration of Foreign Exchange on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) promulgated by the SAFE on October 23, 2019 and implemented on the same day and on the basis of investment foreign-invested enterprises, it permits non-investment foreign-invested enterprises violating the Special Administrative Measures for Access of Foreign Investment (Negative List) (《外商投資准入特別管理措施(負面清單)》) (the "**Negative List**") and with investment projects in China on true and compliance basis to use capital funds for domestic equity investment in accordance with the laws.

According to the Circular of the State Administration of Foreign Exchange on Optimizing Foreign Exchange Management Service in Support of Foreign Business Development (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) promulgated by the SAFE on April 10, 2020 and implemented on June 1, 2020, on the premise of ensuring the authentic and compliant use of funds and complying with the existing regulations on the use of capital income, eligible enterprises are allowed to use capital income such as capital funds, foreign debts and proceeds from overseas listing for domestic payments without providing materials to the bank in advance for authenticity verification on a case-by-case basis. The concerned banks shall follow the principle of prudent development to control the relevant business risks and conduct post inspection on the use of funds under capital accounts handled in accordance with relevant requirements.

Equity Incentive Plan

In accordance with the Circular of the State Administration of Foreign Exchange on Issues concerning the Administration of Foreign Exchange Used for Domestic Individuals' Participation in Equity Incentive Plans of Companies Listed Overseas (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) promulgated by the SAFE on February 15, 2012 and implemented on the same day, PRC residents who are granted shares or stock options by companies listed on overseas stock exchanges according to the stock incentive plans are required to (i) register with SAFE or its local branches; (ii) appoint a qualified PRC agent, which could be a PRC subsidiary of such overseas publicly-listed company or another qualified institution selected by such PRC subsidiary, to conduct SAFE registration and other procedures with respect to the stock incentive plans on behalf of these participants; and (iii) appoint an overseas institution to handle matters related to the exercise of options, the trading of shares or interests and fund transfers.

LAWS AND REGULATIONS IN RELATION TO OVERSEAS INVESTMENT

Pursuant to the Measures for the Administration of Overseas Investment of Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC of the PRC on December 26, 2017 and implemented on March 1, 2018, the state implements confirmation and recordation management procedures for overseas investment projects based on different conditions. Sensitive projects conducted by investors directly or through overseas enterprises controlled by them shall be subject to confirmation management. Non-sensitive projects directly conducted by investors, namely, non-sensitive projects involving investors' direct contribution of assets or rights and interests or provision of financing or security, shall be subject to recordation management. The provincial development and reform authority at the place where the investor is registered, if the investor is a local enterprise and the amount of Chinese investment is less than USD0.3 billion, shall be the authority in charge of filing.

According to the Administrative Measures of Overseas Investment (《境外投資管理辦法》) promulgated by the MOFCOM on September 6, 2014 and implemented on October 6, 2014, overseas investments refer to possessing of non-financial enterprises abroad or acquisition of the ownership of, control over, business management right of, or other rights and interests of existing overseas non-financial enterprises by enterprises established in PRC through newly establishment or mergers and acquisitions or other methods. Other than the overseas investments involving sensitive countries, regions or sensitive industries which are subject to approval, all other overseas investments are subject to filing administration.

REGULATIONS IN RELATION TO TAXATION

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) (the "**Enterprise Income Tax Law**") promulgated by the SCNPC on March 16, 2007, most recently amended and implemented on December 29, 2018 and the Implementation Rules of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》) (the "**Implementation Rules of the Enterprise Income Tax Law**") promulgated by the State Council on December 6, 2007, amended and implemented on April 23, 2019 and unless otherwise provided, the income tax rate of 25% applies to all enterprises within the territory of the PRC. These enterprises are classified as either resident companies or non-resident companies. Under the Enterprise Income Tax Law, enterprises established under the laws of foreign countries or regions and whose "de facto management bodies" are located within the PRC are considered "resident enterprises" and thus will generally be subject to enterprise income tax at the rate of 25% on their global income.

Also, the Implementation Rules of the Enterprise Income Tax Law defines the term "de facto management bodies" as "bodies that substantially carry out comprehensive management and control on the business operation, employees, accounts and assets of enterprises". The Notice Regarding the Determination of Chinese-Controlled Offshore-Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), which was promulgated by the SAT on April 22, 2009, most recently amended and implemented on December 29, 2017, provided standards and procedures to determine if the "de facto management bodies" of enterprises are registered within the territory of the PRC and controlled by PRC enterprises or PRC enterprise groups within the territory of the PRC.

According to the Enterprise Income Tax Law, certain high-tech enterprises are entitled to a reduced enterprise income tax rate of 15%. The Administrative Measures for the Determination of High and New Technology Enterprise (《高新技術企業認定管理辦法》), which was promulgated by the Ministry of Science and Technology, the Ministry of Finance and the SAT on April 14, 2008 and amended on January 29, 2016, provides that, a company that is to be certified as a High-tech Enterprise shall meet certain criteria under relevant laws and regulations. Once an enterprise obtains the high-tech enterprise qualification, it may apply for the tax reduction or exemption with the competent tax authorities.

Value-Added Tax

Pursuant to the Provisional Regulations of the People's Republic of China on Value-Added Tax (《中華人民共和國增值稅暫行條例》) promulgated by the State Council on December 13, 1993, most recently amended and implemented on November 19, 2017 and the Implementation Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Value-Added Tax (《中華人民共和國增值稅暫行條例實施細則》) promulgated by the Ministry of Finance of the People's Republic of China (the "**MOF**") on December 25, 1993, most recently amended on October 28, 2011 and implemented on November 1, 2011, all taxpayers selling goods or providing processing, repairing or replacement services, sales of services, intangible assets and immovable assets and importing goods in the PRC shall pay a value-added tax (VAT).

On March 20, 2019, the MOF, the SAT and the General Administration of Customs jointly issued the Announcement on Policies for Deepening the VAT Reform (《關於深化增值稅改革有關政策的公告》) (the "**Announcement 39**"), to further slash value-added tax rates. According to the Announcement 39, (1) for general VAT payers' sales activities or imports that are subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9% respectively; (2) for the agricultural products purchased by taxpayers to which an existing 10% deduction rate is applicable, the deduction rate is adjusted to 9%; (3) for the agricultural products purchased by taxpayers for production or commissioned processing, which are subject to VAT at 13%, the input VAT will be calculated at a 10% deduction rate; (4) for the exportation of goods or labor services that are subject to VAT at 16%, with the applicable export refund at the same rate, the export refund rate is adjusted to 13%;

and (5) for the exportation of goods or cross-border taxable activities that are subject to VAT at 10%, with the export refund at the same rate, the export refund rate is adjusted to 9%. The Announcement 39 came into effect on April 1, 2019 and shall prevail in case of any conflict with existing provisions.

Dividend Withholding Tax

Pursuant to the Enterprise Income Tax Law and its implementation rules, if a non-resident enterprise has not set up an organization or establishment in the PRC, or has set up an organization or establishment but the income derived has no actual connection with such organization or establishment, it will be subject to a withholding tax on its PRC-sourced income at a rate of 10%. According to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) promulgated by the SAT and the government of the Hong Kong Special Administrative Region on August 21, 2006, the withholding tax rate in respect to the payment of dividends by a PRC enterprise to a Hong Kong enterprise is reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise and meets certain conditions, including (i) the Hong Kong enterprise must directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (ii) the Hong Kong enterprise must have directly owned such required percentage in the PRC resident enterprise throughout the 12 months prior to receiving the dividends.

In accordance with the Circular of the State Taxation Administration on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Treaty (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) issued by the SAT on February 20, 2009, all of the following requirements should be satisfied where a tax resident of the counterparty to the tax treaty needs to be entitled to such tax treatment specified in the tax treaty for the dividends paid to it by a Chinese resident company: (i) such a tax resident who obtains dividends should be a company as provided in the tax treaty; (ii) the equity interests and voting shares of the Chinese resident company directly owned by such a tax resident reach a specified percentage; (iii) the capital ratio of the Chinese resident company directly owned by such a tax resident reach the percentage specified in the tax treaty at any time within 12 months prior to acquiring the dividends.

According to the Administrative Measures for Non-Resident Taxpayer to Enjoy Treatments under Tax Treaties (《非居民納稅人享受稅收協定待遇管理辦法》) ("**SAT Circular 60**") promulgated by the SAT on August 27, 2015 and implemented on November 1, 2015, it requires that non-resident enterprises which satisfy the criteria for entitlement to tax treaty benefits may, at the time of tax declaration or withholding declaration through a withholding agent, enjoy the tax treaty benefits, and be subject to ongoing administration by the tax authorities. In the case where the non-resident enterprises do not apply to the withholding agent to claim the tax treaty benefits, or the materials and the information stated in the relevant reports and statements provided to the withholding agent do not satisfy the criteria for entitlement to tax treaty benefits, the withholding agent should withhold tax in accordance with the provisions of the PRC tax laws. On October 14, 2019, the SAT issued the

Announcement of State Taxation Administration on Promulgation of the Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits (《國家稅務總局關於發佈<非居民納稅人享受協議待遇管理辦法>的公告》) (the "**SAT Circular 35**"), which was implemented on January 1, 2020. The SAT Circular 35 further simplified the procedures for enjoying treaty benefits and replaced the SAT Circular 60. Pursuant to the SAT Circular 35, no approvals from the tax authorities are required for a non-resident taxpayer to enjoy treaty benefits, where a non-resident taxpayer self-assesses and concludes that it satisfies the criteria for claiming treaty benefits, it may enjoy treaty benefits at the time of tax declaration or at the time of withholding through the withholding agent, but it shall gather and retain the relevant materials as required for future inspection, and accept follow-up administration by the tax authorities. There are also other conditions for enjoying the reduced withholding tax rate according to other relevant tax rules and regulations.

According to the Circular of the State Taxation Administration on Several Issues regarding the "Beneficial Owner" in Tax Treaties (《國家稅務總局關於稅收協定中"受益所有人"有關問題的公告》) ("**Circular 9**") promulgated by the SAT on February 3, 2018 and implemented on April 1, 2018, when determining the applicant's status of the "beneficial owner" regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors, including without limitation, whether the applicant is obligated to pay more than 50% of its income in twelve months to residents in third country or region, whether the business operated by the applicant constitutes the actual business activities, and whether the counterparty country or region to the tax treaties does not levy any tax or grant tax exemption on relevant incomes or levy tax at an extremely low rate, will be taken into account, and it will be analyzed according to the actual circumstances of the specific cases. This circular further provides that applicants who intend to prove his or her status of the "beneficial owner" shall submit the relevant documents to the relevant tax bureau according to the Administrative Measures for Non-Resident Taxpayers to Enjoy Treatments under Tax Treaties (《非居民納稅人享受稅收協議待遇管理辦法》).

REGULATIONS IN RELATION TO OVERSEAS LISTING AND M&AS

Pursuant to the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors (《關於外國投資者併購境內企業的規定》) promulgated by six ministries and commission including the MOFCOM, the SAFE and the China Securities Regulatory Commission (the "**CSRC**") on August 8, 2006, amended and implemented on June 22, 2009, a foreign investor is required to obtain necessary approvals when it (i) acquires the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (ii) subscribes for the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (iii) establishes a foreign-invested enterprise to purchase the assets of a domestic enterprise and operate those assets through the enterprise; or (iv) purchases the assets of a domestic enterprise, and invests such assets to establish a foreign-invested enterprise. Meanwhile, overseas special purpose vehicles directly or indirectly controlled by PRC companies or individuals for listing shall obtain the approval of the CSRC prior to the acquisition of shares or equity interests of PRC companies for the exchange of the listing and trading of special purpose vehicles of overseas companies.

According to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) five supporting guidelines promulgated by the CSRC on February 17, 2023 and implemented on March 31, 2023, (1) domestic enterprises directly or indirectly seeking overseas offering and listing of securities shall perform the filing procedures with the CSRC and submit relevant information. Domestic enterprises failing to perform the filing procedures or concealing significant facts or counterfeiting significant contents in filing materials will be subject to rectification, warning, fines and other administrative punishments while their controlling shareholders, de facto controllers, supervisors directly in charge and other directly responsible persons may also be subject to warning, fines and other administrative punishments; (2) A domestic company is deemed to be indirectly listed overseas if the issuer meets the following conditions: (i) any of the total assets, net assets, operating revenue or total profit of the domestic company for the last accounting year account for more than 50% of the relevant data in the issuer's audited combined financial statements for the same period; and (ii) the major processes of operating activities are conducted within the PRC or the major premises of business operations are located within the PRC, or the majority of senior management responsible for business operations and management are Chinese citizens or their frequent residences are located within the PRC; and (3) when domestic enterprises indirectly seek overseas offering and listing, the issuer shall designate a major domestic operating entity as the responsible person to be responsible for performing all filing procedures with the CSRC. The issuer shall file with the CSRC within three working days after submitting relevant application documents when applying for overseas offering and listing.

Pursuant to the Provisions on Strengthening the Confidentiality and File Management Work Related to the Overseas Issuance and Listing of Securities by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Provisions on Confidentiality**") promulgated by the CSRC on February 24, 2023 and implemented on March 31, 2023, enterprises within the PRC shall undertake the responsibilities of confidentiality and archives management in the process of offering and listing. According to the Provisions on Confidentiality, domestic companies limited by shares seeking direct overseas offering and listing and domestic operating entities of subjects of indirect overseas offering and listing shall apply for approval to the competent review authorities in accordance with laws and file with the administrative departments on confidentiality at the same level when they provide or disclose confidential documents and materials with state secrets or work secrets of authorities or documents and data which may cause adverse effects on national security or public interests after providing or disclosing to relevant securities companies, securities service institutions, overseas regulatory authorities and other units and individuals. When domestic enterprises provide accounting archives or photocopies of accounting archives to relevant securities companies, securities service institutions, overseas regulatory authorities and other units and individuals, they shall perform corresponding procedures in accordance with relevant national provisions. The working papers of securities companies and securities service institutions from the provision of corresponding services for overseas offering and listing of domestic enterprises shall be deposited within the PRC.

OVERVIEW

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on June 15, 2021 and is the holding company of our Group. Our Group's history can be traced back to July 2013 when our principal operating subsidiary Shanghai Quna was founded by Ms. Yin, our experienced key founder, one of our Controlling Shareholders, chairwoman of the Board, chief executive officer and an executive Director, together with other co-founders, namely Ms. YIN Juelian (殷珏蓮), Mr. CAO Liwen (曹理文) and Mr. WU Wenhong (吳文洪). Under the leadership of Ms. Yin, we have grown into a marketing service provider in China's FMCG outdoor marketing market merging offline and online channels with a complete, integrated system powered by technologies to offer consumers an interesting experience on FMCGs and to provide brands with multi-channel and one-stop marketing service. For further details of Ms. Yin's background and experience, please refer to the paragraph headed "Directors and Senior Management – Executive Directors" in this prospectus.

Since the establishment of our Group, we have attracted several rounds of financing through onshore investments in Shanghai Quna and offshore investments in our Company. For details of our historical financings, please refer to the paragraph headed "– Pre-IPO Investments" in this section.

OUR MILESTONES

The following table summarizes the key milestones in our business development since inception:

Year	Milestone
2013	Shanghai Quna, our principal operating subsidiary, was established in Shanghai.
2015	We launched our annual marketing event "99 Quna Festival" (99趣拿節) for the first time in Shanghai, which subsequently has been successfully held for nine sessions as of the Latest Practicable Date.
2016	Our business expanded to 14 cities in the PRC.
2018	The total number of registered users of our platform as at the end of the year exceeded 15 million.
	We launched five series of brand new vending machines and expanded our business to 23 cities in the PRC.
	The number of our vending machines reached 1,000.

Year	Milestone
2020	We launched our operation platform, achieving remote, data-based, visualized management and control and automatic operation and maintenance of our equipment across the entire network.
2021	We were awarded the "Little Giant of Science and Technology Award under the Science and Technology Innovation Action Program of Shanghai (上海市科技創新行動計劃項目科技小巨人)" by Science and Technology Commission of Shanghai Municipality (上海市科學技術委員會). The number of our vending machines reached 5,000.
2022	We were awarded the "Shanghai Municipal Specialized, Refined, Unique and Innovative Enterprise (上海市專精特新企業)" by Shanghai Municipal Commission of Economy and Informatization (上海市經濟和信息化委員會).
2023	The total number of registered users of our platform as at the end of the year exceeded 50 million.

OUR PRINCIPAL SUBSIDIARIES

We operate our business through our subsidiaries in the PRC. As of the Latest Practicable Date, we had three subsidiaries in the PRC which made material contribution to our results of operation during the Track Record Period, the details of which are set forth below:

Name	Place of establishment	Date of establishment	Principal business	Ownership as of the Latest Practicable Date
Shanghai Quna	PRC	July 18, 2013	Provision of marketing service and vending machine services	96.04%
Shanghai Quxuan	PRC	March 29, 2018	Provision of marketing service and vending machine services	96.04%
Zhejiang Quxiang	PRC	June 12, 2023	Provision of marketing service and vending machine services	100%

Other than the above three principal subsidiaries, we also had one subsidiary in Hong Kong, namely Qunabox HK, one subsidiary in Singapore, namely Termi Smart, and five other subsidiaries in the PRC, namely Shanghai Zhiqu, Shanghai Quleduo, Shanghai Quzhi, Yunshang Meiji and Hainan Quzhi. For details of all our subsidiaries, see Note 1 to the Accountants' Report set out in Appendix I to this prospectus.

MAJOR SHAREHOLDING CHANGES OF OUR GROUP

Major Shareholding Changes of our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on June 15, 2021.

Our Company underwent a series of subsequent shareholding changes in connection with corporate reorganization and the Pre-IPO Investments conducted by the Series E Investors, Series E+ Investors and Series F Investor. For further details, please refer to the paragraphs headed "– Reorganization" and "– Pre-IPO Investments" in this section. On June 29, 2023, we re-designated and reclassified our authorized share capital into US$50,000 divided into 5,000,000,000 Shares with a par value of US$0.00001 per Share consisting of (i) 4,861,359,923 ordinary shares, (ii) 7,805,712 Series Seed-1 Preferred Shares, (iii) 4,000,020 Series Seed-2 Preferred Shares, (iv) 20,888,298 Series Angel Preferred Shares, (v) 3,278,010 Series A Preferred Shares, (vi) 29,999,988 Series B Preferred Shares, (vii) 21,799,845 Series C Preferred Shares, (viii) 14,400,000 Series D Preferred Shares, (ix) 19,226,563 Series E Preferred Shares, (x) 11,075,113 Series E+ Preferred Shares, (xi) 4,120,583 Series F-1 Preferred Shares, and (xii) 2,045,945 Series F-2 Preferred Shares.

For other changes in the authorized share capital of our Company within two years immediately preceding the date of this prospectus, please refer to the paragraph headed "Statutory and General Information – A. Further Information about Our Group – 2. Changes in the Share Capital of our Company" in Appendix IV to this prospectus. For the capitalization of our Company as of the Latest Practicable Date, please refer to the paragraph headed "– Capitalization of Our Company" in this section for more details.

Major Shareholding Changes in the Principal Subsidiaries and Onshore Investments of our Group

Shanghai Quna

Establishment

Shanghai Quna, our principal operating subsidiary in the PRC, was established by Ms. Yin and the other three co-founders in the PRC as a limited liability company on July 18, 2013, with an initial registered capital of RMB1,000,000. The initial shareholding structure of Shanghai Quna among founders upon establishment was as follows:

Shareholders	Registered capital subscribed for (RMB)	Equity interest (%)
Ms. Yin	750,000	75.00
Ms. YIN Juelian (殷珏蓮)(1)	100,000	10.00
Mr. CAO Liwen (曹理文)(2)	100,000	10.00
Mr. WU Wenhong (吳文洪)(3)	50,000	5.00
Total	1,000,000	100.00

Notes:

(1) Ms. YIN Juelian (殷珏蓮) is the sister of Ms. Yin and our chief financial officer. Please refer to the paragraph headed "Directors and Senior Management – Senior Management" in this prospectus.

(2) Mr. CAO Liwen (曹理文) is an executive Director and our vice president of sales. Please refer to the paragraph headed "Directors and Senior Management – Executive Directors" in this prospectus.

(3) Mr. WU Wenhong (吳文洪) is our chief customer relations advisor.

A Share Listing Plan

In preparation for a potential A share listing of Shanghai Quna (the "**A Share Listing Plan**"), on June 16, 2017, the then shareholders of Shanghai Quna resolved to convert Shanghai Quna from a limited liability company into a joint stock limited company under the laws of the PRC. Due to the termination of the A Share Listing Plan, on June 30, 2021, the then shareholders of Shanghai Quna resolved to convert Shanghai Quna from a joint stock limited company back to a limited liability company. The conversion was completed on August 3, 2021. For details of the A Share Listing Plan, please refer to the paragraph headed "– Preparation for a Potential A Share Listing" in this section.

Reorganization and Pre-IPO Investments

Since October 2013, Shanghai Quna underwent several rounds of financing from Series Seed Financing to Series D Financing. Commencing from September 2021, Shanghai Quna underwent the Reorganization in anticipation of the Listing. For the major subsequent shareholding changes of Shanghai Quna in relation to the Reorganization and the Pre-IPO Investments, please refer to the paragraphs headed "– Reorganization" and "– Pre-IPO Investments" in this section.

Upon the completion of Pre-IPO Investments and all the Reorganization steps, the registered share capital of Shanghai Quna was RMB86,955,586, which was fully paid-up by Qunabox HK, Xiamen SAIF Venture Capital Investment Partnership (Limited Partnership) (廈門賽富創業投資合夥企業(有限合夥)) ("**SAIF VC**") and Xiamen SAIF Equity Investment Partnership (Limited Partnership) (廈門賽富股權投資合夥企業(有限合夥)) ("**SAIF Investment**") as to 96.0402%, 3.5948% and 0.3650%, respectively.

Equity Transfers from SAIF VC and SAIF Investment

Historically, SAIF VC and SAIF Investment participated in the Series A Financing and Series C Financing, respectively. On September 22, 2021, each of SAIF VC and SAIF Investment was issued a warrant to purchase up to 21,666,696 Series A Preferred Shares and 2,200,062 Series C Preferred Shares of our Company, respectively (collectively, the "**SAIF Warrants**"). See "– Pre-IPO Investments" for details.

On June 27, 2023, SAIF VC transferred 4.7108% equity interest of Shanghai Quna (representing RMB4,096,341 registered capital) to Qunabox HK at the consideration of RMB72,625,519; and SAIF Investment transferred 0.4784% equity interest of Shanghai Quna (representing RMB415,947 registered capital) to Qunabox HK at the consideration of RMB7,374,481. The considerations were determined after arm's length negotiation between us and SAIF VC and SAIF Investment. Upon completion of the equity transfers and up to the Latest Practicable Date, Shanghai Quna was owned as to 96.0402% by Qunabox HK, as to 3.5948% by SAIF VC and as to 0.3650% by SAIF Investment. In connection with such equity transfers, the SAIF Warrants were terminated and cancelled in June 2023 accordingly and each of SAIF VC and SAIF Investment remains and will remain as minority shareholders in Shanghai Quna.

As of the Latest Practicable Date, Qunabox HK had already fully paid the consideration to SAIF VC and SAIF Investment, respectively in relation to such transfers.

Branch Companies

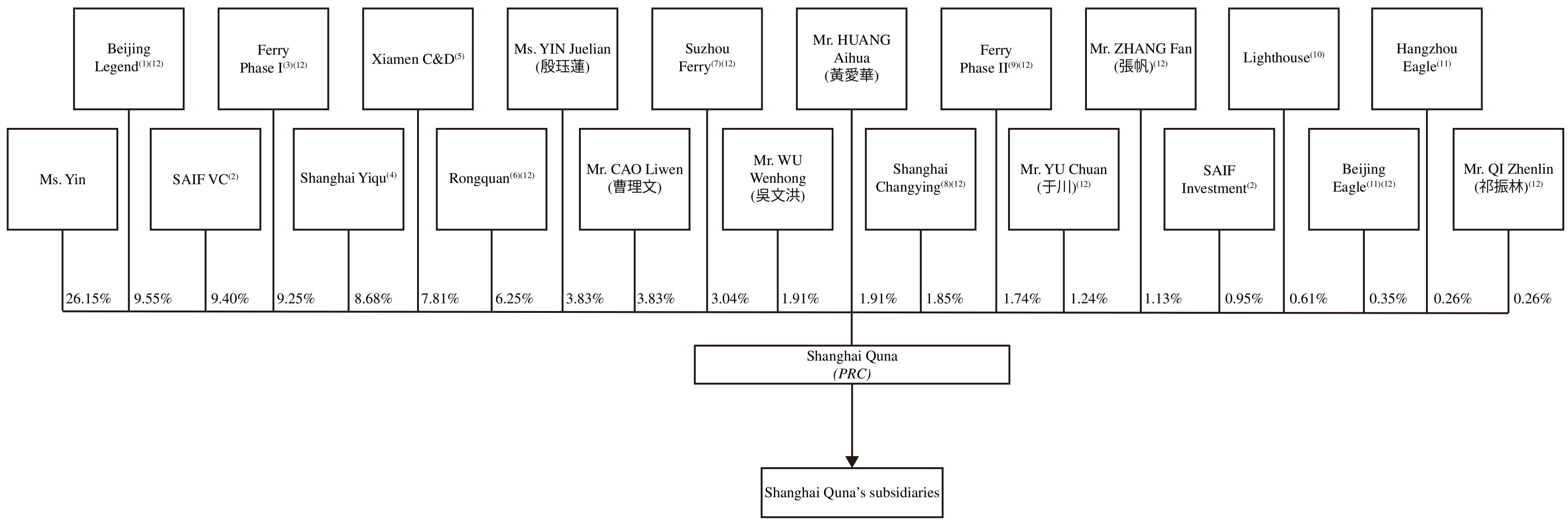
As of the Latest Practicable Date, Shanghai Quna operated 21 branch companies in the PRC.

Shanghai Quxuan

Shanghai Quxuan was established in the PRC as a limited liability company on March 29, 2018 with an initial registered capital of RMB5,000,000. Upon its establishment and as of the Latest Practicable Date, Shanghai Quxuan was wholly owned by Shanghai Quna.

REORGANIZATION

The following chart sets forth the shareholding structure of our Group immediately prior to the Reorganization:



Notes:

*(1) Beijing Legend Huicheng Equity Investment Partnership (Limited Partnership) (北京君聯慧誠股權投資合夥企業(有限合夥)) (“**Beijing Legend**”) is a limited partnership established in the PRC on January 13, 2016.*

(2) SAIF VC is a limited partnership established in the PRC on November 28, 2012. SAIF Investment is a limited partnership established in the PRC on August 20, 2012. SAIF VC and SAIF Investment exited part of their respective investment from Shanghai Quna in June 2023. Please refer to the paragraph headed “– Major Shareholding Changes of our Group – Major Shareholding Changes in the Principal Subsidiaries and Onshore Investments of our Group – Equity Transfers from SAIF VC and SAIF Investment” in this section for details.

*(3) Wuxi Ferry Phase I Venture Capital Investment Partnership (Limited Partnership) (無錫源渡一期創業投資合夥企業(有限合夥)) (“**Ferry Phase I**”) is a limited partnership established in the PRC on June 14, 2013.*

(4) *Shanghai Yiqu Investment Development Center (Limited Partnership) (上海益趣投資發展中心(有限合夥)) ("**Shanghai Yiqu**") is a limited partnership established in the PRC on September 18, 2015 and was set up as an employee shareholding platform of Shanghai Quna. Immediately prior to the Reorganization, Ms. Yin as the general partner held approximately 70.0% partnership interest in Shanghai Yiqu, and Mr. QIAN Jun (錢俊) as a limited partner held 30.0% partnership interest in Shanghai Yiqu. For further details, please refer to the paragraph headed "– Reorganization – 5. Capital Reduction in Shanghai Quna and Share Subscription by Shanghai Quna's Shareholders or Beneficial Owners" in this section.*

(5) *Xiamen C&D is a limited partnership established in the PRC on June 27, 2016. For further details, please refer to the paragraph headed "– Pre-IPO Investments – Information About the Pre-IPO Investors – 7. Xiamen C&D" in this section.*

(6) *Sanya Rongquan Huiqian Enterprise Management Partnership (Limited Partnership) (三亞榕泉惠黔企業管理合夥企業(有限合夥)) ("**Rongquan**") (formerly known as Tianjin Rongquan Huiqian Enterprise Management Partnership (Limited Partnership) (天津榕泉惠黔企業管理合夥企業(有限合夥)) or Shanghai Huiqian Enterprise Management Partnership (上海惠黔企業管理合夥企業(有限合夥)) is a limited partnership established in the PRC on August 10, 2018.*

(7) *Suzhou Ferry Growth Investment Partnership (Limited Partnership) (蘇州源渡成長投資合夥企業(有限合夥)) ("**Suzhou Ferry**") is a limited partnership established in the PRC on February 20, 2017.*

(8) *Shanghai Changying Venture Capital Center (Limited Partnership) (上海長鷹創業投資中心(有限合夥)) ("**Shanghai Changying**") is a limited partnership established in the PRC on February 16, 2013.*

(9) *Wuxi Ferry Phase II Venture Capital Investment Partnership (Limited Partnership) (無錫源渡二期創業投資合夥企業(有限合夥)) ("**Ferry Phase II**") is a limited partnership established in the PRC on November 13, 2015.*

(10) *Lighthouse is a limited liability company established in the PRC on May 26, 2011. For further details, please refer to the paragraph headed "– Pre-IPO Investments – Information About the Pre-IPO Investors – 10. Lighthouse" in this section.*

(11) *For further details, please refer to the paragraph headed "– Pre-IPO Investments – Information About the Pre-IPO Investors – 5. Shanghai Eaglespeed, Shanghai Xiangyiqu and Shanghai Yingmaisheng" in this section.*

(12) *These shareholders of Shanghai Quna are affiliates to certain Shareholders of our Company after the Reorganization. For details, please refer to notes to the shareholding structure of our Group immediately after the Reorganization in this section.*

In preparation for the Listing, we underwent the following Reorganization steps, pursuant to which our Company became the holding company and listing vehicle of our Group:

1. Incorporation of our Company and Issuance of Ordinary Shares to the Offshore Holding Vehicles of the Concert Parties

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on June 15, 2021. Upon its incorporation, our Company had an authorized share capital of US$50,000 divided into 500,000,000 ordinary shares with a par value of US$0.0001 each and one ordinary share was allotted and issued to Osiris International Cayman Limited, the initial subscriber, which was then transferred to Beyond Branding, a company wholly owned by Ms. Yin, at par value.

On September 22, 2021, upon a series of issuance, repurchase and share subdivision, our Company had an authorized share capital of US$50,000 divided into 5,000,000,000 ordinary shares with a par value of US$0.00001 each. Our Company had allotted and issued ten ordinary shares at par value to each of the Concert Parties' holding vehicles, namely Beyond Branding, Q-robot, Kiosk Joy, Q-robot shop, INSIGMA and NeoBox, respectively.

2. Incorporation of Qunabox HK

Qunabox HK was incorporated in Hong Kong with limited liability on July 12, 2021. Upon its incorporation, Qunabox HK allotted and issued one ordinary share to our Company at par value. As a result, Qunabox HK has become a wholly-owned subsidiary of our Company since then.

3. Capital Increase in Shanghai Quna by A Foreign Investor

On September 26, 2021, Quna Investment HongKong Limited ("**Quna Investment**"), ultimately controlled by Mr. WANG Qing, who is affiliated with QFUN Tech, a Pre-IPO Investor, subscribed registered capital of RMB954,824, representing 1.23% equity interests in Shanghai Quna, at a consideration of RMB1,120,000. The consideration was determined after mutual negotiation. As such, the registered capital of Shanghai Quna increased to RMB77,754,824. Shanghai Quna was converted into a Sino-foreign joint venture with limited liability as the result of Quna Investment's subscription.

4. Capital Increase in Shanghai Quna by Qunabox HK

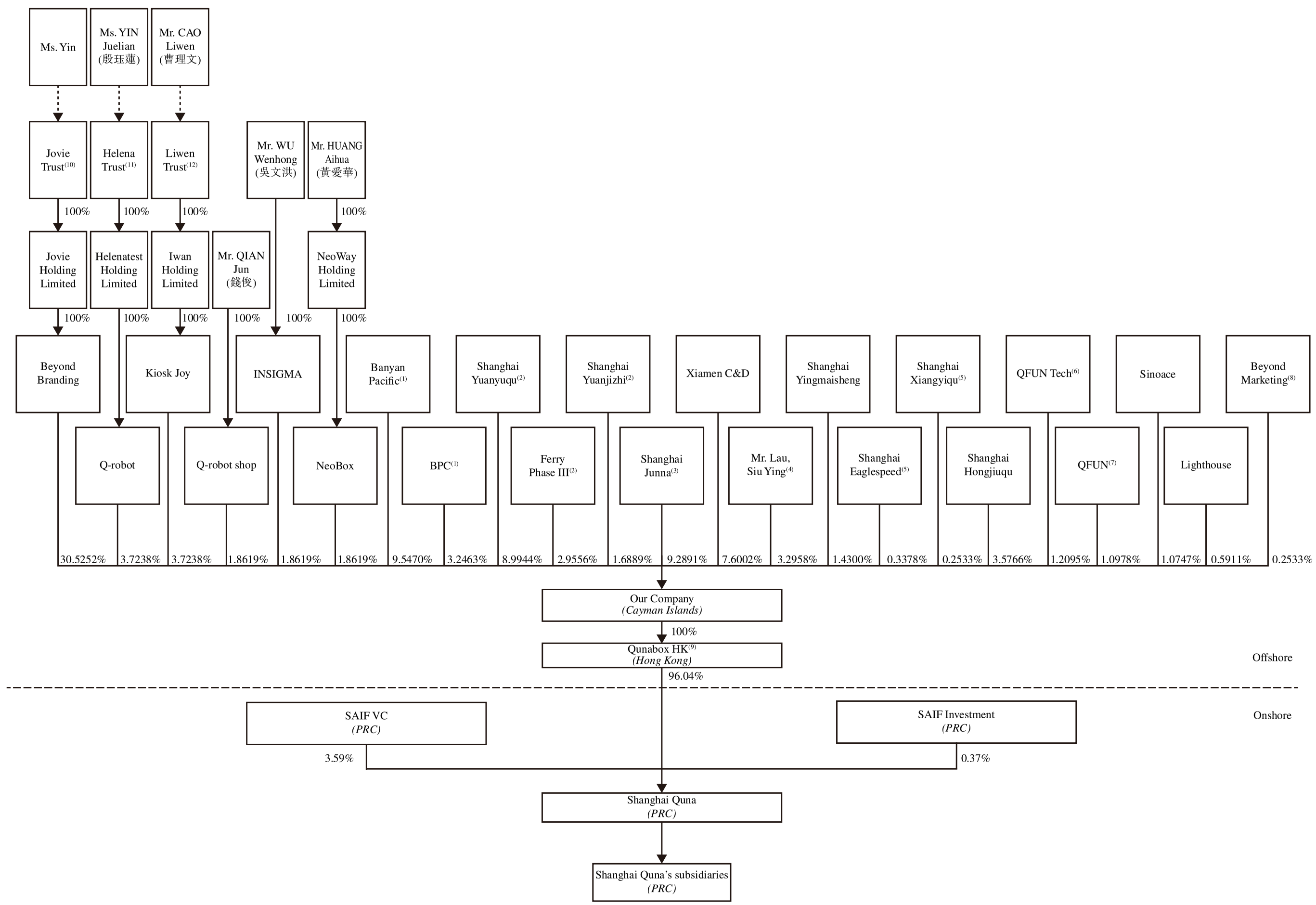
On September 28, 2021, Qunabox HK, our Hong Kong subsidiary, subscribed registered capital of RMB79,000,000, representing 50.40% equity interests in Shanghai Quna, at a consideration of RMB79,000,000. The subscription price was fully paid by Qunabox HK. As such, the registered capital of Shanghai Quna increased to RMB156,754,824. Shanghai Quna has become a subsidiary of our Company since then.

5. Capital Reduction in Shanghai Quna and Share Subscription by Shanghai Quna's Shareholders or Beneficial Owners

On September 29, 2021, the then shareholders of Shanghai Quna resolved that, all the then shareholders of Shanghai Quna (other than Qunabox HK, SAIF VC and SAIF Investment) exited their investment from Shanghai Quna by way of registered capital reduction from RMB156,754,824 to RMB86,955,586. The considerations paid by Shanghai Quna to such shareholders (the "**Reduction Considerations**") were equivalent to their respective subscription amounts previously paid by such shareholders or their respective subscribed registered capital.

Accordingly, all the above exiting shareholders or beneficial owners of Shanghai Quna (other than the Concert Parties) subscribed for Shares in our Company, reflecting their previous equity interests in Shanghai Quna, by themselves or through their designated offshore special purpose vehicles, at a consideration equivalent to the Reduction Considerations. The Concert Parties subscribed Shares of the Company through their respective holding vehicles at par value. Such subscriptions and issuance of Shares were completed in March 2022. As of the Latest Practicable Date, the Reduction Considerations had been fully settled.

The following chart sets forth the shareholding structure of our Group immediately after the Reorganization:



Note:

(1) Banyan Pacific and BPC are affiliated with Rongquan. Banyan Pacific is a limited liability company incorporated in the BVI on December 12, 2013. BPC is a limited liability company incorporated in the BVI on April 4, 2022. For further details, please refer to the paragraph headed "– Pre-IPO Investments – Information About the Pre-IPO Investors – 12. Banyan Pacific and BPC" in this section.

(2) Each of Shanghai Yuanyuqu, Ferry Phase III and Shanghai Yuanjizhi is affiliated with Ferry Phase I, Suzhou Ferry and Ferry Phase II, respectively. Ferry Phase I, Suzhou Ferry and Ferry Phase II are under the common control by the same ultimate beneficial owner, namely WANG Xuefeng (王學峰). For further details of Shanghai Yuanyuqu, Ferry Phase III and Shanghai Yuanjizhi, please refer to the paragraph headed "– Pre-IPO Investments – Information About the Pre-IPO Investors – 4. Shanghai Yuanjizhi, Shanghai Yuanyuqu and Ferry Phase III" in this section.

(3) Shanghai Junna is affiliated with Beijing Legend. For further details of Shanghai Junna, please refer to the paragraph headed "– Pre-IPO Investments – Information About the Pre-IPO Investors – 6. Shanghai Junna" in this section.

(4) Prior to the Reorganization, Mr LAU, Siu Ying's equity interest in Shanghai Quna was held on trust by Ms. Yin and Shanghai Changying. Please refer to the paragraph headed "– Pre-IPO Investments – 1. Series Seed Financing" in this section for further details of such trust arrangement. For further details of Mr. Lau, Siu Ying, please refer to the paragraph headed "– Pre-IPO Investments – Information About the Pre-IPO Investors – 2. Mr. Lau, Siu Ying" in this section.

(5) Each of Shanghai Eaglespeed and Shanghai Xiangyiqu is affiliated with Beijing Eagle and Hangzhou Eagle, respectively. For further details of Shanghai Eaglespeed, Shanghai Yingmaisheng and Shanghai Xiangyiqu, please refer to the the paragraph headed "– Pre-IPO Investments – Information About the Pre-IPO Investors – 5. Shanghai Eaglespeed, Shanghai Xiangyiqu and Shanghai Yingmaisheng" in this section.

(6) QFUN is wholly owned by Mr. ZHANG Fan (張帆), an Independent Third Party. For further details of QFUN, please refer to the paragraph headed "– Pre-IPO Investments – Information About the Pre-IPO Investors – 1. QFUN".

(7) Immediately prior to the Reorganization, QFUN Tech was wholly owned by Mr. WANG Qing whose equity interest in Shanghai Quna on trust by Mr. YU Chuan (于川) prior to the Reorganization. Please refer to the paragraph headed "– Pre-IPO Investments – 2. Series Angel Financing" in this section for further details of such trust arrangement.

(8) Beyond Marketing is wholly owned by Mr. QI Zhenlin (祁振林). For further details of Beyond Marketing, please refer to the paragraph headed "– Pre-IPO Investments – Information About the Pre-IPO Investors – 11. Beyond Marketing" in this section.

(9) Qunabox HK incorporated two new subsidiaries in the PRC in 2023 which are irrelevant to the Reorganization.

(10) Jovie Trust is a trust established by Ms. Yin as the settlor and one of the beneficiaries. The remaining beneficiary of Jovie Trust is QFUN Group Limited, which is wholly owned by Ms. Yin.

(11) Helena Trust is a trust established by Ms. YIN Juelian (殷珏蓮) as the settlor and one of the beneficiaries. The remaining beneficiary of Helena Trust is Q-robot Limited , which is wholly owned by Ms. YIN Juelian (殷珏蓮).

(12) Liwen Trust is a trust established by Mr. CAO Liwen (曹理文) as the settlor and one of the beneficiaries. The remaining beneficiary of Liwen Trust is ZZSS Global Holding LTD, which is wholly owned by Mr. CAO Liwen (曹理文).

ACTING-IN-CONCERT AGREEMENT

On June 27, 2023, the Concert Parties (namely Ms. Yin, Ms. YIN Juelian (殷珏蓮) (our chief financial officer), Mr. HUANG Aihua (黃愛華) (our executive Director), Mr. CAO Liwen (曹理文) (our executive Director), Mr. WU Wenhong (吳文洪) (our chief customer relations advisor) and Mr. QIAN Jun (錢俊) (our key employee and executive vice president)) entered into an acting-in-concert agreement (the "**Acting-in-Concert Agreement**"), pursuant to which the Concert Parties have confirmed that they had been acting in concert by aligning their votes and following Ms. Yin's directions when exercising their voting rights at the shareholders' meetings in our Group since they became interested in Shanghai Quna, respectively. They also acknowledged and agreed that they had and would continue to, for so long as they remain interested in the Shares, defer their voting powers through their respective holding vehicles and trusts to Ms. Yin. The Acting-in-Concert Agreement shall remain effective and shall not be terminated by any other Concert Parties except with the written consent of Ms. Yin. By entrusting their voting power to Ms. Yin, the other Concert Parties believe that the consistent leadership and management, supported with stronger control will be beneficial to the overall strategic planning and decision-making process of our Group.

PRE-IPO INVESTMENTS

Overview

During the period from October 2013 to June 2023, our Group obtained several rounds of investments, including Series Seed Financing, Series Angel Financing, Series A Financing, Series B Financing, Series C Financing, Series D Financing, Series E Financing, Series E+ Financing and Series F Financing.

1. Series Seed Financing

On October 31, 2013, the co-founders and then existing shareholders of Shanghai Quna, namely Ms. Yin, Ms. YIN Juelian (殷珏蓮), Mr. CAO Liwen (曹理文), Mr. WU Wenhong (吳文洪), among others, entered into an investment agreement with Shanghai Changying, pursuant to which Shanghai Changying subscribed the increased registered capital of RMB75,270 of Shanghai Quna, representing approximately 7% equity interest in Shanghai Quna, at the consideration of RMB2,000,000. The registered capital of Shanghai Quna increased from RMB1,000,000 to RMB1,075,270 as a result of Shanghai Changying's investment. The capital contributions by Shanghai Changying was completed on December 20, 2013. Such equity interests in Shanghai Quna was held by Shanghai Changying on trust for Mr. Lau, Siu Ying.

In recognition of the financial advisory services rendered by Mr. Lau, Siu Ying, Ms. Yin gifted registered capital of RMB32,258 in Shanghai Quna to Mr. Lau, Siu Ying, representing 3.0% equity interest immediately upon completion of the Series Seed Financing. The gifted equity interests in Shanghai Quna was held by Ms. Yin on trust for Mr. Lau, Siu Ying.

Upon the completion of the Reorganization, Mr. Lau, Siu Ying directly held equity interest in our Company and the entrustment arrangements were terminated accordingly.

2. Series Angel Financing

On February 20, 2014, Shanghai Quna entered into an investment agreement, among others, with two investors, i.e. Ferry Phase I and Mr. YU Chuan (于川), pursuant to which the aforementioned investors subscribed the increased registered capital of RMB189,750 in Shanghai Quna, representing approximately 15% equity interest in Shanghai Quna, at an aggregate consideration of RMB8,120,000. The registered capital of Shanghai Quna increased from RMB1,075,270 to RMB1,265,020. The capital contributions were fully paid on March 3, 2014.

The equity interests in Shanghai Quna was held by Mr. YU Chuan (于川) on trust for his uncle Mr. WANG Qing. Upon the completion of the Reorganization, Mr. WANG Qing held equity interests in our Company through his holding vehicle, QFUN Tech. Mr. YU Chuan (于川) ceased to hold any shares in Shanghai Quna nor in the Company for the benefit of Mr. WANG Qing. As such, the entrustment arrangement was terminated accordingly.

3. Series A Financing

On April 15, 2015, Shanghai Quna entered into an investment agreement, among others, with two investors, i.e. Ferry Phase I and SAIF VC, pursuant to which the aforementioned investors subscribed the increased registered capital of RMB223,239 in Shanghai Quna, representing approximately 15% equity interest in Shanghai Quna, at an aggregate consideration of RMB27,000,000. The registered capital of Shanghai Quna increased from RMB1,265,020 to RMB1,488,259. The capital contributions were fully paid in November 2015.

4. Series B Financing

On September 26, 2016, Beijing Legend and Xiamen C&D agreed to subscribe the increased registered capital of RMB272,406 in Shanghai Quna, representing approximately 15% equity interest in Shanghai Quna, at an aggregate consideration of RMB75,000,000. The capital contributions were fully paid in December 2016.

Pursuant to two equity transfer agreements dated February 6, 2017, (i) Ms. Yin transferred RMB10,896 registered capital (representing 0.6% equity interest) in Shanghai Quna to Mr. ZHANG Fan (張帆) at a consideration of RMB3,000,000; and (ii) Shanghai Changying transferred RMB36,321 registered capital (representing 2.0% equity interest) in Shanghai Quna to Ferry Phase II at a consideration of RMB10,000,000. The consideration for the transfer were fully settled.

5. *Series C Financing*

On May 25, 2017, Shanghai Quna entered into an investment agreement, among others, with nine investors, namely Xiamen C&D, Suzhou Ferry, SAIF Investment, Beijing Legend, Mr. ZHANG Fan (張帆), Lighthouse, Beijing Eagle Innovation Investment Center (Limited Partnership) (北京老鷹創新投資中心(有限合夥)) ("**Beijing Eagle**"), Hangzhou Laoying Yilai Innovation Investment Partnership (L.P.) (杭州老鷹宜來創業投資合夥企業(有限合夥)) ("**Hangzhou Eagle**") and Jilin Eagle Venture Capital Center (Limited Partnership) (吉林老鷹創業投資中心(有限合夥)) ("**Jilin Eagle**"), pursuant to which the aforementioned investors subscribed the increased registered capital of RMB145,284 in Shanghai Quna, representing approximately 7.41% equity interest in Shanghai Quna, at an aggregate consideration of RMB80,000,000. The capital contributions were fully paid in May 2017.

Pursuant to the same agreement above, Ms. Yin, Ms. YIN Juelian (殷珏蓮), Mr. CAO Liwen (曹理文), Mr. WU Wenhong (吳文洪) and Mr. HUANG Aihua (黃愛華) agreed to sell and transfer an aggregate registered capital of RMB72,640 in Shanghai Quna, representing approximately 3.70% equity interest in Shanghai Quna, at an aggregate consideration of RMB40,000,000 to the aforementioned nine investors. The consideration for the transfer were fully settled.

Pursuant to an equity transfer agreement entered in June 2018 between a shareholder of Shanghai Quna, namely Jilin Eagle, and Mr. QI Zhenlin (祁振林), Jilin Eagle agreed to transfer 199,996 shares of Shanghai Quna (representing 0.2778% equity interest of Shanghai Quna) to Mr. QI Zhenlin (祁振林) at a consideration of RMB3,000,000.

6. *Series D Financing*

On November 6, 2019, Shanghai Quna entered into an investment agreement, among others, with Rongquan, pursuant to which Rongquan subscribed the increased registered capital of RMB4,800,000 in Shanghai Quna, representing approximately 6.25% equity interest in Shanghai Quna, at an aggregate consideration of RMB100,000,000. The registered capital of Shanghai Quna increased from RMB72,000,000 to RMB76,800,000. The capital contributions were fully paid in December 2019.

7. *Series E Financing*

On September 22, 2021, our Company entered into a Series E Preferred Shares Purchase Agreement with, among others, two investors, namely Banyan Pacific and Sinoace, pursuant to which they agreed to subscribe for a total of 10,755,975 Series E Preferred Shares for a total consideration of US$19,650,000.

On the same day, our Company entered into two warrants with Nanjing Hongyang Equity Investment Partnership (Limited Partnership) (南京弘洋股權投資合夥企業(有限合夥)) ("**Nanjing Hongyang**") and Jiaxing Hongying Investment Partnership (Limited Partnership) (嘉興弘贏投資合夥企業(有限合夥)) ("**Jiaxing Hongying**"), respectively, pursuant to which the two investors were entitled to purchase from the Company a total of 8,470,588 Series E Preferred Shares, at a price of RMB11.8056 or equivalent US dollars, for a total consideration of RMB100 million or equivalent US dollars. In March 2022, Nanjing Hongyang and Jiaxing Hongying fully exercised the warrants issued to them.

On March 31, 2022, the Company allotted and issued 8,470,588 Series E Preferred Shares to Shanghai Hongjiuqu, an affiliate of Jiaxing Hongying and Nanjing Honyang.

8. Series E+ Financing

On March 31, 2022, our Company entered into a Series E+ Preferred Shares Purchase Agreement with, among others, with BPC, pursuant to which BPC agreed to subscribe a total of 7,688,450 Series E+ Preferred Shares for a total consideration of US$15,000,000.

On the same day, our Company entered into a warrant with Shanghai Yingmaisheng, pursuant to which Shanghai Yingmaisheng was entitled to purchase from the Company a total of 3,386,663 Series E+ Preferred Shares, at a price of RMB12.4016 or equivalent US dollars, for a total consideration of RMB42,000,000 or equivalent US dollars.

On July 5, 2022, the Company allotted and issued 3,386,663 Series E+ Preferred Shares to Shanghai Yingmaisheng upon Shanghai Yingmaisheng fully exercising the warrant.

9. Series F Financing

On June 29, 2023, our Company entered into a Series F Preferred Shares Purchase Agreement with, among others, Ai Liang Shan, pursuant to which Ai Liang Shan agreed to subscribe 4,120,583 Series F-1 Preferred Shares at a price of RMB7.2805 or equivalent US dollars per share for a total consideration of RMB30,000,000 or equivalent U.S. dollars, and 2,045,945 Series F-2 Preferred shares at a price of RMB14.6632 or equivalent US dollars per share for a total consideration of RMB30,000,000 or equivalent U.S. dollars.

On August 28, 2023, the Company allotted and issued 4,120,583 Series F-1 Preferred Shares and 2,045,945 Series F-2 Preferred Shares to Ai Liang Shan.

Principal terms of the Pre-IPO Investments

The following table summarizes the principal terms of the Pre-IPO Investments:

	Series Seed Financing	Series Angel Financing	Series A Financing	Series B Financing	Series C Financing	Series D Financing	Series E Financing[(2)]	Series E+ Financing[(2)]	Series F Financing
Amount of consideration paid to the Group *(approximation)*	RMB2,000,000	RMB8,120,000	RMB27,000,000	RMB75,000,000	RMB80,000,000	RMB100,000,000	US$35,050,939	US$21,248,512	RMB60,000,000
Date of payment of full consideration	December 20, 2013	March 3, 2014	November 9, 2015	December 15, 2016	May 26, 2017	December 6, 2019	May 24, 2022	July 6, 2022	June 29, 2023
Post-money valuation of our Company *(approximation)*	RMB28,570,000	RMB54,106,929	RMB180,000,000	RMB500,000,000	RMB1,080,000,000	RMB1,600,000,000	RMB3,426,980,358	RMB3,737,348,830	RMB4,159,353,306
Date of agreements	October 31, 2013	February 20, 2014	April 15, 2015	September 26, 2016	May 25, 2017	November 6, 2019	September 22, 2021	March 31, 2022	June 29, 2023
Cost per Share paid under the Pre-IPO Investments *(approximation)*	RMB0.28	RMB0.39	RMB1.08 and RMB1.10	RMB2.50	RMB5.00	RMB6.9444	RMB11.8056 or equivalent US dollars	RMB12.4016 or equivalent US dollars	RMB7.2805 and RMB14.6632 or equivalent US dollars
Discount to the Offer Price *(approximation)*[(1)]	98.87%	98.43%	95.65% and 95.57%	89.93%	79.87%	72.04%	52.46%	50.06%	70.69% and 40.96%
Basis of determination of the valuation and consideration	The valuation and consideration for each round of the Pre-IPO Investments were determined based on arm's length negotiation between the relevant parties after taking into consideration the timing of the investments and the business, operations and status of our business and operating entities.								
Lock-up period	Pursuant to the shareholders' agreement entered into among our Company and the Shareholders of our Company on June 29, 2023 and the shareholders' resolutions of our Company dated May 5, 2024, each Pre-IPO Investor will not sell or otherwise transfer or dispose of any Shares (other than those permitted to be included in the Global Offering and other transfers to affiliates permitted by law) without prior written consent of our Company and the Underwriters, for a period of time specified by the Underwriters of 180 days from the Listing Date.								
Use of proceeds from the Pre-IPO Investments	We utilized the proceeds from the Pre-IPO Investments for the principal business of our Company, including but not limited to the growth and expansion of our Company's business and general working capital purposes. As of the Latest Practicable Date, the net proceeds from the Pre-IPO Investments had been fully utilized.								
Strategic benefits to our Company brought by the Pre-IPO Investors	At the time of the Pre-IPO Investments, our Directors were of the view that our Company could benefit from the additional funds provided by the investments in our Company and the knowledge and experience of the Pre-IPO Investors.								

Notes:

(1) The discount is based on the indicative price of HK$27.35 (being the mid-point of the indicative Offer Price as stated in this prospectus) and the indicative exchange rate of HK$1.00 = RMB0.90806.

(2) Figures in US$ are based on the exchange rate on the day when such payments were made as agreed in the relevant investment agreements.

Pre-IPO Investors' Rights

All Preferred Shares shall be converted into ordinary shares of our Company immediately before the completion of the Global Offering on a one-for-one basis. All the Shareholders (including the Pre-IPO Investors) of the Company are bound by the shareholders' agreement dated June 29, 2023 which superseded all previous agreements among the contracting parties in respect of shareholders' rights in our Company.

The principal special rights granted to the Pre-IPO Investors include the customary protective provisions, redemption rights, information rights, right of first refusal, co-sale right, right to elect directors, inspection rights etc. The redemption rights have been terminated prior to the date of the first submission of the listing application by the Company. All the other special rights are expected to be terminated upon Listing.

Information About the Pre-IPO Investors

Set out below are descriptions of the Pre-IPO Investors and the relationship among such Pre-IPO Investors. We became acquainted with the Pre-IPO Investors through our business network or by introduction of our existing investors.

1. QFUN

QFUN is a limited liability company incorporated in the BVI on June 8, 2021. QFUN is wholly owned by Mr. ZHANG Fan (張帆), an Independent Third Party. QFUN became acquainted with our Group through the introduction by Mr. DAI Jianchun (戴建春), our non-executive Director, and decided to invest in our Group as Mr. ZHANG Fan (張帆) was optimistic about the investment return in our Group.

2. Mr. Lau, Siu Ying

Mr. Lau, Siu Ying is the founder of Eagles Fund (老鷹基金), a well-known entrepreneur and angel investor with sophisticated investment experience. Mr. Lau, Siu Ying became acquainted with our Group through one of our customers, and decided to invest in our Group as he was optimistic in our growth potential and future prospect.

3. QFUN Tech

QFUN Tech is a limited liability company incorporated in the BVI on June 8, 2021. The ultimate beneficial owner of QFUN Tech is Mr. WANG Qing, an angel investor who is an Independent Third Party. Mr. WANG Qing came to know our Group through the introduction by Mr. DAI Jianchun (戴建春), our non-executive Director, and decided to invest in our Group as he was confident in the business of our Group and the future development of the industry of our business.

4. Shanghai Yuanjizhi, Shanghai Yuanyuqu and Ferry Phase III

Shanghai Yuanjizhi is a limited partnership established in the PRC on November 1, 2021 and it is owned as to approximately 0.1% by Wuxi Ferry Phase II Investment Co., Ltd. (無錫源渡二期投資有限公司) as its general partner and as to approximately 99.9% by Ferry Phase II. Wuxi Ferry Phase II Investment Co., Ltd. (無錫源渡二期投資有限公司) is owned as to 86.5% by Shanghai Chuiying Enterprise Management Partnership (上海垂穎企業管理合夥企業(有限合夥)) ("**Shanghai Chuiying**"), which is in turn owned as to 35.0%, 33.0% and 32.0%, respectively, by ZHANG Yuying (張裕英), WANG Xuefeng (王學峰) and HUANG Qinghua (黃清華), each an Independent Third Party. Pursuant to a voting proxy agreement dated January 1, 2021 entered into by WANG Xuefeng with ZHANG Yuying and HUANG Qinghua, respectively, each of ZHANG Yuying and HUANG Qinghua entrusted their respective voting power in Shanghai Chuiying to WANG Xuefeng. As such, WANG Xuefeng controls 100% voting power in Shanghai Chuiying. The general partner of Ferry Phase II is Wuxi Ferry Phase II Investment Co., Ltd. (無錫源渡二期投資有限公司), and Ferry Phase II has seven limited partners, each with less than one-third partnership interest in Ferry Phase II. Lighthouse is one of the limited partners of Ferry Phase II.

Shanghai Yuanyuqu is a limited partnership established in the PRC on November 1, 2021 and it is owned as to approximately 0.09% by Wuxi Ferry Venture Capital Investment Management Limited (無錫源渡股權投資管理有限公司) ("**Wuxi Ferry**") as its general partner and as to 99.91% by Ferry Phase I as its limited partner. Wuxi Ferry is owned as to 44.17% by Ferry Equity Investment Management (Shanghai) Co., Ltd. (源渡股權投資管理(上海)有限公司) as the single largest shareholder. Ferry Equity Investment Management (Shanghai) Co., Ltd. (源渡股權投資管理(上海)有限公司) is in turn owned as to 35.0%, 33.0% and 32.0%, respectively, by DAI Yanjuan (戴燕娟), WANG Xuefeng (王學峰) and HUANG Qinghua (黃清華). Pursuant to a voting proxy agreement dated January 1, 2021 entered into by WANG Xuefeng with DAI Yanjuan and HUANG Qinghua, respectively, each of DAI Yanjuan and HUANG Qinghua entrusted their respective voting power in Ferry Equity Investment Management (Shanghai) Co., Ltd. (源渡股權投資管理(上海)有限公司) to WANG Xuefeng. As such, WANG Xuefeng controls 100% voting power in Ferry Equity Investment Management (Shanghai) Co., Ltd. (源渡股權投資管理(上海)有限公司). The general partner of Ferry Phase I is Wuxi Ferry and Ferry Phase I has five limited partners, including Mr. JIN Yong (金勇) being the largest limited partner with 39.60% partnership interest and the remaining four limited partners each holding less than one-third partnership interest.

Ferry Phase III is a limited partnership established in the PRC on October 25, 2021 and it is owned as to approximately 0.03% by Wuxi Ferry Weilun Enterprise Management Partnership (Limited Partnership) (無錫源渡偉倫企業管理合夥企業(有限合夥)) ("**Ferry Weilun**") as its general partner and as to approximately 99.97% by Suzhou Ferry as its limited partner. Ferry Weilun is owned as to 7.01% by Wuxi Ferry Growth Enterprise Management Co., Ltd. (無錫源渡成長企業管理有限公司) ("**Ferry Growth**") as its general partner and 92.98% by Shanghai Chuiying. Ferry Growth is wholly owned by Ferry Equity Investment Management (Shanghai) Co., Ltd. (源渡股權投資管理(上海)有限公司), which is in turn owned as to 35.0%, 33.0% and 32.0%, respectively, by DAI Yanjuan (戴燕娟), WANG Xuefeng (王學峰) and HUANG Qinghua (黃清華). Shanghai Chuiying is owned as to 35.0%, 33.0% and

32.0%, respectively, by ZHANG Yuying (張裕英), WANG Xuefeng (王學峰) and HUANG Qinghua (黃清華), each an Independent Third Party. The general partner of Suzhou Ferry is Ferry Weilun and Suzhou Ferry has 12 limited partners, including an affiliate of Xiamen C&D and Mr. ZHANG Fan (張帆). None of the 12 limited partners of Suzhou Ferry held more than 30% limited partnership interests in Suzhou Ferry.

Shanghai Yuanjizhi, Shanghai Yuanyuqu and Ferry Phase III became acquainted with our Group through the introduction by Mr. Lau, Siu Ying, another Pre-IPO Investor, and decided to invest in our Group as such investments aligned with their investment objectives.

5. *Shanghai Eaglespeed, Shanghai Xiangyiqu and Shanghai Yingmaisheng*

Shanghai Eaglespeed is a limited partnership established in the PRC on October 20, 2021 and as of the Latest Practicable Date, it is owned as to 0.2494% by Beijing Eagles Fund Management Co., Ltd. (北京老鷹投資基金管理有限公司) as its general partner and as to 99.7506% by Beijing Eagle as its limited partner. The general partner of Beijing Eagle is Beijing Eagles Fund Management Co., Ltd. (北京老鷹投資基金管理有限公司), a company owned as to 70.0% by Shanghai Eagles Investment Management Co., Ltd. (上海長鷹投資管理有限公司) which is wholly owned by Mr. ZHAO Keming (趙克明). As of the Latest Practicable Date, Beijing Eagle had 47 limited partners, with the largest limited partner holding approximately 7.5% partnership interest.

Shanghai Xiangyiqu is a limited partnership established in the PRC on October 27, 2021 and as of the Latest Practicable Date, it was owned as to 0.3322% by Beijing Eagles Fund Management Co., Ltd. (北京老鷹投資基金管理有限公司) as its general partner and as to 99.6678% by Hangzhou Eagle as its limited partner. The general partner of Hangzhou Eagle is Beijing Eagles Fund Management Co., Ltd. (北京老鷹投資基金管理有限公司). As of the Latest Practicable Date, Hangzhou Eagle had 16 limited partners, each holding less than one-third partnership interest.

Shanghai Yingmaisheng is a limited partnership established in the PRC on October 20, 2021 and as of the Latest Practicable Date, it was owned as to 0.0238% by Shanghai Eagles Investment Management Co., Ltd. (上海長鷹投資管理有限公司) and as to 99.9762% by Nanjing Eagles Innovation Investment Center (Limited Partnership) (南京老鷹創新投資中心(有限合夥)). Shanghai Eagles Investment Management Co., Ltd. (上海長鷹投資管理有限公司) is wholly owned by Mr. ZHAO Keming (趙克明). The general partner of Nanjing Eagle Innovation Investment Center (Limited Partnership) (南京老鷹創新投資中心(有限合夥)) is Shanghai Eagles Investment Management Co., Ltd. (上海長鷹投資管理有限公司). As of the Latest Practicable Date, Nanjing Eagle Innovation Investment Center (Limited Partnership) (南京老鷹創新投資中心(有限合夥)) had four limited partners, including Nanjing Eagle Yifei Equity Investment Partnership (Limited Partnership) (南京老鷹旖飛股權投資合夥企業(有限合夥)) as the largest limited partner holding 36.8852% partnership interest and the other three limited partners each holding less than one-third partnership interest. Nanjing Eagle Yifei Equity Investment Partnership (Limited Partnership) (南京老鷹旖飛股權投資合夥企業(有限合夥)) is held as to 33.3333% by Xiao Lei (肖蕾) as its general partner and has five limited partners each holding less than one-third partnership interest.

Shanghai Eaglespeed, Shanghai Xiangyiqu and Shanghai Yingmaisheng became acquainted with our Group through the introduction by Mr. Lau, Siu Ying, another Pre-IPO Investor, and decided to invest in our Group as such investments aligned with their investment objectives.

6. Shanghai Junna

Shanghai Junna is a limited partnership established in the PRC on October 20, 2021 and it is owned as to approximately 0.02% by Lasa Junqi Enterprise Management Co., Ltd. (拉薩君祺企業管理有限公司) as its general partner and as to approximately 99.98% by Beijing Legend as its limited partner. Lasa Junqi Enterprise Management Co., Ltd. (拉薩君祺企業管理有限公司) is wholly owned by Legend Capital Co., Ltd. (君聯資本管理股份有限公司), which is owned as to 80% by Beijing Juncheng Hezhong Investment Management Partnership (Limited Partnership) (北京君誠合眾投資管理合夥企業(有限合夥)). Beijing Juncheng Hezhong Investment Management Partnership (Limited Partnership) (北京君誠合眾投資管理合夥企業(有限合夥)) is owned as to 0.01% by Beijing Junqi Jiarui Enterprise Management Co., Ltd. (北京君祺嘉睿企業管理有限公司) as its general partner, 58.12% by Tianjin Huizhi No. 1 Enterprise Management Consulting Partnership (Limited Partnership) (天津匯智壹號企業管理諮詢合夥企業(有限合夥)) as its limited partner and 41.87% by Tianjin Junlian Jieyou Enterprise Management Consulting Partnership (Limited Partnership) (天津君聯傑佑企業管理諮詢合夥企業(有限合夥)) as its limited partner. Tianjin Huizhi No. 1 Enterprise Management Consulting Partnership (Limited Partnership) (天津匯智壹號企業管理諮詢合夥企業(有限合夥)) is owned as to 1.20% by Beijing Junqi Jiarui Enterprise Management Co., Ltd. (北京君祺嘉睿企業管理有限公司) as its general partner, as to 34.68% by Mr. ZHU Linan (朱立南) as its largest limited partner, and the remaining 64.12% by the other 14 limited partners, each holding less than one-third partnership interest. Junqi Jiarui Enterprise Management Co., Ltd. (北京君祺嘉睿企業管理有限公司) is owned as to 40% by Mr. CHEN Hao (陳浩) and three other individual shareholders which respectively holds 20% equity interest, each an Independent Third Party. The general partner of Tianjin Junlian Jieyou Enterprise Management Consulting Partnership (Limited Partnership) (天津君聯傑佑企業管理諮詢合夥企業(有限合夥)) is also Beijing Junqi Jiarui Enterprise Management Co., Ltd. (北京君祺嘉睿企業管理有限公司). Tianjin Junlian Jieyou Enterprise Management Consulting Partnership (Limited Partnership) (天津君聯傑佑企業管理諮詢合夥企業(有限合夥)) has 18 limited partners, each holding less than one-third partnership interest. The general partner of Beijing Legend is Lasa Junqi Enterprise Management Co., Ltd. (拉薩君祺企業管理有限公司). Beijing Legend has 21 limited partners, with the National Council for Social Security Fund of The People's Republic of China (全國社會保障基金理事會) being its largest limited partner holding 33.33% partnership interest and the remaining 20 limited partners each holding less than one-third partnership interest.

Shanghai Junna came to know our Group through Tibet Dazi Touzhong Investment Advisory Co., Ltd. (西藏達孜投中投資諮詢有限公司), an independent financial adviser, and decided to invest in our Group as it was confident in the development of our businesses.

7. Xiamen C&D

Xiamen C&D is a limited partnership established in the PRC on June 27, 2016 and it is owned as to approximately 1.52% by Xiamen Jianxin Investment Co., Ltd. (廈門建鑫投資有限公司) as its general partner, as to approximately 49.09% by Xiamen C&D Emerging Venture Capital Co., Ltd. (廈門建發新興創業投資有限公司) as its largest limited partner and as to the remaining 49.39% by its other five limited partners, each holding less than one-third partnership interests. Xiamen Jianxin Investment Co., Ltd. (廈門建鑫投資有限公司) is owned as to 51.0% by Xiamen Jianxing Capital Enterprise Management Consulting Co., Ltd. (廈門建興資本企業管理諮詢有限公司) and 49.0% by Xiamen C&D Emerging Venture Capital Co., Ltd. (廈門建發新興創業投資有限公司). Xiamen Jianxing Capital Enterprise Management Consulting Co., Ltd. (廈門建興資本企業管理諮詢有限公司) is owned as to 51.0% by CAI Xiaofan (蔡曉帆) and 49.0% by LI Yan (李岩), each an Independent Third Party. Xiamen C&D Emerging Venture Capital Co., Ltd. (廈門建發新興創業投資有限公司) is ultimately owned by the State-owned Assets Supervision And Administration Commission of Xiamen Government (廈門市人民政府國有資產監督管理委員會). Xiamen C&D came to know our Group as its affiliate Xiamen Jianfa Jiehui Equity Investment Partnership (Limited Partnership) (廈門建發皆慧股權投資合夥企業(有限合夥)) is one of the limited partners of Shanghai Junna, another Pre-IPO Investor, and decided to invest in our Group as part of its financial investment strategy.

8. Sinoace

Sinoace is a limited company incorporated in Hong Kong and is wholly owned by Mr. CHEN Haohua (陳浩華), an Independent Third Party. Sinoace came to know our Group through Shanghai Xincheng Business Advisory Center (Limited Partnership) (上海歆成商務諮詢中心(有限合夥)), an independent financial adviser, and decided to invest in our Group as it was optimistic about the investment return in our Group.

9. Shanghai Hongjiuqu

Shanghai Hongjiuqu is a limited partnership established in the PRC on September 23, 2021. It is owned as to 0.01% by Shanghai Hongzhang Investment Management Co., Ltd. (上海弘章投資管理有限公司) ("**Shanghai Hongzhang**") as its general partner, as to 59.99% by Jiaxing Hongying as its limited partner and as to the remaining 40.0% by Nanjing Hongyang as its limited partner. Shanghai Hongzhang is a leading private equity fund with an investment focus in the consumer industry, owned as to 99.0% by Mr. WENG Yinuo (翁怡諾), an Independent Third Party. Jiaxing Hongying is owned as to approximately 0.17% by Shanghai Hongzhang as its general partner, as to approximately 58.24% by Jiaxing Zhandao Zhanzhi Equity Investment Partnership (Limited Partnership) (嘉興棧道棧智投資合夥企業(有限合夥)) ("**Jiaxing Investment**") as its largest limited partner, as to approximately 33.28% by Tianjin Baiyu Enterprise Management Center (Limited Partnership) (天津柏聿企業管理中心(有限合夥)) ("**Tianjin Baiyu**") as its second largest limited partner, and as to the remaining approximately 8.32% by an Independent Third Party. Jiaxing Investment is owned as to approximately 0.28% by Shanghai Zhandao Private Fund Management Co., Ltd. (上海棧道私

募基金管理有限公司) as its general partner and the other 15 limited partners, each being an Independent Third Party and holding less than one-third partnership interest in Jiaxing Investment. Tianjin Baiyu is owned as to approximately 1.96% by Suzhou Changrui Assets Management Co., Ltd. (蘇州常瑞資產管理有限公司) ("**Suzhou Changrui**") as its general partner and as to approximately 98.04% by an individual limited partner, an Independent Third Party. Suzhou Changrui is wholly owned by Beijing Changrui Assets Management Co., Ltd. (北京常瑞資產管理有限公司), which is in turn owned by four individual shareholders who are Independent Third Parties, as to 30.0%, 30.0%, 20.0% and 20.0%, respectively. Nanjing Hongyang is owned as to approximately 0.87% by Nanjing Hongzhang Lingyang Equity Investment Partnership (Limited Partnership) (南京弘章領羊股權投資合夥企業(有限合夥)) ("**Nanjing Hongzhang**") as its general partner, as to approximately 43.48% by Jiangsu Yanghe Investment Management Co., Ltd. (江蘇洋河投資管理有限公司) ("**Jiangsu Yanghe**") as the largest limited partner, and as to the remaining approximately 55.65% by the other nine limited partners, each being an Independent Third Party and holding less than one-third partnership interest in Nanjing Hongyang. Nanjing Hongzhang is owned as to 50.0% by Shanghai Hongzhang as its general partner, as to 40.0% by Jiangsu Yanghe as a limited partner and as to 10.0% by Mr. WENG Yinuo (翁怡諾). Jiangsu Yanghe is owned as to 50.0% by Jiangsu Yanghe Brewery Joint-Stock Co., Ltd. (江蘇洋河酒廠股份有限公司) ("**Jiangsu Yanghe Brewery**") and as to 50.0% by Sujiu Group Jiangsu Wealth Management Co., Ltd. (蘇酒集團江蘇財富管理有限公司). Sujiu Group Jiangsu Wealth Management Co., Ltd. (蘇酒集團江蘇財富管理有限公司) is wholly owned by Jiangsu Yanghe Brewery. Jiangsu Yanghe Brewery is owned as to 34.16% by Jiangsu Yanghe Group Co., Ltd. (江蘇洋河集團有限公司) as its single largest shareholder, which is in turn wholly owned by Suqian Industry Development Group Co., Ltd. (宿遷產業發展集團有限公司), a wholly-owned subsidiary of Suqian Municipal People's Government (宿遷市人民政府).

Shanghai Hongjiuqu came to know our Group through Shanghai Xincheng Business Advisory Center (Limited Partnership) (上海歆成商務諮詢中心(有限合夥)), an independent financial adviser, and decided to invest in our Group as it was optimistic about the investment return in our Group.

10. Lighthouse

Lighthouse is a limited liability company established in the PRC on May 26, 2011. Lighthouse is an early-stage venture fund headquartered in Shanghai. The beneficial owner of Lighthouse is Mr. HU Minglie (胡明烈), an Independent Third Party. Lighthouse is a venture capital fund focusing on early-stage investment in China and U.S. markets. Lighthouse came to know our Group as it is one of the limited partners of Ferry Phase II, and decided to invest in our Group because of the potential growth of our business and the experience of our management team.

11. Beyond Marketing

Beyond Marketing is a limited liability company incorporated in the BVI on June 8, 2021. Beyond Marketing is wholly owned by Mr. QI Zhenlin (祁振林), who is also one of the limited partners of Beijing Eagle, a shareholder of Shanghai Quna prior to the Reorganization. Mr. QI Zhenlin (祁振林) became acquainted with our Group through such relationship with Beijing Eagle, and decided to invest in our Group through Beyond Marketing as he was confident in the future prospect of the industry of our Group.

12. Banyan Pacific and BPC

Banyan Pacific is a limited liability company incorporated in the BVI on December 12, 2013 and is wholly owned by Mr. Yeung Man. BPC is a limited liability company incorporated in the BVI on April 4, 2022 and it is owned as to 95.0% by Mr. Yeung Man. Mr. Yeung Man is an associate of Ms. ZHOU Li (周莉), our former non-executive Director in the last 12 months, and therefore is a connected person of our Company. Banyan Pacific and BPC became acquainted with our Group through the introduction by Mr. DAI Jianchun, our non-executive Director, and decided to invest in our Group as they were optimistic about the investment return in our Group.

13. Ai Liang Shan

Ai Liang Shan is a limited liability company incorporated in the BVI on February 15, 2023 and it is ultimately owned by Anji Finance Bureau (安吉縣財政局). Ai Liang Shan became acquainted with our Group through Haitong International Securities Company Limited, and decided to invest in our Group in view of our business prospects and our strengths and advantages.

SOLE SPONSOR'S CONFIRMATION

On the basis that (i) the Listing Date, being the first day of trading of the Shares on the Stock Exchange, will take place no earlier than 120 clear days after completion of the Pre-IPO Investments, and (ii) no special rights of the Pre-IPO Investors will exist after the Listing, the Sole Sponsor confirms that the investments by the Pre-IPO Investors are in compliance with the Chapter 4.2 of the Guide for New Listing Applicants.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

We have not conducted any acquisitions, disposal or mergers during or after the Track Record Period that are material to us.

ADOPTION OF STOCK INCENTIVE PLAN

Prior to the Reorganization, Shanghai Quna had granted options to employees since 2016 (the "**Onshore Options Arrangement**"). In anticipation of our Listing, we decided to implement an overseas employee incentive program to assume the Onshore Options Arrangement and administer all the pre-IPO options granted and to be granted going forwards, and therefore adopted the Stock Incentive Plan on September 22, 2021. As of the Latest Practicable Date, options to subscribe for an aggregate of 40,658,824 Shares (representing approximately 15.48% of the total issued share capital of our Company immediately upon completion of the Global Offering (assuming the options granted under the Stock Incentive Plan are not exercised)) have been conditionally granted to 108 eligible participants under the Stock Incentive Plan. For details and principal terms of the Stock Incentive Plan, please refer to the paragraph headed "Statutory and General Information – D. Stock Incentive Plan" in Appendix IV to this prospectus.

PREPARATION FOR A POTENTIAL A SHARE LISTING

We historically had prepared for a proposed listing of the shares of Shanghai Quna on the Shanghai Stock Exchange in the PRC (the "**A Share Listing Preparation**"). In February 2018, we initially engaged Shenwan Hongyuan Financing Services Co., Ltd. (申萬宏源證券承銷保薦有限責任公司) ("**Shenwan Hongyuan**") to act as a sponsor to undergo a tutoring process (輔導期) for the purpose of, among others, the supervision of training to our directors, senior management and controlling shareholders on the relevant laws and regulations in relation to the A share listing requirements for a potential A share listing, and Shenwan Hongyuan submitted a tutoring filing application to the CSRC Shanghai Office as part of the preparation works for such preliminary listing plan. As Shenwan Hongyuan was unable to adhere to the listing timetable, after mutual and friendly negotiation with each other, we entered into a termination agreement with Shenwan Hongyuan to terminate the tutoring process in June 2020. At the time when Shenwan Hongyuan ceased to be the sponsor in connection with the A Share Listing Preparation, Shenwan Hongyuan had submitted four preliminary tutoring progress reports (輔導工作進展報告) to the CSRC Shanghai Office during March 2018 and July 2019. Thereafter, we engaged China International Capital Corporation Limited (中國國際金融股份有限公司) ("**CICC**") to act as a sponsor to undergo a tutoring process in the same month and CICC submitted a tutoring filing application to the CSRC Shanghai Office as part of the preparation works for the A share listing plan. Alongside the engagement of CICC as the new sponsor, the Company also engaged a new accounting firm in 2020 in replacement of the previous accounting firm for the A Share Listing Preparation upon request by CICC, taking into account the relevant qualification and experience on A share listing of the new accounting firm, and the previous accounting firm did not commence any audit work in relation to A Share Listing Preparation. The tutoring process with CICC was subsequently terminated as we terminated with our engagement with CICC in July 2021 in order to change our listing plan. Due to the general market sentiment and the change in the overall strategic development of our Group, we decided to pursue the Listing on the Stock Exchange instead. At the time when CICC ceased to be the sponsor in connection with the A Share Listing Preparation, CICC had submitted only one preliminary tutoring progress report (輔導工作進展報告) to the CSRC Shanghai Office in August 2020. The A Share Listing Preparation ceased at a very preliminary stage. According to the relevant tutoring progress reports (輔導工作進展報告), Shenwan Hongyuan and CICC have conducted preliminary due diligence primarily in relation to, among others, the incorporation and share capital of Shanghai Quna. No material findings or issues have been identified by the professional parties (including sponsor, accountant and legal adviser) in relation to the A Share Listing Preparation during the due diligence or tutoring processes of Shenwan Hongyuan and CICC. As of the Latest Practicable Date, we did not submit any A share listing application to the CSRC or any stock exchange for review, nor did we receive any comments or issues raised by the CSRC (including its local offices) or any stock exchange in relation to the A Share Listing Preparation.

To the best of our Directors' knowledge and belief, having made all reasonable inquiry, our Directors confirmed, and the Sole Sponsor concurred that, (a) there was no material matter in relation to the A Share Listing Preparation that will affect the suitability of our Company to be listed on the Stock Exchange from any material respects; (b) there was no material finding by the professional parties engaged in the A Share Listing Preparation which materially and adversely affects our Company's suitability for the Listing; (c) there was no other matter in relation to the A Share Listing Preparation that ought to be drawn to the attention of the potential investors and the Stock Exchange, (d) our Company did not receive any material comments or inquiries from the CSRC or the Shanghai Stock Exchange, and (e) there was no disagreement or dispute between our Company, the sponsors and the other professional parties engaged in relation to the A Share Listing Preparation.

PUBLIC FLOAT

Upon completion of the Global Offering (assuming the options granted under the Stock Incentive Plan are not exercised), (i) each of Ms. Yin (our executive Director, chairwoman of our Board and the chief executive officer of our Company), Ms. YIN Juelian (殷珏蓮) (our chief financial officer), Mr. WU Wenhong (吳文洪) (our chief customers relationship advisor), Mr. CAO Liwen (曹理文) (an executive Director and our vice president of sales), Mr. HUANG Aihua (黃愛華) (an executive Director and our chief technology officer) and Mr. QIAN Jun (錢俊) (our executive vice president) will indirectly, through their respective holding vehicles and the Acting-in-Concert Agreement, control approximately 39.27% of the total issued Shares, and will be a Controlling Shareholder of our Company; (ii) each of Shanghai Yuanyuqu, Ferry Phase III and Shanghai Yuanjizhi, which are under the common control by the same ultimate beneficial owner, namely Mr. WANG Xuefeng (王學峰), an Independent Third Party, controls approximately 12.30% of the total issued shares and therefore is a substantial shareholder and a core connected person of our Company; and (iii) each of Banyan Pacific and BPC controls approximately 11.53% of the total issued shares and therefore is a substantial Shareholder and a core connected person of our Company. Therefore, the Shares held by the holding vehicles of the Concert Parties (including Beyond Branding, Q-robot, Kiosk Joy, INSIGMA, NeoBox and Q-robot shop), the Shares held by Shanghai Yuanyuqu, Ferry Phase III and Shanghai Yuanjizhi and the Shares held by Banyan Pacific and BPC will not count towards the public float for the purpose of Rule 8.08 of the Listing Rules.

Save as disclosed above, to the best of our Directors' knowledge, none of the other Shareholders is a core connected person of our Company upon Listing, is accustomed to take instructions from core connected persons of our Company in relation to the acquisition, disposal, voting or other disposition of their Shares, or was financed directly or indirectly by core connected persons of our Company for their acquisition of Shares. As a result, a total of approximately 36.90% of the Shares (upon completion of the Global Offering assuming the options granted under the Stock Incentive Plan are not exercised) will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules.

PRC REGULATORY REQUIREMENTS

Our PRC Legal Adviser is of the view that the Reorganization and each of the equity transfers and increases and/or reduction in registered capital in relation to our PRC subsidiaries disclosed in this section have been conducted in compliance with applicable laws and regulations of the PRC in all material respects and have been properly and legally completed in all material respects and duly registered with local registration authorities of the PRC and all necessary regulatory approvals have been obtained.

M&A Rules

According to the M&A Rules jointly issued by the MOFCOM, the SASAC, the SAT, the CSRC, the SAIC and the SAFE on August 8, 2006 and effective as of September 8, 2008 and amended in June 2009, where a domestic company, enterprise or natural person intends to acquire its or his/her related domestic company in the name of an offshore company which it or he/she lawfully established or controls, the acquisition shall be subject to the examination and approval of the MOFCOM; and where a domestic company or natural person holds an equity interest in a domestic company through an offshore special purpose company by paying the acquisition price with equity interests, the overseas listing of that special purpose company shall be subject to approval by the CSRC.

As advised by our PRC Legal Adviser, since Shanghai Quna was a "foreign-invested enterprise" at the time when Qunabox HK acquired the equity interest of Shanghai Quna by way of capital increase and was not a "PRC domestic company" as defined under the M&A rules, the M&A Rules is not applicable to the acquisition of equity interest of Shanghai Quna by Qunabox HK.

SAFE Circular 37 and Related Rules

Pursuant to SAFE Circular 37, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the "**Overseas SPV**") that is directly established or controlled by the PRC resident for the purpose of conducting investment or financing; and (b) following the initial registration, the PRC resident is required to register with the local SAFE branch for any major change in respect of the Overseas SPV, including, among other things, a change in the Overseas SPV's PRC resident shareholder, name of the Overseas SPV, term of operation or any increase or reduction of the Overseas SPV's registered capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular 37, failure to comply with these registration procedures may result in penalties, including the imposition of restrictions on the ability of the Overseas SPV's PRC subsidiary to distribute dividends to its overseas parent.

As advised by our PRC Legal Adviser, as of the Latest Practicable Date, each of Ms. Yin, Ms. YIN Juelian (殷珏蓮), Mr. CAO Liwen (曹理文), Mr. WU Wenhong (吳文洪), Mr. HUANG Aihua (黃愛華), Mr. QIAN Jun (錢俊), Mr. QI Zhenlin and Mr. ZHANG Fan, has completed the foreign exchange registration procedure for domestic resident making overseas investment.

CAPITALIZATION OF OUR COMPANY

The table below is a summary of the capitalization of our Company as of the Latest Practicable Date and the Listing Date (assuming that all the Preferred Shares have been converted to ordinary Shares on a one-for-one basis and the options granted under the Stock Incentive Plan are not exercised):

Shareholders	Number of Ordinary Shares	Number of Series Seed-1 Preferred Shares	Number of Series Seed-2 Preferred Shares	Number of Series Angel Preferred Shares	Number of Series A Preferred Shares	Number of Series B Preferred Shares	Number of Series C Preferred Shares	Number of Series D Preferred Shares	Number of Series E Preferred Shares	Number of Series E+ Preferred Shares	Number of Series F-1 Preferred Shares	Number of Series F-2 Preferred Shares	As of the Latest Practicable Date		As of the Listing Date	
													Number of Shares	Shareholding percentage (%)	Number of Shares	Shareholding percentage (%)
Beyond Branding	72,294,252	–	–	–	–	–	–	–	–	–	–	–	72,294,252	29.75	72,294,252	27.52
Q-robot	8,819,184	–	–	–	–	–	–	–	–	–	–	–	8,819,184	3.63	8,819,184	3.36
Kiosk Joy	8,819,184	–	–	–	–	–	–	–	–	–	–	–	8,819,184	3.63	8,819,184	3.36
INSIGMA	4,409,592	–	–	–	–	–	–	–	–	–	–	–	4,409,592	1.81	4,409,592	1.68
Q-robot shop	4,409,592	–	–	–	–	–	–	–	–	–	–	–	4,409,592	1.81	4,409,592	1.68
NeoBox	4,409,592	–	–	–	–	–	–	–	–	–	–	–	4,409,592	1.81	4,409,592	1.68
QFUN	1,199,973	–	–	–	–	–	1,399,968	–	–	–	–	–	2,599,941	1.07	2,599,941	0.99
Lau, Siu Ying	–	7,805,712	–	–	–	–	–	–	–	–	–	–	7,805,712	3.21	7,805,712	2.97
Shanghai Yuanjizhi	–	–	4,000,020*	–	–	–	–	–	–	–	–	–	4,000,020*	1.65	4,000,020*	1.52
QFUN Tech	–	–	–	2,864,472	–	–	–	–	–	–	–	–	2,864,472	1.18	2,864,472	1.09
Shanghai Yuanyuqu	–	–	–	18,023,826	3,278,010	–	–	–	–	–	–	–	21,301,836	8.77	21,301,836	8.11
Shanghai Junna	–	–	–	–	–	19,999,992	1,999,956	–	–	–	–	–	21,999,948	9.05	21,999,948	8.37
Xiamen C&D	–	–	–	–	–	9,999,996	8,000,040	–	–	–	–	–	18,000,036	7.41	18,000,036	6.85

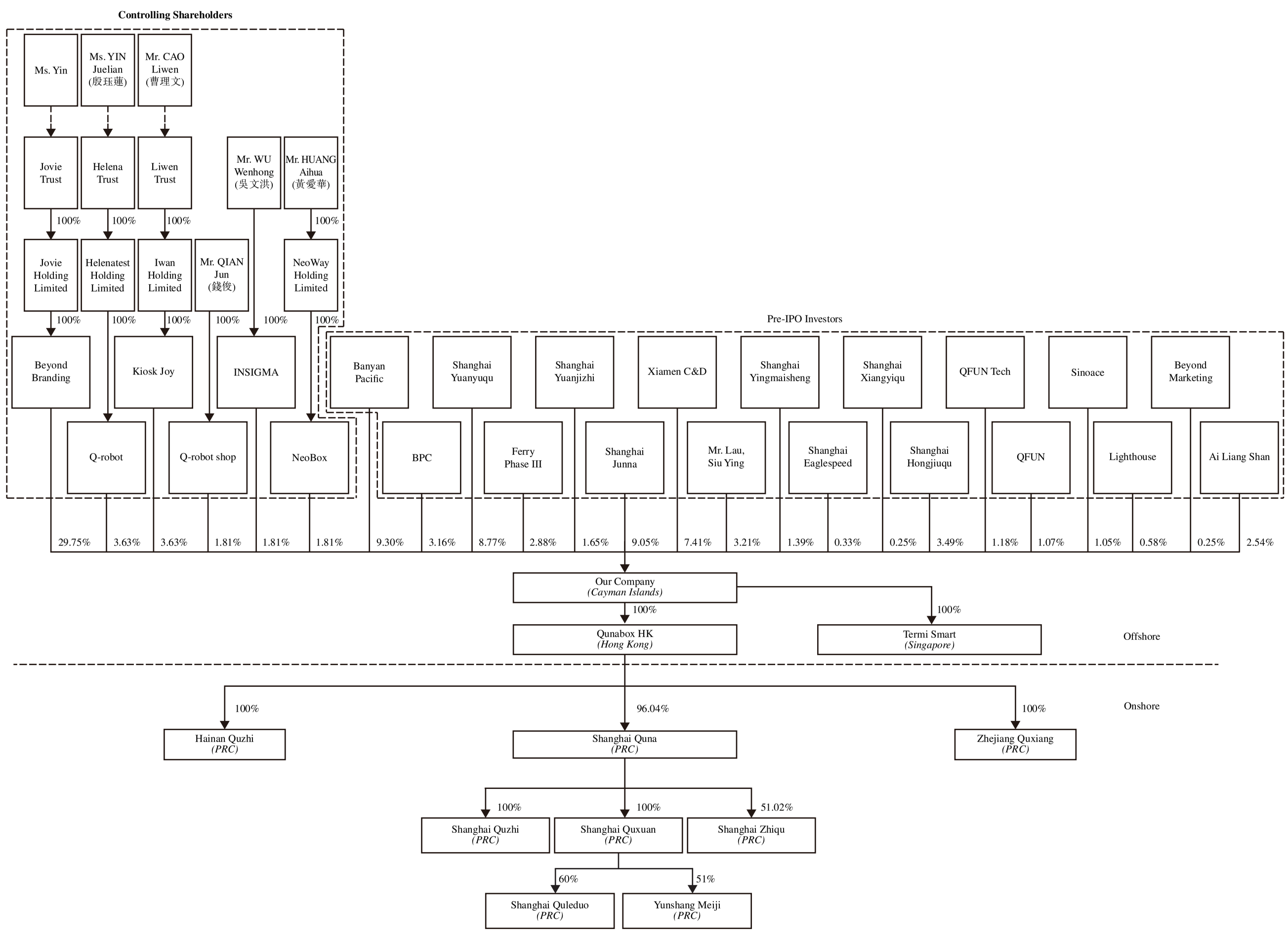
Shareholders	Number of Ordinary Shares	Number of Series Seed-1 Preferred Shares	Number of Series Seed-2 Preferred Shares	Number of Series Angel Preferred Shares	Number of Series A Preferred Shares	Number of Series B Preferred Shares	Number of Series C Preferred Shares	Number of Series D Preferred Shares	Number of Series E Preferred Shares	Number of Series E+ Preferred Shares	Number of Series F-1 Preferred Shares	Number of Series F-2 Preferred Shares	As of the Latest Practicable Date Number of Shares	As of the Latest Practicable Date Shareholding percentage (%)	As of the Listing Date Number of Shares	As of the Listing Date Shareholding percentage (%)
Beyond Marketing	–	–	–	–	–	–	599,988	–	–	–	–	–	599,988	0.25	599,988	0.23
Ferry Phase III	–	–	–	–	–	–	6,999,954	–	–	–	–	–	6,999,954	2.88	6,999,954	2.66
Lighthouse	–	–	–	–	–	–	1,399,968	–	–	–	–	–	1,399,968	0.58	1,399,968	0.53
Shanghai Eaglespeed	–	–	–	–	–	–	799,983	–	–	–	–	–	799,983	0.33	799,983	0.30
Shanghai Xiangyiqu	–	–	–	–	–	–	599,988	–	–	–	–	–	599,988	0.25	599,988	0.23
Banyan Pacific	–	–	–	–	–	–	–	14,400,000	8,210,668	–	–	–	22,610,668	9.30	22,610,668	8.61
Sinoace	–	–	–	–	–	–	–	–	2,545,307	–	–	–	2,545,307	1.05	2,545,307	0.97
Shanghai Hongjiuqu	–	–	–	–	–	–	–	–	8,470,588	–	–	–	8,470,588	3.49	8,470,588	3.22
BPC	–	–	–	–	–	–	–	–	–	7,688,450	–	–	7,688,450	3.16	7,688,450	2.93
Shanghai Yingmaisheng	–	–	–	–	–	–	–	–	–	3,386,663	–	–	3,386,663	1.39	3,386,663	1.29
Ai Liang Shan	–	–	–	–	–	–	–	–	–	–	4,120,583	2,045,945	6,166,528	2.54	6,166,528	2.35
Investors taking part in the Global Offering	–	–	–	–	–	–	–	–	–	–	–	–	–	–	19,704,000	7.50
Total	104,361,369	7,805,712	4,000,020	20,888,298	3,278,010	29,999,988	21,799,845	14,400,000	19,226,563	11,075,113	4,120,583	2,045,945	243,001,446	100	262,705,446	100

Note:

* *The Series Seed-2 Preferred Shares represent the equity interests in Shanghai Quna transferred from Shanghai Changying, who held such interest on trust for Mr. Lau, Siu Ying in the Series Seed Financing, to Ferry Phase II which is affiliated with Shanghai Yuanjizhi in February 2017. Please refer to the paragraphs headed "– Pre-IPO Investments – 1. Series Seed Financing", and "– Pre-IPO Investments – 4. Series B Financing" in this section for more details.*

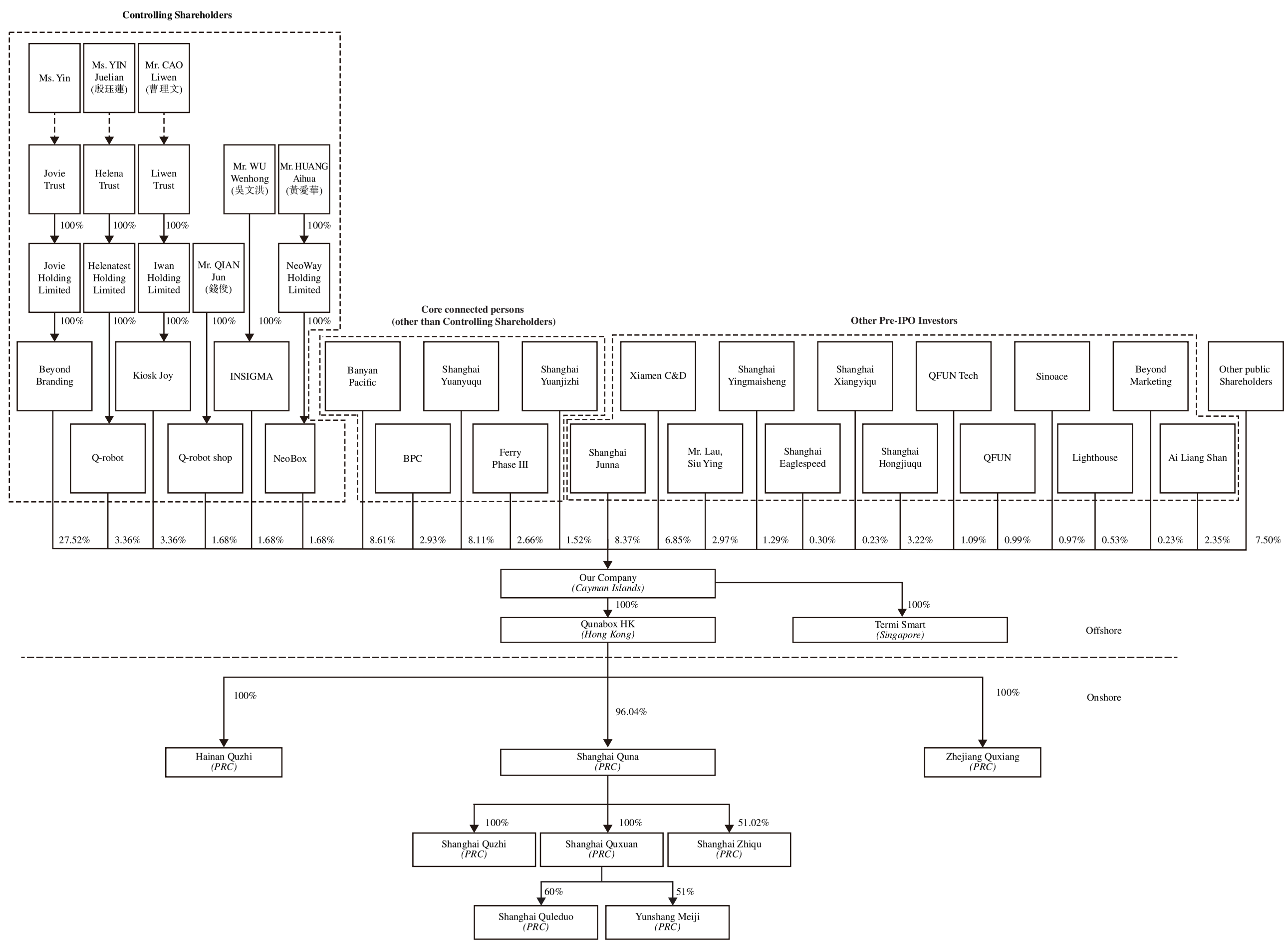
OUR STRUCTURE IMMEDIATELY PRIOR TO THE GLOBAL OFFERING

The following chart sets forth the shareholding structure of our Group after the Reorganization and immediately prior to the Global Offering:



OUR STRUCTURE IMMEDIATELY FOLLOWING THE GLOBAL OFFERING

The following chart sets forth the shareholding structure of our Group immediately following completion of the Global Offering (assuming the options granted under the Stock Incentive Plan are not exercised):



OVERVIEW

Who Are We

We are a marketing service provider in China, focusing on outdoor marketing for fast-moving consumer goods ("**FMCG**"). In doing so, we utilize our broad network of vending machines with interactive marketing functions across China, which, by combing with our technology-backed online platform, allow us to provide target consumers with convenient and interesting experience in testing and accessing FMCG that we served, while successfully soliciting and completing necessary interaction and feedback. In particular, we have developed, and equipped our vending machines with various modules to facilitate technology-driven interactive functions that are crucial for successful marketing events, including scent emitting, movement recognition and voice interaction, making efficient and interactive machine-based marketing services possible. According to CIC, FMCG outdoor marketing market accounts for 6.4% market share of the FMCG marketing market in 2023. The FMCG outdoor marketing market is highly fragmented with numerous industry players, resulting in fierce competition within this industry. We are the fourth largest FMCG outdoor marketing service provider in China in terms of revenue in 2023, with a market share of approximately 1.2%, while the largest market player had a market share of 14.3%.

Capitalizing on our technology capability to deliver marketing services, we have achieved business growth during the Track Record Period. Our revenue generated from marketing service increased from RMB376.7 million in 2021 by 7.5% to RMB404.8 million in 2022 and further increased by 99.6% to RMB808.0 million in 2023.

We merge offline and online channels with a complete and integrated system in the way to offer consumers an interesting experience on FMCGs, and to provide brands with multi-channel and one-stop marketing services, all of which are driven by our technology capability to achieve efficiency and accuracy. Placed at strategically chosen locations, the network of our vending machine with interactive marketing functions serve as the offline touchpoints for consumers to get aware of, encounter, and/or pick up FMCG goods that we served, as well as the terminals to complete certain game-based tasks in order to obtain related FMCG goods. In the meantime, our online platform, which comprises a mobile app named "Quna (趣拿)" and WeChat mini programs, allows us to attract and retain target consumers, where they can conveniently receive information on our most recent FMCG marketing events, complete designed online tasks, place order or pay a try-me discounted prices, prior to picking up relevant goods.

We believe that our marketing services offered an effective solution for FMCG brands to reach target consumer groups, especially the tech-savvy young consumers, represented by "Gen-Y/Z", who generally prefer FMCGs that bring continuous fresh experience and represent their personalized life style, and are well adapted to machine-based consumption and interaction experience that does not involve much human interference. As a result, on one hand, by continuously launching and introducing new FMCG products through our marketing services that involve on-line program and offline machine-based tasks, we are able to attract and retain more and more active consumers, while offering brand customers quality feedback and analysis they need. On the other hand, brand customers are willing to cooperate with us taking into account our growing consumer basis, technology capability and efficient performance, in particular, our ability to launch large scale marketing event, as well as continuously showcase and promote public awareness of served FMCG products through wide spread vending machines at well-selected locations.

As of December 31, 2023, we operated 7,543 vending machines in 22 cities in China including all the tier one cities, namely Beijing, Shanghai, Guangzhou and Shenzhen, many new tier one cities including Hangzhou, Chengdu, Chongqing, Tianjin, Xi'an, Wuhan, Zhengzhou, Nanjing, Suzhou, Wuxi, Ningbo, Xiamen, Dongguan, Foshan, Hefei, Jinan and Qingdao, as well as Yantai. Substantially all of our vending machines are located in commercial properties with an aim to cover the major consumer groups of FMCGs. We had approximately 15.9 million AAUs in 2023. During the Track Record Period, we provided marketing service to 472 brand customers for approximately 1,400 SKUs of FMCG products, including products from 74 emerging brands among the top 100 emerging brands in the industries of beverages, food and daily necessities in China, as measured by revenue in 2023, according to CIC.

Market Opportunities

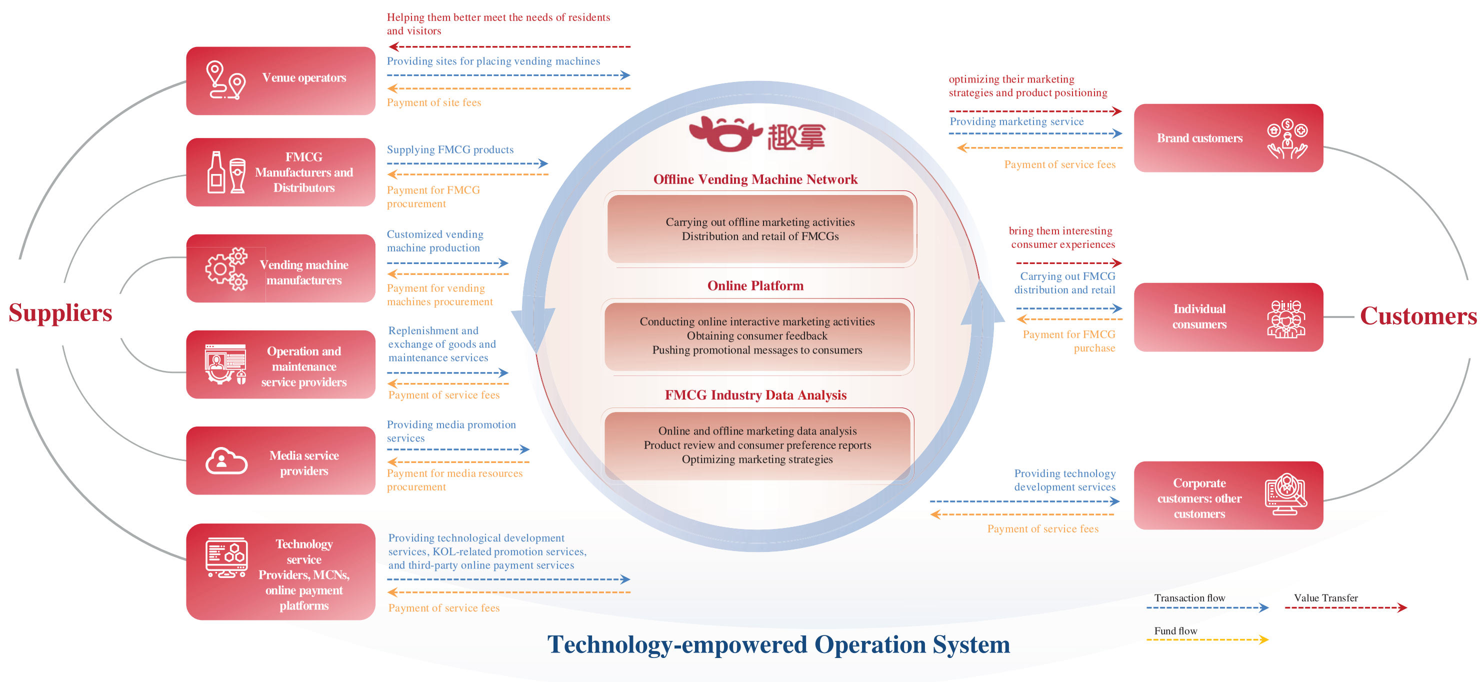
FMCGs are characterized by higher consumption frequency, shorter shelf life and highly iterative preferences from consumers. In particular, the main target consumer group of FMCG brands, being the "new middle class" and young consumers represented by "Gen-Y/Z", are generally featured with highly iterative consumption preferences. They prefer FMCGs that bring continuous fresh experience and represent their personalized life style. To deal with such inherent challenges, FMCG brands need to undergo rapid iterations from the perspectives of product design, packaging, consumption experience and market positioning.

In the FMCG industry, new products refer to products with new brands, categories, tastes, formulas, packaging or shapes that have been launched in the market for less than one year, and mature products refer to products that have been launched for over one year. While the brands of new products mainly focus on promoting public awareness, market recognition and sales solicitation during their marketing efforts, the brands of mature products, on the other hand, are also investing heavily in marketing to maximize the life cycle of such products, refresh their brand images as well as to improve market penetration and harness competitive barriers. Nonetheless, an accurate, authentic and multi-dimensional consumer feedback is always a key demand for FMCG marketing service providers to meet, as such feedback is crucial for FMCG brands to further adjust and optimize their marketing strategy, product incubation and business operation plan.

However, given the high frequency of new product launches and marketing activities that FMCG brands need to undertake, highly personalized consumer preferences that keep evolving, and cost-intensive nature of marketing methods commonly adopted by FMCG brands, as well as close-to-saturation online traffic in China, FMCG brands turn to marketing service providers like us to address their needs. For more details on FMCG industry trends and pain points commonly seen in FMCG brands' marketing, see "Industry Overview."

Our Value Propositions

Leveraging our effective marketing service, we are able to bring technology-empowered services to brands and consumers to fill the market gap, and revitalize and enhance the space value for venue operators. The diagram below illustrates the key participants in our value chain and the relevant fund flows:



- ***Brands.*** Capitalizing on our large online user base and extensive reach of offline network of vending machine with interactive marketing functions that placed at strategically selected locations, we are able to efficiently deliver physical FMCG goods to target consumers, which plays a significant value to brand customers, as the access to and experience of physical products is an important step to build consumer awareness, which can hardly be replaced by online marketing approaches. These unique advantages well served both (i) mature products that seeks continuous exposure to improve consumer impression and repeat purchase rate; and (ii) new products where the marketing events intends to get feedback from consumers on their real experience from maximum aspects designed to help brands make further product optimization.

  In particular, it is our technology competitiveness in terms of launching large-scale events through extensive network of vending machines with interactive marketing functions, and designing game-themed tasks for consumers involving provision of multi-dimensional feedback and behavior information, that allows us to continuously expand our brand customers basis and achieve sustainable development during the Track Record Period. Furthermore, we hold strong analytical strength, where we evaluate various perspectives of served FMCG products, including design, packaging, formula, flavor, scent, pricing and consumption scenarios, based on which we are able to advise relevant brands on market positioning, promotional content design and activity planning, and other marketing-related decisions. This capability further enhanced recognition and loyalty of our customers.

  Leveraging our position in the FMCG outdoor marketing market, we have established and maintained stable relationships with many FMCG brands, which allows us to effectively hedge the risk of serving a single type of customer or product. For each year during the Track Record Period, revenue from our five largest customers accounted for 22.0%, 18.4% and 15.2% of our total revenue for the same years, respectively. See "Business – Our Customers – Major Customers" in this prospectus.

- ***Consumers.*** Consumers benefit from our marketing services by getting convenient access of a broad range of FMCG products, particularly new FMCG goods most recently launched by emerging and established brands, creating an excited "hunting and encountering" experience that may effectively encourage them actively participate in relevant events. In addition, our extensive coverage of the network of vending machine with interactive marketing functions, each of which stayed at strategically chosen locations and equipped with modules designed to facilitate multi-sensory interactions, allows consumers to enjoy convenient and quick pick-up of goods in a machine-based manner. This feature continuously strengthens consumers' willingness to participate in our marketing campaigns, attract more user traffic, and stimulate the revitalization of our online community.

- ***Venue Operators.*** Our vending machines with interactive marketing functions help commercial properties such as office premises, rental apartments and shopping centers better meet the needs of residents and visitors, and improve the overall living and shopping experience. In particular, we create interesting brand images by hosting creative marketing campaigns to attract more foot traffic and enhance the exposure of commercial properties, which maximizes the value of their residents and visitors.

Our Service

During the Track Record Period, we derived revenue primarily from offering brand customers with marketing services that feature machine-based distribution through immersive and interesting game-themed interactions. By effectively combing our offline network of vending machine with interactive marketing functions and active online platform, we are able to offer brand customers with multi-channel and one-stop marketing services, all of which are driven by our technology capability to achieve efficiency and accuracy. In addition, during the Track Record Period, we also derived revenue from sales merchandise, mainly including goods of high consumption nature, such as beverages, snacks and instant food. We consider that sales merchandise effectively supplements our marketing service business segment, as it not only enhances the attraction of pedestrian flow to our vending machines with interactive marketing functions, which lays a foundation for our continuous expansion and market penetration, but also enables us to accumulate valuable comparable sales data of relevant FMCG goods that are useful for our marketing services.

The table below sets forth a breakdown of our revenue by business segment for the years indicated:

	For the year ended December 31,					
	2021		**2022**		**2023**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Marketing service	376,653	75.0	404,809	73.1	807,971	80.3
– Standard marketing service	342,982	68.3	348,851	63.0	692,195	68.8
– Value-added marketing service	33,671	6.7	55,958	10.1	115,776	11.5
Merchandise sales	104,962	20.9	111,333	20.1	144,320	14.3
Other services	20,753	4.1	37,475	6.8	54,406	5.4
Total	**502,368**	**100**	**553,617**	**100.0**	**1,006,697**	**100.0**

In managing our marketing service business segment, we mainly offer the following two categories of service:

- **Standard Marketing Service**. We charge clients for standard marketing service that mainly comprise design and launch tailor-made marketing campaign for FMCG brand customers, where image and value of served FMCG products get published and format at different types of media. In doing so, we place our own offline vending machine network and online platform at the core value position for overall services provided, where we may effectively serve the key requests of FMCG brand customers by effectively attracting and encouraging target consumers to pick-up served products and leave meaningful feedback and behavior information.

- **Value-Added Marketing Service**. Besides standard services, FMCG brand customers may choose our value-added marketing services, where we design and launch interactive and immersive game-themed events that can serve the marketing purpose to promote and/or enhance sensation of consumers towards relevant FMCG products, while carrying technology-backed interactive and immersive features. In addition, we also charge brand customers for data strategy services, where we provide FMCG product review and analysis based on our evaluation of various perspectives of served FMCG products, including design, packaging, formula, flavor, scent, pricing and consumption scenario, based on which, relevant brand customers may improve their future strategy on market positioning, promotional content design and activity planning, and other marketing-related decisions.

We successfully distinguished us from industry peers by realizing convenient delivery of physical FMCG goods to target consumers, which plays a significant value to brand customers, as the access to and experience of physical products is an important step to build consumer awareness, which can hardly be replaced by online marketing approaches. For details, please also see "– Our Business – Marketing Service" in this section of this prospectus.

Our vending machines serve as our offline touchpoints for consumers. As of December 31, 2023, 98.4% of our vending machines were located in tier one and new tier one cities in China, and substantially all of them were placed in commercial properties with high visitor repetition such as office premises, rental apartments and shopping centers. We deem that our strategical layout of vending machine network constitutes an effective reach to the key FMCG target consumer groups, being the "new middle class" and young consumers represented by "Gen-Y/Z." We believe that the consumption habits and behaviors of people in tier one and new tier one cities and surrounding areas are of great value in analyzing representative indicators and establishing brand awareness for FMCG marketing. As we continue to attract consumers through interesting product experience, convert them into users of our online platform through various measures such as interesting offline marketing campaigns, and enhance user stickiness through membership system, among others, we have successfully built up and expanded a loyal user base. The number of our registered users grew from approximately 37.0 million as of December 31, 2021 to approximately 50.1 million as of December 31, 2023. During the Track Record Period, we distributed approximately 130.9 million pieces of FMCG products to our users.

Our Achievements

Our marketing service have won a series of awards and recognitions. In 2021, we won the Little Giant of Science and Technology Award under the Science and Technology Innovation Action Program of Shanghai (上海市科技創新行動計劃項目科技小巨人). In 2016, we obtained the High and New Technology Enterprise Qualification jointly issued by Science and Technology Commission of Shanghai Municipality, Shanghai Department of Finance and Shanghai Municipal State Taxation Administration and renewed such qualification in 2019 and 2022, respectively. In 2023, we obtained Top Brand Innovation Award – Annual Marketing Case issued by The Committee of Top Brand Innovation.

Leveraging our effective business model and FMCG brands' resilient marketing demands, despite the negative impact of the COVID-19 pandemic, we still achieved a significant growth in business scale during the Track Record Period. The number of our vending machines grew from 4,178 as of January 1, 2021 to 7,543 as of December 31, 2023, and our revenue from marketing service business grew from RMB376.7 million in 2021 to RMB808.0 million in 2023.

As our business grows, our financial performance continues to improve. In 2021, 2022 and 2023, our revenue was RMB502.4 million, RMB553.6 million and RMB1,006.7 million, respectively. Excluding the effect of fair value loss on financial liabilities at FVTPL, share based compensation expenses and listing expenses, our adjusted profit (a non-IFRS measure) would be RMB52.3 million, RMB78.2 million and RMB200.7 million in 2021, 2022 and 2023, respectively. For details, see "Financial Information – Non-IFRS Measures."

OUR STRENGTHS

A market participant of FMCG Outdoor Marketing Service in China with High Growth Rate

We are a marketing service provider in China's FMCG outdoor marketing market. Since we first launched our marketing service business in 2014, we have leveraged our rich experience, deep FMCG industry insights and technical capabilities, so as to achieve a rapid growth during the Track Record Period and establish an outstanding market position in the industry. According to CIC, FMCG outdoor marketing market accounts for 6.4% market share of the FMCG marketing market in 2023. We are the fourth largest FMCG outdoor marketing service provider in China in terms of revenue in 2023, with a market share of approximately 1.2%, while the largest market player had a market share of 14.3%. Our revenue generated from marketing service increased by 7.5% from RMB376.7 million in 2021 to RMB404.8 million in 2022, and further increased by 99.6% to RMB808.0 million in 2023.

With the increasing diversification of consumer demand and the steady increase of per capita disposable income, the FMCG industry has maintained a rapid growth in recent years, which will further drive the expansion of FMCG marketing industry. According to CIC, the market size of FMCG marketing is expected to reach RMB903.5 billion in 2028. Attributable to the prevalence of IoT technologies and the pain points commonly seen in FMCG brands' marketing, the FMCG outdoor marketing market has vigorous market opportunities and huge growth potential. According to CIC, the FMCG outdoor marketing market is expected to grow from RMB41.3 billion in 2023 to RMB67.1 billion in 2028, at a CAGR of 10.2%. Leveraging our market position, we are well positioned to benefit from these rapid growth opportunities.

Our vending machines integrate various functional components to achieve multi-sensory displays and interactions such as image recognition, audio interaction and scent emitting, so as to attract target consumers and maintain daily visits. Consumers can easily locate the closest vending machine through our online platform by user positioning, complete interesting interactive tasks through various sensors on the vending machine, and then obtain their selected products therefrom. In our daily business operation, we can also realize real-time remote monitoring and management of consumer goods in the vending machines through technologies. These technical advantages enable us to solve the pain points commonly seen in FMCG brands' marketing, such as high cost and low efficiency in reaching consumers through physical goods, and help brands obtain accurate and authentic consumer feedback in a timely manner. The multi-sensory functional components in our vending machines also enable us to bring consumers a fresh and interesting consumer experience, which enhances their willingness to participate in more marketing activities.

Leveraging our deep FMCG industry insights and technical capabilities, we achieved a rapid growth during the Track Record Period. The number of our vending machines increased from 4,178 as of January 1, 2021 to 7,543 as of December 31, 2023, with a nationwide coverage of 22 cities in China. During the Track Record Period, our marketing service served 472 brand customers, covering key FMCG industry sectors such as beverages, food, cosmetics and daily necessities. In 2021, 2022 and 2023, we had 27, 28, and 47 KA customers for our marketing service business, respectively, with an average revenue per KA customer in the amount of RMB10.5 million, RMB11.4 million, and RMB13.8 million, respectively. These KA customers have a stable relationship with us, with an average of over two years of cooperation history as of December 31, 2023. In 2021, 2022 and 2023, our revenue were RMB502.4 million, RMB553.6 million, and RMB1,006.7 million, respectively. Excluding the effect of fair value loss on financial liabilities at FVTPL, share based compensation expenses and listing expenses, our adjusted profit (a non-IFRS measure) would be RMB52.3 million, RMB78.2 million and RMB200.7 million in 2021, 2022 and 2023, respectively.

Strategic Layout of Marketing Network with Effective User Reach

FMCG brands' target consumers, especially the "new middle class" and young consumers represented by "Gen-Y/Z", are increasingly adapted to obtaining and sharing product information and completing consumptions through vending machines connected to the Internet. However, for key FMCG industry sectors such as beverages, food, cosmetics and daily necessities, the access to and experience of physical products is an important step to build consumer awareness, which can hardly be replaced by online marketing approaches. Meanwhile, in order to meet consumer needs for product innovation and personalized differentiation, FMCG brands continue to enrich SKU categories and speed up iterations, which results in a gradual shortening of product life cycles. This has led to an increase in the frequency of marketing activities, and put forward higher standards for the accuracy of consumer feedback in order to precisely grasp consumers' increasingly diversified needs.

Leveraging our technical advantages and industry experience, we believe that our marketing service can solve the pain points commonly seen in FMCG brands' marketing. We have achieved an effective user reach through our standard marketing model, which has strengthened our industry influence among brands and consumers, and enabled us to establish a solid position in the market. We cooperate with a large number of brand customers to launch interesting marketing campaigns, so as to convert target consumers to users of our online platform. Our online platform provides additional user touchpoints in the forms of tasks, posts and other activities, offers users continual opportunities to obtain and experience products at a try-me discounted price or for free, and provides brand customers with online marketing scenarios while attracting more users. We also enhance user loyalty through the membership system of our online platform.

In order to effectively reach the key FMCG target consumer groups, we strategically plan our layout of vending machine network. As of December 31, 2023, 98.4% of our vending machines were located in tier one and new tier one cities in China, and substantially all of them were placed in commercial properties with high visitor repetition. In addition, we constantly monitor the operation of the vending machines and adjust the locations accordingly in order to maximize their economic efficiency. Through our strategic layout of vending machine network and good product experience, we continue to increase penetration and optimize consumer coverage, so as to improve the convenience and enthusiasm for consumers to participate in our marketing campaigns.

Leveraging our strong online and offline consumer appeal, constantly optimized vending machine network and standard marketing scenarios, we are able to continuously enrich consumption data and generate accurate consumer feedback and behavior information, which, on the one hand, further enhances our influence among brands and strengthens our ability to serve more FMCG products, while on the other hand, further improves our ability to deliver interesting feelings to consumers, thus creating a virtuous cycle for our business.

Refined Operation Capabilities and In-Depth Industry Insights

Our success depends on sophisticated operational capabilities backed by strong technical support and in-depth industry insights, which guaranteed our continued success. These competitive advantages allowed us to address the challenges of large-scale marketing events, deliver high-quality marketing service, so as to meet brands' expectations and improve our profitability.

Leveraging our technology-empowered operation system, we are able to achieve convenient product distribution and interesting product experience through users' interaction with our vending machines, and at the meanwhile, real-time remote monitoring and management of consumer goods for retail through the vending machines. By implementing digital operations, we continued to reduce operating costs and improve profitability during the Track Record Period. As we optimize the layout of our vending machine network and increase penetration, we are able to achieve our strategic operational goals, including continuous improvement in managing operation and maintenance costs. Based on these efforts, as of December 31, 2023, the number of vending machines managed by our operation and maintenance team per capita reached 92, which is higher than the industry average management efficiency of 40 to 50 terminals per capita, according to CIC.

In order to ensure that our vending machines continue to bring freshness to surrounding communities to maintain their activity, we focus on real-time monitoring, adjustment and replenishment of the consumer goods placed in the vending machines through technologies. We have realized the individualized management of vending machines through analysis and prediction of consumer behavior of the surrounding consumer groups based on historical statistics. Specifically, through IoT and big data capabilities, we analyze in detail the information related to product distribution and consumer goods retail collected and transmitted by the vending machines, thereby to achieve efficient planning of consumer goods selection and replenishment, so as to optimize the vending machines' operational efficiency. Moreover, even in the same consumption scenario, such as shopping centers, vending machines located at different points are able to achieve optimization of SKU selection, quantity, filling rate and cargo lane layout of the goods placed in the vending machines, based on the differentiated characteristics of expected foot traffic and preset goals of marketing activities. This enables us to optimize our consumer reach while maximally motivating consumers to complete tasks involving interaction with our vending machines, thus achieving efficient and high-quality collection of consumer feedback.

We focus on in-depth insights into the characteristics of different brands and products and the behavioural habits of relevant consumer groups to design interesting marketing campaigns. Through customized and differentiated marketing strategies, market launch timing and interaction models, we are able to achieve the expected promotional effects for our brand customers. In particular, we utilize our big data capability to collect consumer information and feedback, including consumers' age, gender, location, consumption habits, goods selection preferences, among others. Through an automated labeling, we can achieve a rapid generation of consumer portraits. Leveraging our long-term experience in serving a large number of FMCG brands and a wide variety of FMCG products, and our technical advantages, we continue to optimize the interaction process, product survey content design, and consumer feedback submission mechanism. These technology-based operational capabilities enable us to provide valuable consumer preference analysis to FMCG brands.

Leveraging our refined operation capabilities, we have created a number of benchmark cases in various industry segments, which helped us gain profound industry insights, quickly develop and penetrate industry segmented tracks, and grasp market opportunities to assist FMCG brands to incubate newly emerging brands.

High-Quality and Well-Structured Customer Base

Leveraging our strong technical strengths and market position, we have established stable cooperative relationships with a large number of FMCG brands, including established brands with strong market appeal as well as emerging brands with huge growth potential. In the FMCG industry, established brands are typically founded before 2015, have a significant level of consumer awareness within a specific industry segment or nationwide market coverage, and an annual revenue of at least RMB100 million, while emerging brands are those established in or after 2015, or have a local or regional market coverage, including those with an annual revenue of less than RMB100 million, according to CIC. Our ability to serve brands with significant differences in terms of FMCG subsectors, product categories, brand connotations, history and personalization of target consumer groups, has well demonstrated our profound industry insights and market recognition. Such ability also enables us to build a complementary and synergistic customer structure that allows us to effectively reduce the risk brought by a single type of customer.

With the rise of young consumer groups, established brands devote great efforts to launch new products, while innovating mature products from the perspectives of taste, formula, packaging, market positioning and brand image, in order to better meet young consumers' demands for diversified and interesting experience. Meanwhile, emerging brands also launch new products with differentiated competitiveness. These brands need to quickly reach the widest and most representative consumer groups in order to build brand awareness, and obtain accurate and authentic consumer behavior information, so as to adjust their marketing strategies and product design and positioning to ensure successful business operation.

Currently, offline marketing channels typically focus on brand exposure rather than consumer reach through physical products, and consumer traffic of online marketing channels is close to saturation, which result in higher consumer acquisition costs. Leveraging our standard marketing model, we are able to achieve an efficient consumer traffic conversion through interesting interaction between users and our vending machines and user traffic direction from offline vending machine to online platform, so as to assist brands to achieve efficient and cost-effective consumer acquisition.

During the Track Record Period, we served a total of 472 brand customers, and had a particular success in the industries of beverages and food. In 2021, 2022 and 2023, our marketing service served 27, 28, and 47 KA customers, respectively. Leveraging our effective business model and strong service capabilities, we have established stable relationships with our KA customers, with an average of over two years of cooperation history as of December 31, 2023. Particularly, the average revenue per customer of our KA customers increased from RMB10.5 million in 2021 to RMB13.8 million in 2023. This has demonstrated our value propositions to brands. With respect to our non-KA customers that are typically small and medium-sized companies, we have become their partner of choice for rapid market rollout, and assisted them to significantly expand their consumer base.

Strong Research and Development Strengths and Technological Capabilities

Technology is an important guarantee of our success. We continue to invest in the development of technologies and their application in all key aspects of our business operation. As of the Latest Practicable Date, we had obtained 14 patents based on our multi-functional vending machines and automated operation system.

Our vending machine is the core device to attract and reach consumers. Since we first launched our vending machines in 2014, we have been constantly undergoing hardware and software iteration. As of the Latest Practicable Date, we had iterated our vending machine to the fifth generation, and achieved breakthroughs in functionality leveraging our proprietary technologies. In particular, our vending machine assembles various functional components to achieve multi-dimensional product display and users' interaction with our vending machines, such as physical product distribution, image recognition, audio interaction and scent emitting. For example, the camera realizes instant judgment of user profiles such as gender, the microphone realizes voice recognition and communicates with users in real time, and the scent emitting system enables multi-sensory experience.

In addition, we utilize IoT technology to enable real-time monitoring and management of consumer goods placed in the vending machines, and to combine different product SKU compositions according to diversified marketing needs through the vending machine's cargo lane system. Leveraging our operation system empowered by big data and algorithm technologies, we are able to implement multiple marketing activities at the same time, and realize real-time interaction between a large number of users and our system. Moreover, we are capable to support the smooth implementation of marketing campaigns by real-time adjustment to goods selection, accurate prediction of goods supply and replenishment, and flexible cargo lane arrangement of the vending machines.

Experienced Management Team with Rich Industry Experience and Entrepreneurship

Our Group is under the leadership of our founder and chairwoman of the Board of Directors, Ms. Yin. Our management team possesses forward-looking vision and broad experience in the FMCG marketing industry, especially the outdoor marketing sector. With their industry experience, we are able to achieve continuous development and sustainable growth. In particular, Ms. Yin has over 20 years of experience in the technology and marketing industries, as well as outstanding business innovation and management skills. Realizing the pain points of FMCG brands' marketing, Ms. Yin founded our Group in 2013. She was awarded the "Eleventh Batch of Top Talents in Shanghai Yangpu District" in 2022 in recognition of her outstanding achievements and contributions in entrepreneurship. Other members of our management team also have top-notch backgrounds in relevant industries and extensive operational and management knowledge. For example, Mr. CAO Liwen (曹理文), our vice president of sales, has over 25 years of marketing experience, backed by strong marketing knowledge and outstanding industry backgrounds. For further details on the background and experience of our directors and senior management, see "Directors and Senior Management" in this prospectus.

We believe that our business operation and prospect will constantly benefit from the in-depth insights, analytics capabilities, and industry experience of our Directors and senior management. We will be able to maintain high awareness of industry movement and market opportunities, promptly respond to evolving industry trends, and achieve further organic growth under the leadership of our Directors and senior management.

OUR STRATEGIES

To achieve our vision to become a leading FMCG marketing service provider, and further consolidate our market position, we propose to implement the following strategies:

Further Optimize and Expand our Vending Machine Network Layout and Improve Effective Consumer Reach

We will continue to observe and evaluate the changes in the behavior of target consumer groups in different cities and regions, and optimize and expand our vending machine network. We will continuously improve our ability to empower brands to strengthen their market influence and brand value, enhance their consumer acquisition capability, and obtain accurate, authentic and prompt consumer feedback, thus to further enhance our service ability.

To optimize and expand our vending machine network layout, we will review city heat maps and development plans, and conduct on-site visits to observe the population density and daily foot traffic in the target regions. We will take into account the characteristics of selected locations, including the compatibility of various target consumer groups and consumption scenarios in shopping centers, office premises and rental apartments to determine whether and where to place our vending machines. In particular, we will keep focusing on the penetration trend in tier one and new tier one cities in China. Through a comprehensive evaluation of the density and efficiency of our vending machine network, we will shorten the radius to reach target consumers, minimize their cost to experience products, and further improve consumer access, thus to further enhance our profitability.

Focus on User Operation and Customer Needs to Broaden and Enrich Marketing Service Offerings

As a strategic goal, we will continue to provide brands with one-stop marketing service while also broadening and enriching our service offerings. We will empower brands with greater value from multiple perspectives, optimize and diversify the structure of our revenue source, so as to continuously increase our market share. We believe our service capability will also create opportunities for additional sales and cross-selling among different business segments, which will further enhance our profitability.

We will continue to study FMCG brands' unmet needs for promotion and consumer operation, analyze their brand positioning, and assist them to efficiently reach target consumers and implement their marketing campaigns. We plan to further our online marketing content cultivation so as to improve user operation, monetization and retention. Based on abundant consumer feedback and retail sales data, we plan to utilize big data and algorithm technologies to build an in-depth understanding of consumer preferences and consumption patterns in different regions to unlock the potential of “best-selling” products, so as to further strengthen our competitive advantages. We will leverage the technical and network coverage advantages of our vending machines to design creative marketing campaigns to further impress target consumers, and deliver greater social communication value, so as to assist brands to achieve consumer tracking and conversion. Through a combination of robust online user operation and offline marketing campaign implementation, we will continue to enhance the breadth, depth and activeness of our user community.

Continue to Expand Brand Customer Base and Create Benchmark Marketing Cases in Various Industry Segments

Leveraging our successful cases in integrated marketing service, we will continue to gain insight into the pain points and development trends in the FMCG marketing industry, to strategically select industry segmented track, and to create benchmark cases, thereby to further improve our industry reputation, expand our brand customer base and optimize our customer composition to create more growth opportunities. As we expand our brand customer base, we will be able to provide consumers with a richer and higher quality portfolio of new products. This will help us further solidify user retention and enhance repeat purchase, and in turn improve the exposure and marketing of new products to form a virtuous cycle.

While we will increase our penetration in the existing dominant FMCG industry sectors including beverages and food, we will continue to make efforts in cosmetics and other sectors. We will leverage our longstanding strengths in serving a variety of established brands to promote the connection between established brands and emerging brands with differentiated strategies and approaches. This will build brand awareness among target consumer groups. We plan to continue to strengthen our business development team to seize new product launch opportunities and identify untapped market demands in more segmented tracks of the FMCG industry, which will expand our customer base, reinforce our market position and enhance our profitability.

Further Invest in Technology Research and Development to Improve User Experience and Operation Efficiency

We will continue to invest in technologies to optimize our technology infrastructure, to improve our innovation capability of interactive marketing service, to enlarge our user base, and to achieve better marketing effects. To this end, we plan to focus on these perspectives:

- ***Continuous Upgrading and Optimization of Vending Machines***. We will continue to develop and upgrade the key hardware devices and software functions, including sound and image capture, object perception, scent emitting, and high-density information transmission and analytics.

- ***Improvement in Algorithms and Data Analysis Capabilities***. We will continue to improve our operation system, including developing middle- and back-office systems to enhance the compatibility between operating modules and the digitization of business process management to achieve higher operation efficiency with lower labor costs. We will also strengthen our technical capabilities for merchandise management, and enhance inventory transparency and flexibility through back-office remote monitoring and real-time analysis.

We will recruit top technical talents and improve our talent cultivation program to strengthen our core competitiveness in research and development. We will expand our talent pool specializing in software and hardware development, algorithm and data analysis to meet our evolving business needs.

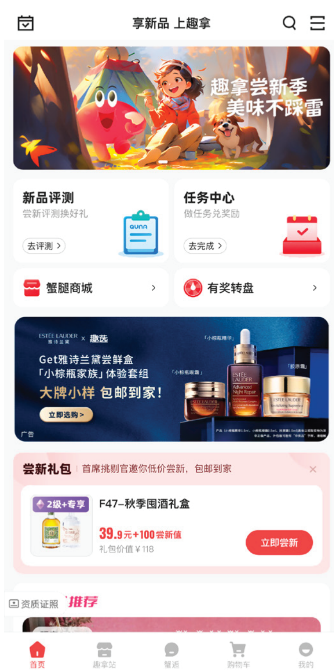
Selectively Pursue Strategic Alliances, Investments and Acquisitions for Long-Term Growth

As a complement to our organic growth strategy, we will prudently and selectively pursue strategic alliances or potential investments and acquisitions to drive our growth and improve our ecological footprint. We intend to focus on targets that have synergies with our business, particularly those that can enrich our service offerings, enhance our content production capabilities, enlarge our customer base, strengthen our technical capabilities and reinforce our market position. As of the Latest Practicable Date, we did not have any specific alliance, investment or acquisition targets.

OUR BUSINESS

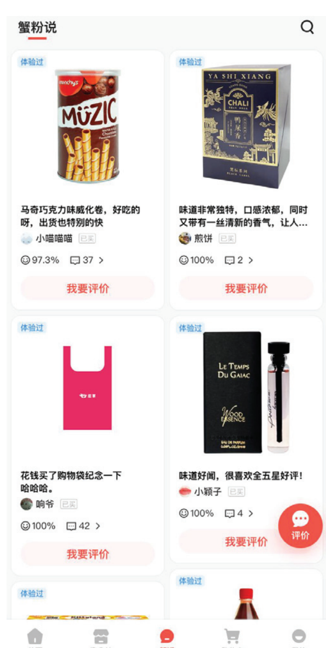
We merge offline and online channels with a complete, integrated system powered by technologies to offer consumers an interesting experience on FMCGs, and to provide brands with multi-channel and one-stop marketing service. Leveraging our vending machines placed in strategically selected sites and our online platform, we connect brands with their target consumers when the target consumers visit and use our vending machines, register with us through our online platform, and become our users. If interested in the FMCG products presented by our vending machines or online platform for consumer experience purpose, users can complete a designated task or pay a try-me discounted price through online platform, and then pick up the products from the nearby vending machines they selected with the QR code they have received. After trying the products, users can give their feedback on the products, make recommendations for improvement, and share their experience on social media platforms, such as posting on Weibo or WeChat Moments.

Our online platform comprises a mobile app named "Quna (趣拿)" and WeChat mini programs. Our mobile app integrates all of the functions and routes that users can access our online platform, while our WeChat mini programs are simplified version of our mobile app, providing users with a selection of functions and routes to meet different consumer needs. The following pictures illustrate the major functions of our mobile app.



Home page provides access to various functions such as new product evaluation, user task center and FMCG product promotion

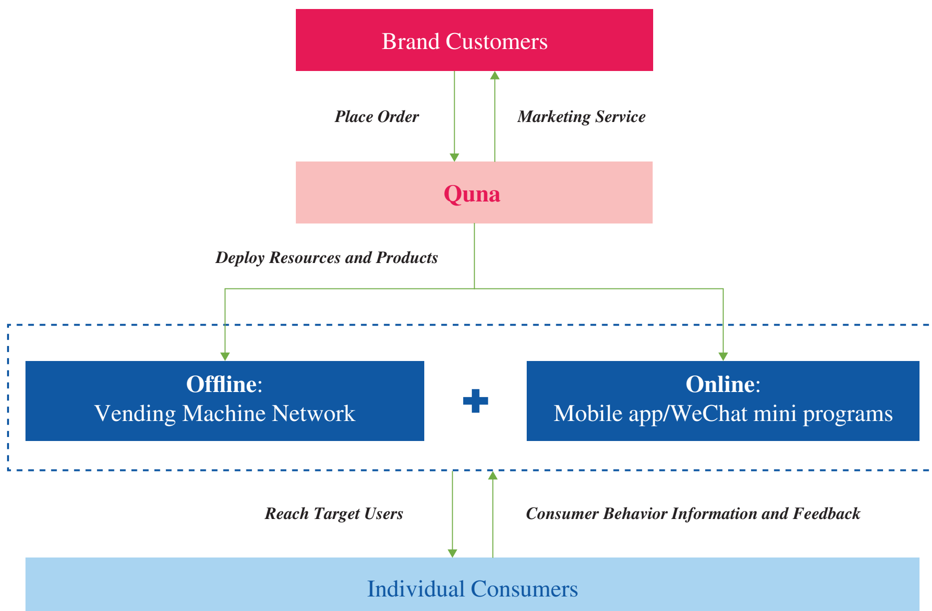
"Quna station" provides various FMCG products for retail



"Crab rendezvous (蟹逅)" provides routes to evaluate products

"My account" provides various functions and routes relating to users' transactions and actions

Leveraging our standard marketing business model and in-depth insights into consumers preference and behavior, we enable FMCG brands to launch and promote their products efficiently and cost-effectively, obtain real consumer feedback with higher accuracy, and adjust the products in a timely manner to better adapt to the market demand and consumer preference. The following diagram illustrates how we operate our marketing service and merchandise sales businesses:



To better serve the purpose of market testing and comparison between competing products, we also utilize our vending machines to sell FMCG products to consumers, through which we are able to attract and stimulate consumers to approach and use our vending machines more often for their daily shopping demand, thus promoting and enlarging a loyal user base that stay within close proximity and constantly walk past relevant vending machines for the benefit of our marketing service business. In addition, by facilitating sales of selected types of FMCGs that we strategically placed along with our brand customers' products that we are promoting or studying, we are able to derive valuable behavior information of key consumer groups regarding how they select between these goods. Moreover, sales of FMCGs allow us to fully utilize the operational capacity of such vending machines, which enhances our overall operation efficiency and increase our revenue and profit.

During the Track Record Period, we derived the majority of our revenue from service fees from brand customers procuring our marketing service, and also generated revenue from merchandise sales of FMCGs to individual consumers. Brand customers generally pay us through bank transfer. Individual consumers generally place purchase orders on our vending machines directly, or on our online platform and pick up their purchased goods from nearby vending machines. As our vending machines do not collect cash as a payment method, consumers placing purchase orders on our vending machines are then directed to our online platform to make payments. Our online platform collects payments from individual consumers through third-party online payment channels or platforms, to whom we pay processing fees calculated at a rate based on the amount of payment from individual consumers. Our principal business segments in terms of revenue during the Track Record Period primarily include:

(i) **Marketing Service**. We leverage our operation system integrating offline and online channels to provide one-stop marketing service to our brand customers, which primarily consists of:

(a) ***Standard Marketing Service***. As the backbone of our marketing service, our standard marketing service aim to help brands in the FMCG industry to enhance brand awareness, and reach and acquire target consumers in a way that is more efficient and cost-effective than other commonly seen approaches. We design and implement creative offline marketing campaigns to promote brands and products, utilize online and offline channels and third-party media resources to provide promotion services, and assist brand customers to distribute a large number of FMCG products to individual consumers through our vending machines. In managing this business line, we charge brand customers service fees on a project basis taking into account various factors, including the scale, duration and complexity of the project, scope of work, costs of labor, venue and media resources, the number of vending machines used, and any special request from the brand customers.

(b) ***Value-Added Marketing Service***. Leveraging technologies including IoT, AI, big data and algorithm, we offer various value-added marketing service to meet our brand customers' diversified needs to further deepen consumer impression, optimize marketing strategy and improve product competitiveness. We design and develop multi-sensory interaction modules to provide users with interactive experience through our vending machines and online platform, thus to provide consumers an interesting experience of the brands and products. We derive valuable consumption behavior information and consumer feedback generated from users' experience in trying FMCG products, and provide brand customers an in-depth and comprehensive insight into the market positioning of their brands and products. We also use AI technology to design and produce marketing contents and materials based on the individual promotional needs of our brand customers. In managing this business line, we charge variable service fees based on the volume and complexity of information to be processed, scope of work and costs of labor and technology resources.

(ii) **Merchandise Sales**. We leverage our strategically planned vending machine network and data-driven operation system to digitalize and automize the retail of FMCG products alongside our distribution of FMCG products that we promote and study for brands. Such FMCG products for retail primarily consist of beverages, food, cosmetics and daily necessities, with categories and selection of products in specific industry segments typically matching those of FMCG products that sourced our marketing service, in terms of brand positioning, consumer preference and pricing, among others. We derive revenue from this business segment primarily from retail sales of merchandise.

(iii) **Other Services**. During the Track Record Period, in recognition of our technology capabilities and software development and project management expertise, many customers engaged us to develop IT system, as well as customized software, covering IoT technology utilization, information sharing and analysis, and IT platform development. In managing this business segment, we generally charge customers for our services on a project basis, taking into account the project complexity and human resource costs incurred by our research and development team. Customers of this business segment are corporate clients which generally do not overlap with our brand customers of marketing service.

FMCG brands typically invest more in marketing and promotion in the second half of a calendar year. Thus, we generally expect a higher level of brand customers' procurement of our marketing service in the third and fourth quarters of each year.

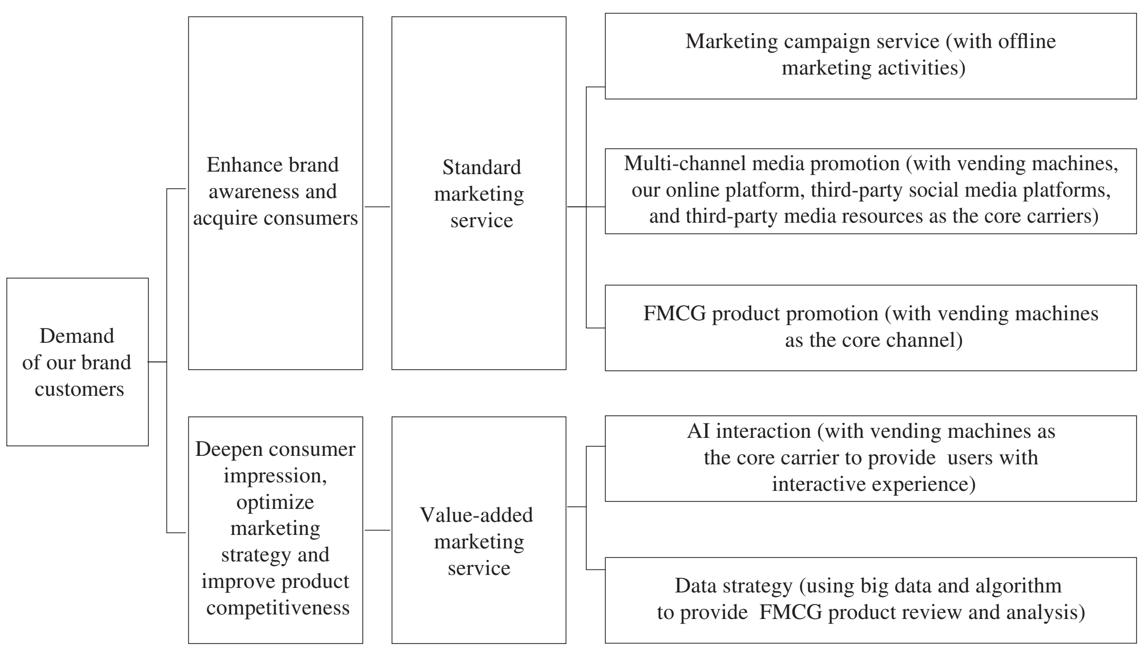
In 2021, 2022 and 2023, our total revenue was RMB502.4 million, RMB553.6 million and RMB1,006.7 million, respectively. The following table sets forth the revenue generated from each of our business segments, in absolute amounts and as percentages of total revenue, for the years indicated:

	For the year ended December 31,					
	2021		**2022**		**2023**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Marketing service	376,653	75.0	404,809	73.1	807,971	80.3
– Standard marketing service	342,982	68.3	348,851	63.0	692,195	68.8
– Value-added marketing service	33,671	6.7	55,958	10.1	115,776	11.5
Merchandise sales	104,962	20.9	111,333	20.1	144,320	14.3
Other services	20,753	4.1	37,475	6.8	54,406	5.4
Total	**502,368**	**100**	**553,617**	**100.0**	**1,006,697**	**100.0**

Marketing Service

Our marketing service business consists of (i) standard marketing service, primarily comprising marketing campaign service, multi-channel media promotion and FMCG product promotion, which further includes FMCG product distribution and FMCG product shelving, and (ii) value-added marketing service, primarily comprising AI interaction and data strategy. Standard marketing service is the backbone of our marketing service, which aims to help our brand customers to enhance consumer awareness and achieve consumer acquisition in an efficient and cost-effective manner. Value-added marketing service aims to empower our brand customers to further deepen consumer impression, optimize marketing strategy and improve product competitiveness through technologies applied in our business process.

The below diagram generalizes the differences and features of our marketing service offerings:



Our marketing service covers both new products and mature products in the FMCG industry, with a focus on the strategic marketing, promotion, distribution and consumer preference test of new products. New products refer to products with new brands, categories, tastes, formulas, packaging or shapes that have been launched in the market for less than one year, and mature products refer to products that have been launched for over one year. During the Track Record Period, we provided marketing service for approximately 1,400 SKUs of products, among which a majority are new products. The following table sets forth the number of SKUs of products that sourced our marketing service, grouped by new products and mature products, for the years indicated:

	For the year ended December 31,		
	2021	**2022**	**2023**
Number of product SKUs			
New products	347	228	245
Mature products	242	154	203
Total	**589**	**382**	**448**

Our marketing service covers a variety of FMCGs, with a focus on beverages and food. We have also been expanding to other FMCG sectors such as daily necessities and cosmetics. The following table sets forth a breakdown of the SKUs of products that sourced our marketing service, by major categories of FMCGs, for the years indicated:

	For the year ended December 31,		
	2021	**2022**	**2023**
Number of product SKUs			
Beverages	221	186	116
Food	274	107	142
Daily necessities	48	60	118
Cosmetics	46	29	72
Total	**589**	**382**	**448**

The number of product SKUs decreased from 2021 to 2022 primarily because the FMCG industry was negatively impacted due to the macro economy and the resurgence of COVID-19 pandemic in 2022. In responding to these challenges, we focused on serving and maintaining existing brand customers that had relatively longer cooperation histories and higher revenue contributions, and invested less resources in developing potential brand customers especially those small and medium sized companies. Therefore, the number of our KA customers maintained stable while the number of non-KA customers decreased from 147 in 2021 to 102 in 2022, which resulted in the decrease in the number of our brand customers and product SKUs in the same years. However, leveraging our continuously refined operation and enhanced service capabilities, we managed to increase the average revenue per customer in 2022, which contributed to the increase of our revenue from marketing service business in the same year. See "– Our Customers."

Our marketing service, encompassing standard marketing service and value-added marketing service, are generally provided to our brand customers on a project base. The following table sets forth the average duration, typical fee range and average contract value of our marketing projects during the Track Record Period:

	For the years ended December 31,		
	2021	**2022**	**2023**
Average duration[1]	18 days	17 days	13 days
Typical fee range[2] *(RMB'000)*	5-10,000	10-6,528	1-27,000
Average contract value *(RMB'000)*	825	947	807

Notes:

(1) The average duration calculates the average time spent for displaying promotional contents and posts on multi-media channels, exclusive of our time spent on early-stage preparation work, such as designing and preparing marketing strategies and marketing plans, and producing marketing materials and promotional contents and posts.

(2) Since our marketing projects are highly customized, we had a broad fee range, leading to significantly lower low end of fee range during the Track Record Period.

As our marketing service under each project is typically implemented and delivered in one week to three months, during the Track Record Period, our backlog contract value of marketing projects as of the end of a period is significantly lower that the revenue of marketing service for that period. During the Track Record Period and up to the Latest Practicable Date, attributable to our continuously refined operation and experience in project management, we had not encountered any material project delays or cost overruns. The following table sets forth our backlog contract value of marketing projects at the beginning and the end of each year during the Track Record Period:

	For the years ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Backlog contract value (tax included) at the beginning of the year	11,470	12,317	5,220
Backlog contract value (tax included) at the end of the year	12,317	5,220	6,230

We monitor our quality and efficiency when serving our brand customers. Since November 2022, we strengthened our project execution and management, which contributed to our increasing efficiency to complete our marketing projects. Specifically, we optimized our project execution procedures, set project milestones and deadlines, distributed workloads and assigned specific tasks to project execution team members, strengthened internal updates on project execution progress, and enhanced customer communication and quality control in order to ensure and expedite collection of our service fees. Therefore, our backlog contract value at the end of 2022 was significantly lower than that as of the end of previous years during the Track Record Period. As we experienced a steady growth in 2023, our backlog contract value as of December 31, 2023 increased.

Standard Marketing Service

Our standard marketing service consolidates offline and online distribution and communication channels to enable brands to reach their target consumers and enhance brand awareness. Through a combination of marketing service utilizing novel and traditional promotion channels, we enable brands to expand target consumer coverage, shorten time for market launch, save on promotion costs and amplify marketing effects.

Our standard marketing service offers one-on-one exclusive targeted marketing service to our brand customers in one single project by providing marketing campaign service, multi-channel media promotion and FMCG product promotion channels. We design marketing strategies, formulate marketing plans and implement marketing campaigns to tailor to the differentiated brand image and product positioning, and to meet the diversified marketing needs, of our brand customers. We accommodate brand customers with media resources including our online platform, LCD screens and shells of our vending machines for them to select to present their products and brands. Our online platform also provides routes for consumer traffic direction to the brand customers' own sales and marketing channels such as Tmall flagship shop and WeChat official account. In addition, we post on social media platforms such as Weibo, Douyin and Xiaohongshu for brand and product promotion. Moreover, in order to better meet our brand customers' diversified promotion needs, we also procure third-party media resources primarily consisting of SMS data packages and social media platform resources for them to acquire consumers through more channels. As an integral part of our standard marketing service package, we provide product distribution channels to our brand customers. They may select the specific cities and sites, number of vending machines used and time duration for product distribution to their target consumers.

Leveraging our data and algorithm capabilities, we are able to launch standard marketing projects within one to two weeks following the brand customers' placing of service orders. Such duration is significantly shorter than that by using traditional marketing methods such as launch on supermarket shelves and on-site promotion deploying significant human resource. Such service capabilities enable us to assist brand customers to quickly grasp market opportunities in launching new products and building consumer awareness. The duration for implementing and delivering our standard marketing projects typically ranges from one week to three months.

In 2021, 2022 and 2023, approximately 68.3%, 63.0%, and 68.8% of our total revenue, respectively, was attributable to standard marketing service. For the same years, we had 171, 118, and 285 brand customers that procured our standard marketing service, respectively.

We provide standard marketing service to our brand customers in a standardized marketing template, with various marketing service modules typically combined in one package. We preliminarily priced each marketing service module on different basis. For example, with respect to standard marketing service provided to a convenience food brand customer in 2023, we priced promotional content display on our mobile app/WeChat mini program opening screen for RMB200,000 per day, and display on our app/WeChat mini program home page banner for RMB36,000 per day, and promotional content display on our vending machines LCD full screen for RMB6,000 per vending machines per week. We then applied differentiated discount to each standard marketing service module considering various factors including the scale, duration and complexity of project, among others.

The following table sets forth a breakdown of revenue from standard marketing service by type of service, for the years indicated:

	For the years ended December 31,					
	2021		2022		2023	
	Revenue	%	Revenue	%	Revenue	%
	RMB'000		*RMB'000*		*RMB'000*	
Marketing campaign service	26,823	7.8	7,356	2.1	7	0.0
Multi-channel media promotion	194,100	56.6	250,120	71.7	590,451	85.3
FMCG product promotion	122,060	35.6	91,375	26.2	101,738	14.7
Total	**342,982**	**100.0**	**348,851**	**100.0**	**692,195**	**100.0**

As we continue to refine operational capabilities and deepen industry insights, our revenue from standard marketing service steadily increased during the Track Record Period. Particularly, revenue from multi-channel media promotion increased significantly in 2023, as we continue to expand our marketing service portfolio and optimize our service modules to meet brand customers' evolving marketing needs.

Within our standard marketing service, marketing campaign service typically involves offline themed events without AI interactions. During the Track Record Period, our revenue derived from marketing campaign service decreased from RMB26.8 million in 2021 to RMB7.4 million in 2022 and further to RMB7,000 in 2023. This was primarily driven by our customers' increased preference in choosing offline events with AI interactions, as alternatives to our marketing campaign service. In response to market demand, we significantly expanded our efforts to develop offline marketing activities featuring AI interactions during the same period. These activities, centered around AI interactions, fall within our value-added service segment. Consequently, there was an increase in our revenue derived from value-added services during the Track Record Period, while our revenue derived from marketing campaign services declined during the same period. For details and as examples, see "– Our Top Ten Marketing Projects – For the year ended December 31, 2023."

Marketing Campaign Service

Our marketing campaign service primarily focuses on providing planning, design, and production of marketing materials for offline themed events without AI interactions. Additionally, we offer vending machine rentals and on-site personnel support as needed for such events. We plan and implement creative marketing campaigns to promote brands and products, and in the meanwhile, our platform "Quna (趣拿)" and marketing service. Leveraging users' interesting interactions with our vending machines, combined with interesting marketing activities, our marketing campaign service brings a win-win solution for enhancing brand awareness for both our brand customers and us.

We host offline marketing campaigns based on our own intellectual properties, in which multiple brand customers participate as sponsors, and various brands and products are showcased and displayed. For example, we launched our annual marketing campaign "99 Quna Festival (99趣拿節)" for the first time in Shanghai in 2015, which had been successfully held for nine sessions as of the Latest Practicable Date. We strategically select the sites where a large number of participants can be involved, such as shopping centers, for hosting our offline marketing campaigns. We implant the elements of the sponsors' brands or products in these marketing campaigns, and utilize our vending machines to provide participants with interactive experience.

Below showcases our "99 Quna Festival (99趣拿節)" in 2022, which is one of our representative offline marketing campaigns.

Time:	September 2022
Location:	Shanghai
Project description:	Our marketing campaign, themed "Uncovering New Treasures", encourages our users to engage in customized interactive activities to earn rewards. We also involved brand ambassadors into the interactive activities to amplify the impact of the campaign.

To capture the tailwind of e-commerce industry, we supplement our offline marketing campaigns with online marketing campaigns such as "Quna Spring Festival Shopping (趣拿年貨節)" and "Quna New Year's Cloud Temple Fair (趣拿新年雲上廟會)", in which we design and produce the digital contents to be displayed on our online platform to create interaction between users and brands. The digital contents can be, among others, interactive applications, and brands and products can be promoted through embedded displays incorporated within these digital contents. During the Track Record Period, our online marketing campaigns helped to mitigate the impact of COVID-19 pandemic on offline marketing events.

Below showcases our "Quna New Year's Cloud Temple Fair (趣拿新年雲上廟會)" in 2022, in which we attracted a large number of users to participate.

Users visit marketing campaign homepage on our online platform

Users select tasks to complete

Users complete tasks and obtain virtual gift points

Users redeem virtual gift points for our New Year's gift package

Time: January to February, 2022

Project description: Users complete a series of designated tasks through our online platform to obtain a gift package. The tasks include daily check-in, new user acquisition, merchandise purchase and consumer feedback, among others. The number of new users increased significantly during the project period, and multiple brand customers' new products were distributed to our existing and new users, which effectively promoted our platform and brand customers' products.

In order to better meet brand customers' diversified needs for marketing campaigns tailored for their brands and products, we also offer customized offline marketing campaigns. We work with brand customers to understand their requirements for project scale and marketing effect, among others, and then design, plan and implement the marketing campaigns. Brand customers typically select the places and number of vending machines involved for the marketing campaigns, which are then carried out by our vending machines with the implanted digital contents, functional modules and shell design tailored for the brands and products. While our marketing campaigns involving multiple brand customers are typically annual or seasonal events, we implemented customized offline marketing campaigns at a significantly higher frequency since such marketing campaigns have a strong flexibility in terms of choice of location, time duration and project scale.

Below showcases our offline marketing campaign customized for JuneYao Dairy (均瑶健康) ("**JuneYao**"), which was held in Shanghai in August 2022.

Multi-Channel Media Promotion

Our multi-channel media promotion offers a comprehensive range of marketing channels, including both online and offline options. Our brand customers have the flexibility to customize their marketing strategies to meet their specific requirements, utilizing various multimedia channels available. Different from the marketing campaign services, these offerings do not center around offline themed events. Rather, they enable brand customers to choose services customized to their goals and preferences.

Our standard marketing model integrating vending machine network and online platform allows us to provide brand customers with an intensive, straight-forward and effective reach to consumers. Our vending machine's ability to interact with consumers enables brands to deliver physical product experience to consumers. It is further complemented by our ability to precisely push promotional content and consumer traffic direction route to target consumers' mobile devices through our online platform and third-party social media platforms to optimize marketing results. Moreover, we procure for our brand customers third-party media resources primarily consisting of SMS data packages and social media platform resources, so as to create our one-stop, multi-channel media promotion service to meet brand customers' diversified needs. Specifically, our service modules primarily include (i) LCD screen display, (ii) online platform display, (iii) vending machine shell display, (iv) consumer traffic direction, (v) social media platform posts and (vi) third-party media resources procurement.

The following table sets forth a breakdown of revenue from multi-channel media promotion by service module, for the years indicated:

	For the years ended December 31,					
	2021		2022		2023	
	Revenue	**%**	**Revenue**	**%**	**Revenue**	**%**
	RMB'000		*RMB'000*		*RMB'000*	
LCD screen display	108,473	55.9	169,150	67.6	266,661	45.2
Online platform display(1)	57,957	29.9	51,621	20.6	65,729	11.1
Vending machine shell display(1)	20,430	10.5	15,491	6.2	10,885	1.8
Consumer traffic direction(2)	–	0.0	–	0.0	–	–
Social media platform posts(3)	244	0.1	75	0.0	–	–
Third-party media resources procurement	6,995	3.6	13,782	5.5	247,176	41.9
Total	**194,100**	**100.0**	**250,120**	**100.0**	**590,451**	**100.0**

Notes:

(1) Revenue decreased in 2022 because brand customers generally increased the proportion of their marketing budget to procure LCD screen display considering it a more efficient channel for content display.

(2) Consumer traffic direction was complimentary and therefore did not generate any revenue during the Track Record Period.

(3) Social media platform posts was complimentary in 2023 and therefore did not generate any revenue in the same year.

The flowing table sets forth a breakdown of number of projects from multi-channel media promotion by service module, for the years indicated:

	For the year ended December 31,		
	2021	**2022**	**2023**
LCD screen display[(1)]	301	324	904
Online platform display[(2)]	308	325	453
Vending machine shell display[(3)]	113	62	50
Consumer traffic direction[(4)]	N/A	N/A	N/A
Social media platform posts[(5)]	10	2	N/A
Third-party media resources procurement[(6)]	65	185	510

Notes:

(1) The project number for this business module is calculated based on the number of orders in the relevant year.

(2) The project number for this business module is calculated based on the number of orders in the relevant year.

(3) The project number for this business module is calculated based on the number of orders in the relevant year.

(4) Consumer traffic direction was complimentary and applicable to all projects during the Track Record Period, therefore we did not list the number of projects here.

(5) Social media platform posts was complimentary in 2023 and therefore the project number was not available in the same year.

(6) The project number for this business module is calculated based on the number of orders in the relevant year.

The following table sets forth the project fee range of each service module under multi-channel media promotion, for the years indicated.

	For the years ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
LCD screen display	4 – 4,095	29 – 4,859	1 – 4,800
Online platform display	5 – 3,346	20 – 2,080	10 – 1,700
Vending machine shell display	5 – 960	2 – 960	99 – 900
Consumer traffic direction(1)	N/A	N/A	N/A
Social media platform posts(2)	7 – 56	30 – 49	N/A
Third-party media resources procurement	20 – 600	9 – 400	2 – 8,728

Notes:

(1) Consumer traffic direction was complimentary and therefore the fee range was not available during the Track Record Period.

(2) Social media platform posts was complimentary in 2023 and therefore the fee range was not available in the same year.

The fee for each service module is calculated on a project basis. The wide fee range for each service module arises from differences in project durations, the quantities of posts, or the volume of third-party media resources procured for such projects.

During the Track Record Period, the unit price for each service module and the relevant pricing methods remained stable. See "– Pricing" in this section. Our revenue generated from LCD screen display service module, online platform display module and third-party media resources procurement module continued to increase, primarily due to the increase of projects for such modules. The revenue generated from vending machine shell display continued to decrease during the same period, primarily due to the change of our brand customers' demand. For example, more of our brand customers chose to conduct marketing activities featuring AI interactions, where vending machine shell display was complimentary for these value-added projects.

LCD Screen Display

The touch screens of our vending machines allow brand customers to place customized still or interactive digital contents. As our vending machines are typically placed at commercial premises with high visitor repetition, our LCD screen display enables brand customers to reach and interact with residents and frequent visitors in the relevant communities, thereby enhancing consumer engagement and provide them with an interesting experience. The pictures below illustrate examples of our LCD screen display service:

Vending Machine Shell Display

The shell of our vending machines represents an effective medium which can be custom-designed according to the brand customers' specific requirements. Furthermore, both sides of the vending machine body, tags of the merchandise display position and merchandise dispensers are media that allow brand customers to appeal to consumers. Pop-up extensions above the vending machine body can also be added to increase the prominence of appearance. The pictures below illustrate examples of our vending machine shell display service:

Online Platform Display

Each time consumers desire to obtain a product that we distribute through our vending machine, they shall use mobile phones to scan the QR code displayed on the vending machine screen, which then directs consumers to our online platform where we display digital contents to promote brands and products. Our online platform also enables exposure of promotional contents to users during their process to obtain products or purchase consumer goods. Leveraging these, we enable brand customers to effectively reach and acquire their target consumers. The pictures below illustrate examples of our online platform display service:

Opening screen display

Home page banner display

Consumer Traffic Direction

A substantial portion of the products we distribute to target consumers are for free. Consumers are typically required to complete a designated task before they can pick up the products from the vending machines. A typical type of such tasks is to become a member or follower of the brand customers' own channel, such as online shop or official account. We provide a smooth route to direct and connect consumers to brands, enabling brands to lower consumer acquisition cost and enhance consumer conversion efficiency. The pictures below illustrate examples of our consumer traffic direction service:

Users select the product they want to experience on online platform

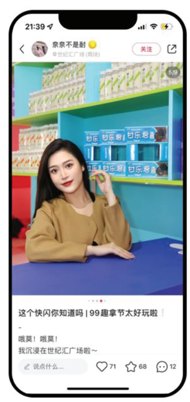
Click link direction to brand customer's Tmall flagship shop

Sign up for membership of Tmall flagship shop

Social Media Platform Posts

The rapid development of mobile Internet has made young consumers more interested in acquiring and sharing consumption experiences in digital forms such as short-form videos, and through online channels such as UGC communities. Products that can accurately meet the needs of target consumer groups can be widely spread at a high speed within a short period of time, and become "best-selling" products that can seize higher market share and build up consumer awareness with competitive advantages. Fully realizing the influence of social media platforms on branding and marketing, we utilize third-party social media platforms to enhance the marketing effects for our brand customers. We have created our own official accounts on WeChat, Douyin, Xiaohongshu and other major social media platforms in China. Subject to the terms and conditions of the social media platforms in relation to the compliance of post contents, we post marketing contents for our brand customers' products that they intend to promote. We also cooperate with Internet celebrities to post for our brand customers' products. Particularly, in early 2023, in observance of our brand customers' demand to further expand their consumer acquisition channels, we strengthened our capabilities to utilize third party social media platforms to meet diversified customer needs and amplify marketing effects. The pictures below illustrate examples of our social media platform posts service:

WeChat Official Accounts Posts



Xiaohongshu Posts

Douyin Posts

Third-party Media Resources Procurement

We provide third-party media resources procurement services to our brand customers to enhance their marketing channels and better meet their traffic attraction needs. This service aims to offer brand customers additional approaches for marketing outreach. During the Track Record Period, the procured resources primarily include SMS data packages and social media platform resources.

In 2021 and 2022, the primary focus of this service was procuring SMS data packages from operators for our brand customers. We provided customized SMS content and delivered it to the consumers of our brand customers. In managing this service module, we procured SMS message packages from network operators based on the quantity required by our brand customers and paid the package fees to network operators. We charged our brand customers a fixed fee based on the quantity of SMS messages they needed to deliver. For details, see "– Pricing" in this section.

In 2023, in addition to providing SMS data packages, we began offering short video platform traffic acquisition service to our brand customers. We select suitable short video platforms based on the specific needs of brand customers and customize appropriate traffic delivery plans. Under this service module, we procure specific delivery resources needed by brand customers from agents of short video platforms, and charge brand customers a fixed fee determined based on the platform and volume of delivery. For details, see "– Pricing" in this section. Our increased revenue derived from social media platform resource procurement services in 2023 contributed to our overall growth in these service modules as compared to 2022.

By utilizing our marketing expertise and judgment, we effectively select and tailor appropriate third-party media resources for our customers. This includes determining the type of resources needed, the timing and frequency of deployment, specific promotional content, etc., all aimed at optimizing the cost-effectiveness of using third-party media resources. Furthermore, we integrate these third-party media resources with our other marketing services, delivering a comprehensive service package to our customers. Compared to customers procuring third-party media resources independently, our integrated service package provides time and cost savings and facilitates integrated marketing outcomes across our diverse service modules. In addition, we have expertise in dealing with third-party media platforms, enabling us to negotiate more favorable prices and deployment plans for our customers. Since the introduction of short video platform traffic acquisition service in 2023, we have received positive feedbacks from our customers, with some of them making repeat purchases in the same year.

We determined to bring third-party media resources procurement services into our service portfolio primarily due to the following reasons:

Third-party media resource procurement services complement our other services to enhance our ability to reach target consumers for expected marketing projects. In recent years, third-party media platforms, particularly short-video platforms and streaming sessions, have gained immense popularity among a vast consumer base. In particular, more and more tech-savvy young consumers living in tier one and new tier one cities in China are spending considerable amount of time on third-party media platform and they are within a key demographic group that FMCG brand customers focus on. Marketing on these platforms enables our brand customers to reach target consumers for their products. We included third-party media resource procurement services to complement our ability to reach target consumers in different spaces (i.e., offline location and moving routes of consumers, online proprietary websites/APP, and third-party media platform) that they generally spend their time in different life/spending scenarios, enhancing the holistic feelings of target consumers and improving effect of marketing services.

By enhancing our ability to launch events at third-party media platform through engaging third-party media resources procurement services, we could effectively enhance our brand customers' loyalty as they may enjoy an enhanced "one-stop" marketing services by (i) reducing their time/resources that used to be spent for negotiating/communicating/organizing a large number of third-parties for a marketing project; and (ii) relying on our professional capability and industry insight to determine specifications of respective marketing project for their FMCG product, including how to set timing/frequency/format of activities at third-party media platform, and how to consolidate such with designed activities at offline channels, so that all relevant marketing activities working as an integrated entirety to reach expected results in a more cost-efficient way.

To tailor an integrated marketing service package for a brand customer that includes the short video platform traffic acquisition service, extensive communication is conducted. This involves understanding the brand customer's specific requirements, product details, target demographics, preferred marketing locations and duration, as well as the budget. Based on this information, we will conduct industry research, data analysis, and precedent examination to select the most suitable service modules for the brand customer and customize specific service package with implementation plans.

The implementation of short video platform traffic acquisition service in a typical service package is as follows:

Firstly, we recommend suitable traffic acquisition plan to the customer according to (i) our analyses regarding the marketing effects of similar products on short video platforms, and (ii) the potential synergies of the procured resources with other services we provide.

Subsequently, we proposed several types of short videos for promotion and assist the customer in conveying its precise requirements to short video platform for the creation of customized short videos, and reviewed the demos with the customer prior to their release.

We then assist the customer in monitoring the key performance indicators of each released short video and provided recommendations for the customer's account development strategies, as well as suggestions for next stage marketing strategies.

We also support the customer by evaluating the popularity of the short videos launched and assist the brand customers in analyzing follower attrition on the brand customer's account and provided suggestions for sustainable user engagement.

The charging basis of the short video platforms varies depending on the service delivery methods. Short video platforms typically offer two major types of service delivery methods:

The commonly used method is information flow advertising, referring to the delivery of advertisements in the form of images, text, videos, etc., to the target consumers we select and suggested to the brand customers. We provide traffic acquisition plan to our customers, taking into consideration (i) the consumer labels provided by the short video platform to categorize different consumer groups, such as age groups; (ii) the budget of the relevant customer for the relevant project, and (iii) the expected return on investment of such customer. We may suggest our customers to adjust the traffic acquisition plan according to the actual effects.

Fixed advertising spaces, which generally serve as supplementary advertising resources, mainly consist of splash advertisements, top-view first impression advertisements, banners, etc. The services delivered using this approach typically settled through methods such as CPM/CPT.

During the Track Record Period, in line with industry norms and to secure discounts from short video platform traffic suppliers, we typically initiated traffic acquisition from such suppliers and made advance payments based on projected demand for short video platform traffic acquisition services, even when brand customers had not yet ordered such services from us. These advanced payments were recorded as prepayments in our accounting treatments. When brand customers subsequently ordered such services from us, typically together with other marketing services provided by us, they typically made advance payments covering short video platform traffic acquisition services. Upon receipt, we prioritized using our prepaid balances with the short video traffic suppliers. For certain brand customers with good credit, we may use our prepaid balances before receiving payment from them, and we require them to make payments usually within single-digit business days after the conclusion of a project. We ensured timely collection of these payments from brand customers and it is worth noting that these prepayments and the diligent follow-up for collection were based on industry practice.

FMCG Product Promotion

We assist brand customers to promote their FMCG products by offering FMCG product distribution service and FMCG product shelving service through our vending machines. Such FMCG products typically include beverages, food, daily necessities and cosmetics.

- ***Product distribution:*** We assist brand customers to distribute certain amount of FMCG products to their target consumers through our vending machines either for free or at a discount price. Consumers are generally required to complete a designated task, such as following the brand's WeChat official account or signing up for membership of the brand's Tmall flagship shop, in order to obtain the products. We charge fixed fee from the brand customers based on the quantity of products to be distributed. We do not purchase such products from such brand customers, and the vast majority of the products were distributed to the consumers for free. In 2021, 2022 and 2023, the revenue derived from our product distribution service amounted to RMB94.5 million, RMB61.2 million and RMB81.5 million, accounting for 18.8%, 11.1% and 8.1% of our total revenue, respectively.

- ***Product shelving:*** In response to the requests of certain brand customers who wish to display their products in our vending machine slots during specific period to increase product exposure and brand awareness, we have introduced our product shelving service. Specifically, we lease vending machine slots to these brand customers at approximately RMB200 per slot per month. During the agreed-upon period, only the products of these brand customers are shelved and sold in the leased vending machine slots.

In managing this service, we purchase the products from such brand customers and shelf them on the leased slots during the agreed-upon period. Our brand customers are responsible for delivering the products to be shelved to our warehouses and our brand customers do not handle the shelving to vending machine slots by themselves. In order to tailor to the diverse consumer demographics in different vending machine locations, we customize our product mix in our vending machines through displaying and selling shelved products in leased vending machine slots and generally use other slots to sell merchandise products procured from merchandise sales business segment. We manage the sales of the shelved products together with our merchandise products, and manage inventory by SKU categories during the Track Record Period.

To ensure product quality, we only lease vending machine slots to shelf products that meet our selection criteria, which are consistent with those applied to our other merchandise sales products. For details, see "– Merchandise Sales – Selection of products." Under such arrangement, we generated revenue from (i) marketing service fees paid by our brand customers for the leased vending machine slots, and (ii) merchandise sales of the shelved products on the leased slots. The revenue derived from merchandise sales is categorized under our merchandise sales business segment. For details, see "– Merchandise Sales" and "– Pricing" in this section. In 2021, 2022 and 2023, the revenue derived from our product shelving service amounted to RMB27.6 million, RMB30.1 million and RMB20.2 million, accounting for 5.5%, 5.4% and 2.0% of our total revenue, respectively.

When users visit the vending machine, they can use their mobile phones to scan the QR code of the product displayed on the LCD screen to start the product pick-up and experience process. In addition to distribution directly through vending machines, we also provide users with a convenient and efficient access to the products through our online platform. Users can browse the product information and locate the nearby vending machines by user positioning to pick up their selected products. The pictures below illustrate the process to obtain the products.

Users select the product they are interested | Browse product information | Sign up for membership of Tmall flagship shop | Receive QR code for product pick-up

In 2021, 2022 and 2023, the number of FMCG products we distributed were approximately 45.8 million, 36.4 million and 48.7 million, respectively.

As most of our vending machines were located in tier one and new tier one cities during the Track Record Period, a majority of the FMCG products were distributed to our brand customers' target consumers in these cities. The table below sets forth a breakdown of FMCG products we distributed by city tier for the years indicated:

	For the year ended December 31,		
	2021	**2022**	**2023**
Number of distributed products (000')			
Tier one cities	18,628	13,372	22,205
New tier one cities	26,425	21,192	25,649
Tier two cities	762	1,800	841
Total	**45,816**	**36,364**	**48,695**

The table below sets forth a breakdown of FMCG products we distributed by type of sites for the years indicated:

	For the year ended December 31,		
	2021	**2022**	**2023**
Number of distributed products (000')			
Office premises	22,512	17,398	20,959
Rental apartments	18,495	15,788	21,086
Shopping centers	3,121	1,083	1,536
Others	1,689	2,095	5,114
Total	**45,816**	**36,364**	**48,695**

The decrease in the number of distributed products in 2022 compared with that in 2021 was primarily attributable to our adjustment in implementing marketing projects to deal with the impact of the COVID-19 related lock-down measures in certain regions in 2022, which restricted our offline distributions and users' access to products.

Value-Added Marketing Service

Compared to our standard marketing service which aims to assist brands to reach and acquire target consumers, enhance brand awareness and popularize products, our value-added marketing service, primarily consisting of AI interaction and data strategy, aims to empower brands to further deepen consumer impression, optimize marketing strategy and improve product competitiveness. AI interaction provides consumers with an interesting product experience through multi-sensory modules enabling their interaction with our vending machines, while data strategy delivers valuable insights into consumer preference to, and enhanced marketing effects for, our brand customers.

We provide value-added marketing service by utilizing technologies including IoT, AI, big data and algorithm embedded in our vending machines and operation system. Our research and development team has successfully developed the functions and algorithm to support the implementation and optimization of our value-added marketing service. As of the Latest Practicable Date, our Group had registered 14 patents and 114 software copyrights in the PRC, which we consider to be material to our marketing service business, especially value-added marketing service.

Unlike standard marketing service that serves our brand customers in a standardized marketing template with various service modules typically combined in one package and integrated and synergized with each other, our value-added marketing service is tailored for each brand customer's diversified and differentiated marketing needs. We price value-added marketing service on a case-by-case basis according to the complexity of project, volume of information collected and processed, and costs on labor and technologies utilized, among others. Value-added marketing service is typically performed and delivered along with standard marketing service. For example, we provided value-added marketing service along with standard marketing service to a convenience food brand customer in 2023. The vending machines providing voice interactive games were essential features of this value-added marketing service. We preliminarily priced this interaction between users and our vending machines on a session and duration basis, namely, RMB30,000 per session per day, and eventually charged at a discounted price considering various factors including the scale of project and the technologies utilized, among others. As compared with standard marketing service, our value-added marketing service typically integrated more technologies, we generally offered less discounts for value-added marketing service.

In 2021, 2022 and 2023, we had 67, 65 and 79 brand customers that procured our value-added marketing service, respectively. For the same years, approximately 6.7%, 10.1% and 11.5% of our total revenue, respectively, was attributable to value-added marketing service. Although the revenue attributable to value-added marketing service was not significant during the Track Record Period, we see this business line as a growth engine of our marketing service business in terms of revenue and profit contribution during the Track Record Period.

The following table sets forth a breakdown of revenue from value-added marketing service by type of service, for the years indicated:

	For the years ended December 31,					
	2021		2022		2023	
	Revenue	**%**	**Revenue**	**%**	**Revenue**	**%**
	RMB'000		*RMB'000*		*RMB'000*	
AI interaction	32,755	97.3	52,872	94.5	114,028	98.5
Data strategy	916	2.7	3,087	5.5	1,749	1.5
Total	**33,671**	**100.0**	**55,958**	**100.0**	**115,776**	**100.0**

AI Interaction

Leveraging our long-term experience in serving a large number of FMCG brands and a wide variety of FMCG products, we assist our brand customers with the planning, design, production and implementation of interactive promotional contents and posts, as well as marketing materials (e.g., text, pictures and audio) into the projects to promote their brands and products. Our proprietary content engine platform combines various marketing templates, interactive modules and operation tools, which allow us to easily modify them to create interactive contents and marketing materials to meet the differentiated and diversified marketing needs of our brand customers. Following the design and production of interactive contents and marketing materials, our content engine platform automatically repeats test tasks, outputs result data after each round of execution, and implements the finalized interactive contents and marketing materials on the relevant vending machines through IoT technologies to launch the marketing projects.

Our vending machine integrates various functional components, which can achieve multi-dimensional display and interactive functions such as image recognition, audio interaction and scent emitting. Our users can easily complete interesting interactive activities through various sensors on our vending machines and their mobile phone applications. Below is one of our representative cases, showcasing how users experience the scent of a product through interaction with our vending machines:

Users scan the QR code of the product displayed on vending machine LCD screen

Users register with our online platform using their mobile phones

Scent emitting component emits scent for users to experience

Users select answers by clicking on vending machine LCD screen

If the correct answer is selected, vending machine distributes the product to users

Brand:	Cha Li
Description:	Scenario-based marketing through scent emitting experience
Achievements:	We had been accompanying Cha Li since its early stage of brand development. Leveraging our AI-powered interaction module enabling scent emitting from vending machines, we assisted Cha Li to attract, acquire and enlarge its consumer base, which contributed to our establishment of a long-term and stable cooperation relationship with this brand customer.

The case below illustrates how users obtain the products through an interactive function incorporating body movement recognition:

Users click vending machine screen to start the interaction process

Users make body movements according to the instructions

Users obtain products after successful completion

Users scan the QR code and pick up products from the vending machine

Brand:	JuneYao
Description:	Scenario-based marketing through body movement recognition
Achievements:	Through our interactive function customized for JuneYao, we effectively raised consumer awareness of the new product highlighting its healthiness as a probiotic beverage. Recognizing our marketing value, JuneYao engaged us to promote its other new products.

In order to enhance the functionality of our vending machines and operation system, we also collaborate with third-party technology service providers to support us. For example, in 2022, we cooperated with a technology development company to co-develop a contactless pickup functional module to be installed in the vending machine, enabling users to pick up the products by QR code verification through online platform without physically touching the LCD screen of the vending machine. See "– Major Suppliers – Technology Service Providers."

During the Track Record Period, we typically provided two options for the arrangement of AI interaction services. The first option charged our brand customers based on the number of sessions held. The unit price for each session typically covers the charges for the utilization of venues, preparation of marketing material, the development and implementation of interactive games, the utilization of vending machine and coordination of on-site personnel. The second option charged our brand customers based on the number of vending machines utilized and the duration of such usage. The primary difference between the two options is the scale and complexity of AI interaction activities. In the first option, AI interaction is typically conducted on a larger scale, featuring more complex interactive games and requiring more personnel and material support. These sessions can draw a larger crowd in a shorter period. On the other hand, the second option involves simpler interactive games with fewer personnel and material requirements, incorporating AI interactive activities into the routine operation of the utilized vending machines. Our brand customers can choose from these two options based on their actual needs. The table below sets forth the fee charged per session per day, the fee charged per vending machine per week, the number of projects and customers of the service modules within value-added marketing services for the years indicated.

	For the year ended December 31,		
	2021	**2022**	**2023**
Option 1:			
The fee charged per session per day *(RMB)*[1]	30,000	30,000	30,000
Number of projects	90	95	357
The average of fee charged per project *(RMB'000)*	228.3	174.3	196.1
The range of duration per project (days)	1-28	1-28	1-33
Option 2:			
The fee charged per vending machine per week *(RMB)*[2]	5,000	5,000	5,000
Number of projects	3	23	38
The average of fee charged per project *(RMB'000)*	3,585.7	1,590.0	1,321.2
The range of duration per project (weeks)	4-5	4-6	1-16
Number of customers (Option 1+ Option 2)	24	31	72
Number of total projects (Option 1+ Option 2)	93	118	395

Notes:

(1) Refers to fee charged per session per day for the vast majority of our projects using option 1.

(2) Refers to fee charged per vending machine per week for the vast majority of our projects using option 2.

During the Track Record Period, the unit price for the vast majority of our projects using option 1 and 2 above remained stable, respectively. During the same period, our revenue generated from AI interaction services increased from RMB32.8 million in 2021 to RMB52.9 million in 2022 and further to RMB114.0 million in 2023, primarily driven by the growth in the number of projects using either options. During the Track Record Period, the average fee charged per project for AI interaction services using option 2 decreased, resulted from a higher number of brand customers opting for option 1, as this method could quickly attract consumers in a short period of time. Moreover, within brand customers utilizing option 2, as compared to their orders in 2021, our brand customers utilizing option 2 in 2022 and 2023 tended to allocate shorter timeframes or lessor vending machines for each project to test the market reaction before considering to arrange additional projects.

Data Strategy

Leveraging our effective standard marketing model, we are able to obtain real and accurate consumer feedback, and continuously optimize the interaction process before product pick-up, questionnaire content design and feedback submission methods through big data and algorithm technology, so as to assist brands to predict the design, packaging, pricing, selling points, target consumer scenario and sales territory more accurately, and then adjust and optimize their manufacturing, logistics, operation and promotion planning, and other related decisions.

The consumption data we collect consists of two main types:

(i) Data generated directly by users through the use of vending machines and online platform in connection with the pick-up or purchase of FMCG products, including the relevant time and place, and the price paid; and

(ii) Data collected through questionnaires relating to users' profiles, consumer behavior and goods selection preferences. We offer various incentives to encourage consumers to provide us with their feedback. In particular, we provide distributed products to consumers as incentives to experience the products and provide feedback in the questionnaire. After filling out the questionnaire, they can receive our platform coupons or other complimentary gifts. We believe such arrangements allow us to continuously engage our consumers in providing useful consumption data to us. We typically collected the following data through questionnaires:

(a) *Users' personal profile*. Such profiles include age, gender, marital status, family members' status, income, long-term residence, occupation, workplace and education, etc. We obtain users' consent before collecting their personal information through questionnaires, and comply with relevant laws and regulations in all material respects relating to the collection, storage, use and transmission of personal information. See "– Data Privacy" in this section;

(b) *Consumer behavior*. Such information includes categories of products purchased in the past three months, average monthly spending and number of purchases in the relevant categories, purchase channels, and consumption scenarios (e.g. home, office, school and shopping center);

(c) *Goods selection preferences*. Such information includes users' willingness to buy and recommend the product to their acquaintances after experiencing, their level of satisfaction with the product and its uniqueness, price perception, attractiveness of selling points, preference for packaging materials, and areas for improvement. For example, for beverages and food, we survey users' evaluation of taste and flavor, while for cosmetics and daily necessities, their evaluation of product functionality, texture and fragrance. In addition, in order to provide a more comprehensive product analysis to our brand customers, we also survey users' most commonly purchased brands, their willingness to purchase and recommend competing products, satisfaction and uniqueness evaluation, and price perception, among others.

Based on the consumer feedback information we collect, we utilize big data to achieve a rapid generation of consumer portraits through automated labeling. For example, with respect to a new oolong tea product, our product analysis shows that young women in the tier one cities in eastern China rate it the highest. Our product analysis can also help brand customers identify benchmark competitors, adjust product positioning, and increase the conversion and purchase rate of target consumers. For example, with respect to a skincare product with oil control function, our product analysis shows that it is more likely to convert and acquire consumers of a well-known Japanese skincare brand.

Our data strategy provides brand customers with a multi-dimensional and comprehensive product analysis, allowing them to quickly and precisely understand how they make improvements to their products. For example, we designed and implemented a two-stage marketing project for JuneYao in 2022. Leveraging our in-depth industry insights accumulated from serving a large number of beverage products, we analyzed and generated the portraits of consumer groups that are interested in probiotic beverages, as well as the time periods when, and the scenarios under which these consumer groups search, browse and purchase similar products. This enabled us to provide strategic advice on the selection of sites, scenarios and time slots for JuneYao to implement the marketing activities during the first seven-day stage. Based on the consumer preference and behavior information collected and analyzed during the first stage, we recommended JuneYao to adjust its probiotic beverage from the perspectives of packaging design, flavor and product positioning. Then the adjusted product achieved a significant increase in consumer rating. Recognizing the values we delivered in connection with the first stage, JuneYao increased its marketing budget for its second-stage marketing project, of which the time duration was extended to three months and the scale multiplied for several times. Accordingly, our contract value for the second-stage project increased significantly as compared with that for the first-stage project.

Our Top Ten Marketing Projects

The following tables set forth the details of our top ten marketing projects in terms of revenue contribution during the Track Record Period:

For the year ended December 31, 2021

Ranking	Brand customer	Customer type	Principal business	Marketing service provided	Number of vending machines used(1)	Number of users participated(2)	Number of pieces of products distributed(2)	Social media platform resources utilized/ procured	Duration (number of days)	Contract value(3)	Revenue from standard marketing service	Revenue from value-added marketing service	Revenue for project(3)
										(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
1	Customer E	Brand owner	Food and beverages manufacturing	Vending machine LCD screen display Mobile app/WeChat mini program display Customized vending machine for product promotion and consumer interaction AI interaction Marketing campaign service	3,748	N/A	None	A popular lifestyle-sharing platform	56	10,000	9,375	59	9,434

Notes:

(1) *Refers to the total number of vending machines actually used during the project execution.*

(2) *Numbers of users participating and pieces of products distributed in a particular project are unavailable because in such project, brand customer did not purchase FMCG product distribution service and there was no product distribution in such project.*

(3) *The difference between contract value and revenue represents the 6% value added tax included in the contract value.*

Ranking	Brand customer	Customer type	Principal business	Marketing service provided	Number of vending machines used[(1)]	Number of users participated[(2)]	Number of pieces of products distributed[(2)]	Social media platform resources utilized/procured	Duration (number of days)	Contract value[(3)]	Revenue from standard marketing service	Revenue from value-added marketing service	Revenue for project[(3)]
										(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
2	Customer E	Brand owner	Food and beverages manufacturing	Vending machine LCD screen display Mobile app/WeChat mini program display Customized vending machine for product promotion and consumer interaction AI interaction	5,182	N/A	None	A popular lifestyle-sharing platform	56	9,000	8,430	60	8,490
3	Customer BB	Brand owner	Sales of cosmetics and daily necessities	Customized vending machine shell display and users' interaction with vending machines AI interaction	330	N/A	None	N/A	35	8,250	0	7,783	7,783

Notes:

(1) *Refers to the total number of vending machines actually used during the project execution.*

(2) *Numbers of users participating and pieces of products distributed in a particular project are unavailable because in such project, brand customer did not purchase FMCG product distribution service and there was no product distribution in such project.*

(3) *The difference between contract value and revenue represents the 6% value added tax included in the contract value.*

Ranking	Brand customer	Customer type	Principal business	Marketing service provided	Number of vending machines used[1]	Number of users participated[2]	Number of pieces of products distributed[2]	Social media platform resources utilized/ procured	Duration (number of days)	Contract value[3]	Revenue from standard marketing service	Revenue from value-added marketing service	Revenue for project[3]
										(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
4	Customer CC	Marketing agent	Sales of daily necessities	Vending machine LCD screen display Mobile app/WeChat mini program display Customized product promotion AI interaction	5,432	N/A	None	N/A	42	6,000	5,589	71	5,660
5	Customer DD	Brand owner	Sales of daily necessities and marketing agency	Mobile app/WeChat mini program display Vending machine LCD screen display Customized vending machine for product promotion and consumer interaction AI interaction	3,144	N/A	None	N/A	35	5,980	5,581	60	5,641

Notes:

(1) Refers to the total number of vending machines actually used during the project execution.

(2) Numbers of users participating and pieces of products distributed in a particular project are unavailable because in such project, brand customer did not purchase FMCG product distribution service and there was no product distribution in such project.

(3) The difference between contract value and revenue represents the 6% value added tax included in the contract value.

Ranking	Brand customer	Customer type	Principal business	Marketing service provided	Number of vending machines used[(1)]	Number of users participated[(2)]	Number of pieces of products distributed[(2)]	Social media platform resources utilized/ procured	Duration (number of days)	Contract value[(3)]	Revenue from standard marketing service	Revenue from value-added marketing service	Revenue for project[(3)]
										(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
6	Customer EE	Marketing agent	Marketing agency	Vending machine LCD screen display Customized vending machine for product promotion and consumer interaction	3,661	N/A	None	N/A	56	5,000	4,717	0	4,717
7	Customer FF	Brand owner	Food and beverages manufacturing	Vending machine LCD screen display Mobile app/WeChat mini program display Customized product promotion Marketing campaign service and AI interaction	3,682	N/A	None	N/A	70	5,000	4,401	316	4,717

Notes:

(1) Refers to the total number of vending machines actually used during the project execution.

(2) Numbers of users participating and pieces of products distributed in a particular project are unavailable because in such project, brand customer did not purchase FMCG product distribution service and there was no product distribution in such project.

(3) The difference between contract value and revenue represents the 6% value added tax included in the contract value.

Ranking	Brand customer	Customer type	Principal business	Marketing service provided	Number of vending machines used[(1)]	Number of users participated[(2)]	Number of pieces of products distributed[(2)]	Social media platform resources utilized/ procured	Duration (number of days)	Contract value[(3)]	Revenue from standard marketing service	Revenue from value-added marketing service	Revenue for project[(3)]
										(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
8	Customer GG	Brand owner	Sales of FMCG products	Mobile app display Vending machine LCD screen and shell display Product promotion Users' interaction with vending machines AI interaction	5,700	145,831	145,831	N/A	35	4,856	3,811	770	4,581
9	Customer HH	Marketing agent	Marketing agency	Mobile app display Vending machine LCD screen and shell display Product promotion Users' interaction with vending machines AI interaction	4,761	436,525	498,038	N/A	56	4,751	3,859	623	4,482

Notes:

(1) Refers to the total number of vending machines actually used during the project execution.

(2) Numbers of users participating and pieces of products distributed in a particular project are unavailable because in such project, brand customer did not purchase FMCG product distribution service and there was no product distribution in such project.

(3) The difference between contract value and revenue represents the 6% value added tax included in the contract value.

Ranking	Brand customer	Customer type	Principal business	Marketing service provided	Number of vending machines used[1]	Number of users participated[2]	Number of pieces of products distributed[2]	Social media platform resources utilized/ procured	Duration (number of days)	Contract value[3]	Revenue from standard marketing service	Revenue from value-added marketing service	Revenue for project[3]
										(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
10	Customer II	Brand owner	Technology and marketing service	Mobile app display Vending machine LCD screen display Product promotion Users' interaction with vending machines AI interaction	5,927	440,416	483,168	N/A	28	4,650	3,892	495	4,387

Notes:

(1) Refers to the total number of vending machines actually used during the project execution.

(2) Numbers of users participating and pieces of products distributed in a particular project are unavailable because in such project, brand customer did not purchase FMCG product distribution service and there was no product distribution in such project.

(3) The difference between contract value and revenue represents the 6% value added tax included in the contract value.

For the year ended December 31, 2022

Ranking	Brand customer	Customer type	Principal business	Marketing service provided	Number of vending machines used[(1)]	Number of users participated[(2)]	Number of pieces of products distributed[(2)]	Social media platform resources utilized/procured	Duration (number of days)	Contract value[(3)]	Revenue from standard marketing service	Revenue from value-added marketing service	Revenue for project[(3)]
										(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
1	Customer V	Brand owner	Food and beverages manufacturing	Customized vending machine shell display and users' interaction with vending machines AI interaction	262	N/A	None	N/A	35	6,528	0	6,158	6,158
2	Customer E	Brand owner	Food and beverages manufacturing	Mobile app/WeChat mini program display Vending machine LCD screen display Customized vending machine AI interaction Marketing campaign service	3,736	N/A	None	N/A	42	6,000	5,600	60	5,660

Notes:

(1) Refers to the total number of vending machines actually used during the project execution.

(2) Numbers of users participating and pieces of products distributed in a particular project are unavailable because in such project, brand customer did not purchase FMCG product distribution service and there was no product distribution in such project.

(3) The difference between contract value and revenue represents the 6% value added tax included in the contract value.

Ranking	Brand customer	Customer type	Principal business	Marketing service provided	Number of vending machines used[(1)]	Number of users participated[(2)]	Number of pieces of products distributed[(2)]	Social media platform resources utilized/ procured	Duration (number of days)	Contract value[(3)]	Revenue from standard marketing service	Revenue from value-added marketing service	Revenue for project[(3)]
										(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
3	Customer S (Also one of the major suppliers, same as Supplier S)	Brand owner	Beverages and food sales	Vending machine LCD screen display Customized product promotion AI interaction Marketing campaign service	4,582	N/A	None	N/A	21	5,220	4,888	37	4,925
4	Customer KK	Brand owner	Sales of food and daily necessities	Customized vending machine shell display and users' interaction with vending machines AI interaction	258	N/A	None	N/A	35	5,158	0	4,866	4,866
5	Customer K	Brand owner	Catering management consulting service	Vending machine LCD screen display Mobile app/WeChat mini program display	6,812	N/A	None	N/A	21	5,000	4,717	0	4,717

Notes:

(1) Refers to the total number of vending machines actually used during the project execution.

(2) Numbers of users participating and pieces of products distributed in a particular project are unavailable because in such project, brand customer did not purchase FMCG product distribution service and there was no product distribution in such project.

(3) The difference between contract value and revenue represents the 6% value added tax included in the contract value.

Ranking	Brand customer	Customer type	Principal business	Marketing service provided	Number of vending machines used[(1)]	Number of users participated[(2)]	Number of pieces of products distributed[(2)]	Social media platform resources utilized/ procured	Duration (number of days)	Contract value[(3)]	Revenue from standard marketing service	Revenue from value-added marketing service	Revenue for project[(3)]
										(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
6	Customer K	Brand owner	Catering management consulting service	Vending machine LCD screen display Mobile app/WeChat mini program display	5,958	N/A	None	N/A	21	5,000	4,717	0	4,717
7	Customer LL	Brand owner	Food and beverages manufacturing	Vending machine LCD screen display Mobile app/WeChat mini program display Customized vending machine for product promotion and consumer interaction AI interaction Marketing campaign service	4,412	N/A	None	N/A	35	5,000	4,679	38	4,717

Notes:

(1) Refers to the total number of vending machines actually used during the project execution.

(2) Numbers of users participating and pieces of products distributed in a particular project are unavailable because in such project, brand customer did not purchase FMCG product distribution service and there was no product distribution in such project.

(3) The difference between contract value and revenue represents the 6% value added tax included in the contract value.

Ranking	Brand customer	Customer type	Principal business	Marketing service provided	Number of vending machines used(1)	Number of users participated(2)	Number of pieces of products distributed(2)	Social media platform resources utilized/ procured	Duration (number of days)	Contract value(3)	Revenue from standard marketing service	Revenue from value-added marketing service	Revenue for project(3)
										(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
8	Customer FF	Brand owner	Food and beverages manufacturing	Vending machine LCD screen display Mobile app/WeChat mini program display Customized product promotion Marketing campaign service and AI interaction	4,160	N/A	None	N/A	70	5,000	4,401	316	4,717
9	Customer MM	Marketing agent	Marketing agency	Vending machine LCD screen display Mobile app/WeChat mini program display Product promotion	8,747	284,310	304,955	N/A	70	4,900	4,623	0	4,623

Notes:

(1) *Refers to the total number of vending machines actually used during the project execution.*

(2) *Numbers of users participating and pieces of products distributed in a particular project are unavailable because in such project, brand customer did not purchase FMCG product distribution service and there was no product distribution in such project.*

(3) *The difference between contract value and revenue represents the 6% value added tax included in the contract value.*

Ranking	Brand customer	Customer type	Principal business	Marketing service provided	Number of vending machines used[1]	Number of users participated[2]	Number of pieces of products distributed[2]	Social media platform resources utilized/ procured	Duration (number of days)	Contract value[3]	Revenue from standard marketing service	Revenue from value-added marketing service	Revenue for project[3]
										(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
10	Customer BB	Brand owner	Sales of cosmetics and daily necessities	Customized vending machine shell display and users' interaction with vending machines AI interaction	232	N/A	None	N/A	28	4,632	0[4]	4,370	4,370

Notes:

(1) Refers to the total number of vending machines actually used during the project execution.

(2) Numbers of users participating and pieces of products distributed in a particular project are unavailable because in such project, brand customer did not purchase FMCG product distribution service and there was no product distribution in such project.

(3) The difference between contract value and revenue represents the 6% value added tax included in the contract value.

(4) This project primarily involved AI interaction activities, which also encompassed supporting services such as customizing the vending machine shell display. However, we did not charge separately for these supporting services; instead, such services were included in the project package as complimentary for this project.

For the year ended December 31, 2023

Ranking	Brand customer	Customer type	Principal business	Marketing service provided	Number of vending machines used[1]	Number of users participated[2]	Number of pieces of products distributed[2]	Social media platform resources utilized/ procured	Duration (number of days)	Contract value[3]	Revenue from standard marketing service	Revenue from value-added marketing service	Revenue for project[3]
										(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
1	Customer V	Brand owner	Food and beverages manufacturing	Customized vending machine shell display and users' interaction with vending machines Third-party media resources procurement AI interaction	400	N/A	None	A popular short-video platform in China	112	15,000	6,604	7,547	14,151
2	Customer QQ	Marketing agent	Marketing agency	Vending machine LCD screen display Third-party media resources procurement	5,556	N/A	None	A popular short-video platform in China	42	13,294	12,542	0	12,542

Notes:

(1) Refers to the total number of vending machines actually used during the project execution.

(2) Numbers of users participating and pieces of products distributed in a particular project are unavailable because in such project, brand customer did not purchase FMCG product distribution service and there was no product distribution in such project.

(3) The difference between contract value and revenue represents the 6% value added tax included in the contract value.

Ranking	Brand customer	Customer type	Principal business	Marketing service provided	Number of vending machines used(1)	Number of users participated(2)	Number of pieces of products distributed(2)	Social media platform resources utilized/ procured	Duration (number of days)	Contract value(3)	Revenue from standard marketing service	Revenue from value-added marketing service	Revenue for project(3)
										(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
3	Customer NN	Marketing agent	Marketing agency	Vending machine LCD screen display Third-party media resources procurement	4,026	N/A	None	A popular short-video platform in China	7	11,128	10,498	0	10,498
4	Customer RR	Marketing agent	Marketing agency	Vending machine LCD screen display Third-party media resources procurement	4,567	N/A	None	A popular short-video platform in China	30	10,500	9,906	0	9,906
5	Customer W	Marketing agent	Marketing agency	Vending machine LCD screen display Third-party media resources procurement	4,225	N/A	None	A popular short-video platform in China	14	10,300	9,716	0	9,716

Notes:

(1) *Refers to the total number of vending machines actually used during the project execution.*

(2) *Numbers of users participating and pieces of products distributed in a particular project are unavailable because in such project, brand customer did not purchase FMCG product distribution service and there was no product distribution in such project.*

(3) *The difference between contract value and revenue represents the 6% value added tax included in the contract value.*

Ranking	Brand customer	Customer type	Principal business	Marketing service provided	Number of vending machines used[1]	Number of users participated[2]	Number of pieces of products distributed[2]	Social media platform resources utilized/ procured	Duration (number of days)	Contract value[3]	Revenue from standard marketing service	Revenue from value-added marketing service	Revenue for project[3]
										(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
6	Customer SS	Marketing agent	Marketing agency	Vending machine LCD screen display Third-party media resources procurement	2,443	N/A	None	A popular short-video platform in China	31	9,380	8,849	0	8,849
7	Customer NN	Marketing agent	Marketing agency	Vending machine LCD screen display Third-party media resources procurement	3,815	N/A	None	A popular short-video platform in China	14	9,375	8,844	0	8,844
8	Customer UU	Brand owner	Manufacturing and sales of paper products	Vending machine LCD screen display Third-party media resources procurement AI interaction	3,322	N/A	None	N/A	56	8,000	4,602	2,945	7,547

Notes:

(1) *Refers to the total number of vending machines actually used during the project execution.*

(2) *Numbers of users participating and pieces of products distributed in a particular project are unavailable because in such project, brand customer did not purchase FMCG product distribution service and there was no product distribution in such project.*

(3) *The difference between contract value and revenue represents the 6% value added tax included in the contract value.*

Ranking	Brand customer	Customer type	Principal business	Marketing service provided	Number of vending machines used[(1)]	Number of users participated[(2)]	Number of pieces of products distributed[(2)]	Social media platform resources utilized/ procured	Duration (number of days)	Contract value[(3)]	Revenue from standard marketing service	Revenue from value-added marketing service	Revenue for project[(3)]
										(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
9	Customer RR	Marketing agent	Marketing agency	Vending machine LCD screen display Third-party media resources procurement	2,645	N/A	None	A popular short-video platform in China	31	8,000	7,547	0	7,547
10	Customer UU	Brand owner	Manufacturing and sales of paper products	Vending machine LCD screen display Third-party media resources procurement AI interaction	2,721	N/A	None	N/A	70	8,000	3,958	3,589	7,547

Notes:

(1) Refers to the total number of vending machines actually used during the project execution.

(2) Numbers of users participating and pieces of products distributed in a particular project are unavailable because in such project, brand customer did not purchase FMCG product distribution service and there was no product distribution in such project.

(3) The difference between contract value and revenue represents the 6% value added tax included in the contract value.

Merchandise Sales

In order to better serve the purpose of market test and comparison of competing products, we commenced our merchandise sales business in 2017. Our sales of FMCGs are carried out by our vending machine network, supported by our data-driven operation system and supply chain network. We offer FMCG products including beverages, food, cosmetics and daily necessities to consumers. By placing vending machines in selected locations with high foot traffic, we offer consumers a swift and convenient access to FMCGs of different brands that are popular in the market. Consumers purchase merchandise directly from our vending machines, or place purchase orders through our online platform and pick up the merchandise from the nearby vending machines. In order to achieve a meaningful outcome of market test and comparison between competing products, we typically choose FMCGs of brands that have a higher level of consumer awareness. Our sales of FMCGs also allows us to fully utilize the operational capacity of our vending machines to achieve the maximization of operation efficiency and the increase of our revenue and profit. In 2021, 2022 and 2023, our merchandise sales business generated revenue of RMB105.0 million, RMB111.3 million and RMB144.3 million, accounting for 20.9%, 20.1% and 14.3% of our total revenue, respectively.

The following table sets forth a breakdown of the SKUs of FMCGs we retailed, by major FMCG category, for the years indicated:

	For the year ended December 31,		
	2021	**2022**	**2023**
Number of product SKUs			
Beverages	359	555	665
Food	495	568	649
Daily necessities	111	46	161
Cosmetics	55	54	150
Total	**1,020**	**1,223**	**1,625**

The following table sets forth the selected financial and operational performance indicators of our merchandise sales business, for the years indicated:

	For the year ended December 31,		
	2021	**2022**	**2023**
Average revenue per vending machine (*RMB'000*)[(1)]	18.5	13.2	22.4
Number of purchase orders *('000)*[(2)]	13,186	16,917	16,740
Average price per purchase order (*RMB*)[(3)]	8.5	6.9	9.8

Notes:

(1) To calculate the average revenue per vending machine during a year, we use the average daily number of vending machines in the relevant year, which is 5,677, 8,435, and 6,435 for the years ended December 31, 2021, 2022 and 2023, respectively.

(2) Purchase orders include those placed through vending machines directly and online platform with users obtaining the ordered products from the vending machines.

(3) Average price per purchase order is calculated based on the total purchase price paid by consumers in obtaining the ordered products from the vending machines (included value added tax) for the relevant year divided by purchase orders in the relevant year.

The table below sets forth a breakdown of revenue from our merchandise sales business by delivery channel during the Track Record Period:

	For the years ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Vending machines	103,965	109,023	143,930
Courier	997	2,310	390
Total	**104,962**	**111,333**	**144,320**

Consumers generally place orders through vending machines directly, or on our online platform and then pick up their purchased goods from vending machines nearby. All consumers would be directed to our online platform to make payment for their purchase orders if they place their purchase orders at our vending machines. Therefore, during the Track Record Period, a substantial portion of our merchandise sales revenue was generated from FMCGs sold and delivered by our vending machines. During the Track Record Period, a limited number of individual consumers and institutional customers placed their purchase orders on our online platform or by emails, and we couriered their purchased goods to their designated addresses.

The table below sets forth the major categories of FMCGs offered for retail and their respective typical price ranges as of December 31, 2023:

Category	**Description**	**Price Range**
Beverages	Include bottled and canned water, tea, functional beverages, carbonated beverages and juice	RMB1.0 to RMB49.0
Food	Include instant food, casual snacks, and puffed and crispy snacks	RMB2.0 to RMB50.0

Category	Description	Price Range
Cosmetics	Include makeup such as lipsticks and skincare products such as toners, facial cleansers and sunscreen lotions	RMB3.0 to RMB50.0
Daily necessities	Include napkins and toothpastes	RMB3.0 to RMB49.9

In managing this business segment, we have formulated the following operational strategies to increase pedestrian flow and maximize the operation capacity of our vending machines:

- ***Vending machine layout.*** Our vending machine deployment primarily focuses on economically developed tier one and new tier one cities. Moreover, we analyze factors such as population density and purchasing capabilities in these cities to position our vending machines. Specifically, our vending machines should be placed at locations with high pedestrian traffic. For instance, if the vending machine is placed in an office building, we typically require such office building to reach a tenant occupancy rate of over 90%.

- ***Selection of products.*** We continuously monitor market trends and periodically eliminate slow-moving products. When selecting new products, we prioritize those that align with the season, possess strong brand recognition, competitive pricing, and wide consumer appeal. During the Track Record Period, we procured merchandise from either our brand customers or other suppliers. We apply generally the same standards to evaluate the products of both brand customers and other suppliers, selecting items we believe meet our selection criteria. In 2021, 2022, and 2023, within this business segment, our purchases from our brand customers accounted for approximately 79%, 64%, and 56% of our total purchases, respectively. During the same years, our purchases from other suppliers accounted for approximately 21%, 36%, and 44% of our total purchases, respectively. The fluctuation in these proportions is mainly due to the increased diversity of the products offered in our merchandise sales business in 2022 and 2023, resulting in an increase of merchandise purchases from other suppliers.

- ***Pricing of products.*** When selling products as part of marketing programs we manage for our brand customers, the pricing of such products is established according to market benchmarks and the particular format of marketing activities, which may include discounts or the issuance of coupons. For products not included in the marketing programs we manage for our brand customers, we determine selling prices through cost evaluations and market comparisons.

- ***Product mix.*** Tailoring to the diverse consumer demographics in different vending machine locations, we customize our product mix and make necessary adjustments. We analyze consumer preferences and offer popular items to ensure our vending machines cater to their tastes. We adjust product mix based on past sales data, replace slow-moving items, and strive to maintain a merchandise mix that resonates with consumers, thereby increasing merchandise sales revenue. Additionally, we simulate consumer perspectives and analyze their consumption habits in different venues to adjust product mix and layout accordingly.

- ***Integration of Sales and Marketing***. Our merchandise sales operations are integrated with our marketing efforts. For example, advertising on LCD screen displays can capture consumers' attention, encouraging them to pause, watch, and participate in interaction activities, thereby increasing the tendency of purchasing items from the vending machine.

We value the quality of the merchandise we offer to consumers. Our suppliers are required to (i) possess necessary licenses and qualifications for the provision of merchandise, (ii) deliver ordered merchandise in accordance with the specification set out in the supply agreements within a specified time and compensate us for failure to deliver to specified destination on schedule; and (iii) accept return of defective merchandise, and compensate for our loss.

During the Track Record Period and up to the Latest Practicable Date, we did not observe any potential undue competition with respect to our merchandise sales business, since revenue contribution from this business segment only represented a small portion of our total revenue, and there is no particular concentration of goods or brands in terms of our retail of goods, which further reduced the revenue from sales of goods from respective individual brand customers.

Specifically, we did not observe any undue competition among brand customers, since, (i) consumers are generally attracted to places where they can enjoy abundant choices of FMCG goods and the joy of hunting for new goods, therefore, exclusive sales of one single brand FMCG goods are rarely seen in the industry; and (ii) FMCG goods of the same or similar category generally share highly similar target consumer groups, therefore a successful promotion of new FMCG goods by us through launching various marketing events is actually our advantage to keep attracting precise target consumer groups that FMCG brands are looking for.

Separately, we did not see any undue competition between brand customers and our merchandise sales business, since (i) we served as a reseller of FMCG goods of brand customers, and successfully attracted and retained target consumer groups, which will actually promote relevant brand customers' trust on us to engage it as a marketing service provider; and (ii) we see our merchandise sales business practically supplements our marketing service business, for the reasons that on one hand, by offering FMCG goods frequently sought by consumers, relevant vending machines can attract sufficient pedestrian flow, making them "hot spots" to launch marketing projects; on the other hand, information generated by merchandise sales business regarding consumer preference and behavior offers valuable input for us to prepare suitable plans for brand customers of our marketing service business.

Based on the foregoing, we do not see that an inclusion of multiple FMCG products of the same or similar category to the our portfolio of goods under different business segments will cause a material adverse impact to our business and financial performance.

We have adopted a series of internal control and risk management measures to minimize risks associated with potential undue competition, including among others, (i) continuously monitoring the development of internal policies of different brand customers, including their restrictions set upon their suppliers and business partners; (ii) conducting routine visit and consultation to brand customers to understand their preference and policies; and (iii) continuously enhancing our market recognition among FMCG target consumers as the "go-to place" to experience and access innovative brands and products to promote our ability to offer marketing service to a wide variety of brand customers. However, we may not be able to meet brand customers' evolving needs for marketing service at all times. For details, see "Risk Factors – We may fail to provide services that cater to the preferences of our brand customers, or our marketing service business may not be successful in achieving the desired outcomes."

Other Services

During the Track Record Period, in recognition of our technology capabilities and software development and project management expertise, many customers engaged us to develop IT system, as well as customized software, covering IoT technology utilization, information sharing and analysis, and IT platform development. In managing this business segment, we generally charge customers for our services on a project basis, taking into account the project complexity and human resource costs incurred by our research and development team. Customers of this business segment are corporate clients which generally do not overlap with our brand customers of marketing service. In 2021, 2022 and 2023 our revenue of other services was RMB20.8 million, RMB37.5 million and RMB54.4 million, respectively, accounting for 4.1%, 6.8% and 5.4% of our total revenue, respectively. During the Track Record Period, our customers of this business segment are corporate customers which generally do not overlap with our brand customers of our marketing services.

During the Track Record Period, we obtained IT projects from our long-term customers and their referrals, which led to new customers and projects. Our customers in this business segment typically engaged us in developing tailored software. Upon completion of development, our customers evaluate the product to ensure it meets their expectations, after which we deliver the software along with the corresponding source code. During the Track Record Period, we developed various software in accordance with our customers' specifications, including data analysis systems, customer relationship management (CRM) platforms, digital campus platforms, and IoT management systems. These IT services are delivered on a project basis and each project is generally non-recurring.

In 2021, we undertook the development of a healthcare CRM system for a customer. This project was structured into two phases to align with our customer's specific needs. The system, tailored to the client's requirements, incorporates client information management, client service management and client analysis functionalities. We charged approximately RMB3.3 million for this project based on project complexity and development costs.

OUR VENDING MACHINE NETWORK

Our in-depth vending machine network is the bedrock of our marketing service, through which we are able to connect brands with a vast population of target consumers. We see our vending machines as the first touchpoints for our new users. As of December 31, 2023, we had a network of 7,543 vending machines, covering 22 cities in 14 provincial administrative regions across China. The map below illustrates the geographical layout of our vending machines as of the same date:

With denser population of consumers, higher level of consumption and greater mobility, cities of higher tiers in China generally have a higher level of FMCG distribution and consumption. During the Track Record Period, our vending machines were mainly located in tier one cities and new tier one cities. As of December 31, 2023, 98.4% of our vending machines were located in tier one and new tier one cities. The table below sets forth a breakdown of our vending machine coverage by city tier as of the dates indicated:

	As of December 31,					
	2021		2022		2023	
		%		%		%
Vending machines by city tier						
Tier one cities	2,999	35.2	2,707	36.6	3,398	45.0
New tier one cities	5,113	60.0	4,494	60.7	4,026	53.4
Tier two cities	408	4.8	201	2.7	119	1.6
Total	**8,520**	**100.0**	**7,402**	**100.0**	**7,543**	**100.0**

In determining the specific location of each vending machine, we take into account various factors that may affect results and convenience of goods pick-up, as well as visual impact of content exhibited, including composition and preference of nearby residents or frequent visitors, their consumption habit and life style, general pedestrian flow routes within the building, and zoning theme of the surrounding places. During the Track Record Period, we mainly placed our vending machines in commercial properties such as office premises, rental apartments and shopping centers, as these places typically have a large concentration of young people who generally have a higher level of interest in consuming and experiencing FMCG products, especially new products, compared with other demographic groups. The following table sets forth a breakdown of our vending machines by type of sites as of the dates indicated:

	As of December 31,					
	2021		2022		2023	
		%		%		%
Vending machines by type of sites						
Office premises	4,674	54.9	3,771	50.7	3,376	44.8
Rental apartments	3,307	38.8	2,925	39.7	2,957	39.2
Shopping centers	261	3.1	232	3.2	366	4.9
Others*	278	3.2	474	6.4	844	11.2
Total	**8,520**	**100.0**	**7,402**	**100.0**	**7,543**	**100.0**

Note:

* *Others primarily include schools, parks and hotels.*

Within our integrated system that combine both offline and online channels together for marketing services, we treat our vending machines as the key functional terminals to reach target consumers and accomplish efficient delivery of physical goods, in the way to maximize designed results of relevant marketing events. The effectiveness of our vending machines are affected by factors like concentration of nearby population, as well as the shopping/living habit of consumers who reside within a specific region that can be covered by a vending machine's effective radius, both of which are generally subject to continuous changes, due to factors like zoning policy, changes of nearby neighborhood environment, or economic conditions. During the Track Record Period, we focused on expanding our vending machine network while also improving its efficiency. Our goal was to effectively reach a larger consumer base and enhance the impact of our marketing efforts.

In particular, there was a decrease in the total number of vending machines as of December 31, 2022, compared to December 31, 2021. This decrease was primarily due to our adaptation to mitigate the impact of COVID-19 in specific regions.

In 2023, in observance of re-vitalization of offline shopping and consumption activities, as well as increase in out-door social and tourism activities, since early 2023, we slightly increased the number of vending machines in shopping centers, as well as schools, parks and hotels. Furthermore, considering the factors that residents in tier-one cities generally represent a stronger factors for brand customers to consider in studying prevailing preference and development trends, we increased number of vending machines in tier-one cities in 2023, while reducing such in other cities. The table below sets forth the movement of our vending machines for the years indicated:

	As of/For the year ended December 31,		
	2021	**2022**	**2023**
Number of vending machines on sites at the beginning of the year(1)	**4,178**	**8,520**	**7,402**
Number of vending machines put into use on new sites during the year(1)	5,185	2,801	3,877
Number of vending machines removed from terminated sites during the year(2)	843	3,919	3,736
Net increase/(decrease) in the number of vending machines on sites during the year	4,342	(1,118)	141
Number of vending machines on sites at the end of the year(1)	**8,520**	**7,402**	**7,543**
Average daily number of vending machines(3)	**5,677**	**8,435**	**6,435**
Number of decommissioned vending machines(4)	0	636	501

Note:

(1) *The calculation of vending machines on sites has taken into account the vending machines utilized for all the services modules we provided, which also include vending machines utilized for AI interaction services that held by sessions.*

(2) *Terminated sites consist of vending machine sites where their terms of use have ended either due to expiration or early termination.*

(3) *The average daily number of vending machines is the mathematical average of the number of vending machines in a given year. As such, the average daily number of vending machines in a year can be higher or lower than the number of vending machines at the beginning/end of that year, as the latter only indicates the number of vending machines as of a specific day.*

(4) *These vending machines were decommissioned typically due to the expiration of their service life. We typically assess vending machines that have been in use for five years and may consider disposing of those vending machines below our standards. There were no decommissioned vending machines in 2021 primarily due to the postponement of decommissioning for some machines, driven by the need for rapid expansion of our vending machine network that year. Towards the end of 2021, we procured a large batch of new vending machines to prepare for the renewal of our vending machines. In 2022 and 2023, we evaluated vending machines that had been in use for five years and disposed of those that did not meet our standards.*

We continuously monitor and evaluate the performance of our vending machines. The term of use for a vending machine site typically lasts for one to two years. If we observe that a vending machine on a particular site is not meeting our performance expectations, we may decide not to renew or expand the term of use when it expires, or alternatively, we may opt for early termination, and then redeploy it to a new site. We take into consideration a range of factors for such decisions, include, changes in foot traffic due to local circumstances and the expected duration of impact of such changes, availability of vending machine sites, target consumers in particular sites, and relationship with venue operators. This approach allows us to maintain flexibility and ensure that our resources are effectively allocated to sites that yield the desired results. During the Track Record Period, to ensure the flexibility of adjusting our vending machine layout and enabling swift reallocation of vending machines across various cities and locations, we maintain a certain number of vending machines off-site in our warehouse. The redundancy rates[(1)] of our vending machines in 2021, 2022, and 2023 were approximately 14.0%, 14.2%, and 14.7%, respectively.

In 2022 and early 2023, we strategically adjusted our vending machine layout by (i) relocating vending machines to new sites with higher pedestrian traffic, and (ii) relocating under-performing vending machines in tier two and below cities mainly to tier one cities. By the second half of 2023, we had successfully completed the adjustment of our vending machine layout. The efficiency and operational capacity of the our vending machines have improved in 2023 as compared to 2022 due to this adjustment of the vending machine layout.

1 The redundancy rate for a year = 1 – (the average of the number of vending machines on site at the beginning and end of a year)/(the average of the number of total vending machines at the beginning and end of a year).

In 2023, with more vending machines strategically placed in high-traffic sites and economically robust tier one cities, (i) increasing demand from brand customers in purchasing our LCD screen display services. Consequently, the total revenue from LCD screen display increased from RMB169.2 million in 2022 to RMB266.7 million in 2023. The improvement of efficiency of our vending machines is demonstrated by the improvement in the LCD screen fill rate. We generally set a maximum of eight advertisement slots per vending machine LCD screen (typically within the acceptable range for customers), with these advertisements displaying and rotating one by one. The fill rate of LCD screen in a year is calculated by dividing the total sold advertisement slots by the maximum available advertisement slots for the year. The fill rate of LCD screen decreased slightly from 18% in 2021 to 17% in 2022. This was primarily attributed to the increased average daily number of vending machines in 2022. In addition, the demand for LCD screen displays was affected by the impact of COVID-19, leading to a slower growth in the actual number of sold advertisement slots compared to the increase in the number of vending machines. The fill rate of LCD screen increased from approximately 17% in 2022 to approximately 27% in 2023, reflecting the improved economic efficiency and operational capacity of our vending machines. This also demonstrates the significant growth potential for this service module in the future; and (ii) our merchandise sales business segment also experienced increased revenue per year per vending machine due to the adjustment of the vending machine layout, along with our accumulation of product selection experience, the adoption of a popular product mix, and increased investment in user acquisition.

Furthermore, concerning other service modules with substantial growth in 2023 compared to 2022: (i) in AI interaction, there was an increase in projects utilizing option 1 (session/day). This module does not require a large number of vending machines but rather with more complex AI interactive games integrated into participating vending machines during sessions. Therefore, the revenue of this service module can increase without the need for a substantial increase in vending machine numbers; and (ii) for third-party media resource procurement services, this service module operates independently of vending machines and is thus not affected by the number of vending machines.

Therefore, despite a marginal net increase in the number of vending machines on-site as of December 31, 2023 compared to December 31, 2022, the enhanced economic efficiency per vending machine can be primarily attributed to the adjustment in vending machine layout. Moreover, our revenue growth in 2023 was also propelled by the development of service modules through better utilization of the operational capacity of vending machines.

Cooperation with Venue Operators

We evaluate the suitability of vending machine sites by ourselves or third-party consultants, and primarily source vending machine sites directly from venue operators. Once the vending machine location is determined, we enter into cooperation agreements with the venue operators to place our vending machines on their premises. We are generally allowed to deploy vending machines to designated areas on the venue operators' premises for a yearly occupancy fee plus utility cost. Cooperation agreements with venue operators generally have terms that range from one to two years, and are generally automatically renewable unless either party objects.

Under most of the cooperation agreements, we are responsible for the provision and daily operation of our vending machines, including restocking and maintenance, and entitled to the revenue generated by the vending machines. Under the cooperation agreements without revenue-sharing arrangements, we pay venue operators a fixed occupancy fee per vending machine and utility cost on a yearly basis. In general, we pay occupancy fees of approximately RMB3,000 to RMB5,000 per year for each vending machine at rental apartments and office premises, and RMB5,000 to RMB7,000 per year for each vending machine at shopping centers. Subject to the agreements with the venue operators, the occupancy fees are typically settled on a monthly, quarterly or yearly basis. The occupancy fees and utility costs were recognized as our cost of sales. In rare cases, venue operators share the revenue generated by the vending machines at a percentage typically ranging from 8% to 15%, and settled mainly on a monthly, quarterly or semi-annually basis. In such cases, we are only responsible for the utility cost, and do not need to pay the occupancy fee to the venue operators. The cooperation agreements can generally be terminated upon mutual agreement or unilaterally when the venue operators are in material breach of the agreement.

Our Users

We continued to expand our user base and promote their activities by keep introducing marketing events for new and mature FMCG product, which may bring exciting and interesting experience for our users. Many of them are attracted to become our users while experiencing our interactive and machine-based games designed to serve relevant marketing events. As of December 31, 2023, we had over 50.1 million registered users. We had approximately 15.9 million AAUs in 2023. The following table sets forth the selected indicators with respect to our users as of/for the years indicated:

	As of/For the year ended December 31,		
	2021	**2022**	**2023**
Number of registered users *('000)*	36,952	43,017	50,056
Number of newly registered users *('000)*	9,271	6,065	7,039
Number of paying users *('000)*	8,706	9,666	7,815
Average MAUs *('000)*	1,967	1,839	1,900
Average revenue contribution per paying user for merchandise sales business *(RMB)*	12.1	11.5	18.5

We experienced decrease in newly registered users and average MAUs in 2022 from that in 2021, mainly due to the reduced marketing activities from brand customers and reduced foot traffic in that year, both of which were resulted from impact from resurgence of COVID-19 pandemic around China in 2022. The newly registered users and average MAUs increased in 2023 as compared to 2022, primarily due to the positive impact from the revitalization of offline consumption activities.

We experienced an increase of paying users from 2021 to 2022, primarily due to the expansion of our vending machine layout and the increase of our user base. In 2023, we observed a decline in paying users compared to 2022. This was primarily due to the loss of certain paying users resulting from adjustments to our vending machine layout. Specifically, we relocated vending machines to new sites with higher pedestrian traffic, as well as moved under-performing vending machines from tier two and lower cities mainly to tier one cities during 2022 and early 2023. The average revenue per paying user for merchandise sales business decreased from 2021 to 2022 primarily due to the challenges brought by the macro economy, which contributed to the decrease in market size of China's FMCG merchandise sales market in 2022. See "Industry Overview – China's FMCG Merchandise Sales Market." The average revenue per paying user for merchandise sales business increased from 2022 to 2023, primarily due to the increase in our recurring users and the increase in average price per purchase order in 2023.

The table below sets forth the selected indicators with respect to our recurring users as of/for the years indicated:

	As of/For the years ended December 31,		
	2021	**2022**	**2023**
Recurring users ('000)[1]	10,986	9,945	11,685
Actual payments from recurring users *(RMB'000)*	97,067	101,121	152,277
Acquisition cost per user *(RMB)*[2]	9	11	21
User churn rate (%)[3]	58.5%	63.4%	64.7%

Note:

(1) Recurring users refer to users who made purchase or obtained distributed products from our online platform more than once in the same year.

(2) Acquisition cost per user is calculated based on the marketing and promotion expenses for the relevant year divided by the number of newly registered users in the relevant year.

(3) User churn rate is calculated based on the number of users who made purchase or participated in our product distribution in the previous year but not in the relevant year divided by the total number of users who made purchase or participated in our product distribution in the previous year.

During the Track Record Period, we have continued to acquire new users and incentivize existing paid users to make repeat purchases on our platforms through diverse promotional strategies, such as offering coupons and introducing more appealing discounted products. As a result, the acquisition cost per user increased accordingly in 2022 and 2023. The number of recurring users saw a slight decline from 2021 to 2022. This was mainly influenced by the impact of COVID-19 in 2022, which imposed certain restrictions on consumer mobility, thereby reducing the opportunities for some consumers to access our vending machines. Nevertheless, during the same period, the actual payment from recurring users increased, primarily due to our efforts on selling merchandise with higher average unit price. The number of recurring users and the actual payment from them increased from 2022 to 2023, primarily attributable to the expansion of our user base, the increased FMCG distribution projects and our efforts in developing the merchandise sales business segment. The user churn rate remained around 60% during the Track Record Period, which was consistent with the market average for the outdoor marketing players conducting similar marketing activities. Our user churn rate is primarily influenced by various factors, including, (i) as an outdoor marketing service provider, we select a portion of our FMCG products based on the marketing projects we undertake. These products feature designs and characteristics tailored to specific consumer groups. Consequently, ongoing changes and adjustments to our product portfolios can impact user churn rate; (ii) a substantial number of our vending machines are placed in office premises and rental apartments. Fluctuations in the resident and employee populations in these locations can also affect churn rate. In addition, in 2022 and early 2023, we strategically adjusted our vending machine layout by relocating vending machines to new sites with higher pedestrian traffic, and relocating under-performing vending machines in tier two and below cities mainly to tier one cities. These relocations also led to an increase in user churn rate in 2022 and 2023. However, those non-recurring users still have access to our online platform and they may repurchase in the future. In addition, the number of our registered users continued to increase during the Track Record Period, enabling us to expand our users base. We will also enhance our membership system in the future to increase user stickiness. Our strategy is to steadily convert certain of our users into paid users or members and eventually into recurring users in the future.

We do not rely solely on offline vending machines to capture potential users. The user group that we reach and maintain through standard marketing model is critical to realize effective market test and ensure the competitiveness of our marketing service business. In order to maintain a valuable and reachable user base, we employ a variety of measures to maintain the appeal to, and to ensure the continued expansion of, this group of people representing the key FMCG target consumers, thereby ensuring our competitiveness as a marketing service provider. These measures include, among others, continuing to

(i) provide our users with products and services that exceed their expectations, such as new and innovative products, and provide our core online user community with dedicated customer service;

(ii) optimize the product trying mechanism to achieve exclusive and accurate push of high-value product experience opportunities to premium members; and

(iii) expand our channels for reaching out to potential users through user operation, social media branding, user call-back and SMS push, and social media platform promotional contents push, to keep in touch with our users and understand and meet their needs.

Our Membership System

To improve user conversion rate, retention rate and enhance our users' experience, we launched our membership system in 2016. Our membership system currently categorizes users into regular users and members. Regular users are those who have created their accounts but have not yet made purchases on our platform or participated in our product distribution, while members are users who have made purchases on our platform or have participated in our product distribution.

During the Track Record Period, in managing our membership system, we provided new users with registration rewards to stimulate their purchasing enthusiasm. We provided personalized products and event recommendations based on our members' historical behaviors and preferences. We also gathered feedback from our members through the membership system for the purpose of improving their overall satisfaction.

In the future, we plan to enhance our membership system and introduce our premium membership program into the system. For details, see "Future Plans and Use of Proceeds" in this prospectus.

OUR TECHNOLOGY

We consider technology capability is the key to our success and sustainable growth. We have been investing in technology development and applications, in the way to promote our operation efficiency and offer interesting and well-recognized marketing service.

During the Track Record Period, we invested in the construction and development of our overall IT operation system that works as the foundation for our business operation, allowing efficient collaboration among different function arms within our Group, while assisting our integrated management over our vast vending machine network and operation and maintenance staffs that spread across China. In the meantime, we invested in technology optimization and upgrade of our vending machines, so that we could lead, or keep pace with, evolving consumer preference in undertaking consumption and perform relevant marketing activity related tasks, by offering convenient and interesting consumer experience. Furthermore, we kept investing in application of innovated marketing related technologies, where we utilize AI, big data and algorithm to form a data-driven and cloud-computing oriented infrastructure for our marketing service business.

IT Infrastructure

We develop and continuously optimize our IT infrastructure to ensure operation reliability, steadiness, security and volume elasticity of our services, quick and efficient management of vending machine network, and smooth information sharing and communication among different operation departments. In this way, we managed to continuously scale up our business operation, while promoting experience and loyalty of both our brand customers and users. Key components of our IT infrastructure and features therein include:

(i) ***Vending Machine Layer.*** Utilizing IoT and telecommunication technologies, we designed and developed various tools integrating functional hardware modules that well fit into our overall IT infrastructure to enhance and upgrade innovative functions and features that we introduce to, and implement on, our vending machines. In managing these tools, we are able to monitor, refresh, and remotely control, where necessary, operation of different modules of vending machines that being engaged for different projects and tasks, such as interactive content on LCD screen, functional modules that allow users to smell scent or receive audio information. Consumer behavior information and feedback could also be timely collected and transmitted in a secure and reliable way. In the meantime, this system allows us to access the status of consumer goods and shelves within the vending machines on a real-time basis with sufficient details to support our operation team to make decisions on logistics arrangement based on marketing activity needs and consideration on overall inventory and logistics efficiency.

(ii) ***Mid-level Business Operation Layer***. With the support of clouding computing and AI technologies, we developed different sub-systems, each focusing on a key perspective of our business operation, so that our different operation teams could efficiently work together to accomplish relevant tasks in an efficient way. In particular, this system comprises modules serving a secure and reliable operation in relation to interaction with users; integrated management and supervision on vending machine status, including overall shelf arrangement based on relevant marketing projects; smart inventory and logistics management, and data transmission and analysis. Capitalizing on these functions, our operation team may have a quick and convenient access to comprehensive information of our business operation on a real-time basis, resulting in optimized management and operation efficiency.

(iii) ***Underlying Function Layer***. This consists of key technology foundation modules that operate as backbone to allow proper functioning of our IT infrastructure. These tools and function modules provide us with comprehensive solutions for cloud computing, server redundancy and data storage recovery technologies. Moreover, we have adopted an off-site disaster recovery system to avoid disruption or collapse of our operation in the event of malfunction. We utilize a role-based access control authority management system, which grants the system users different levels of authority and access right based on their roles, to guarantee the security of our data system.

Vending Machine

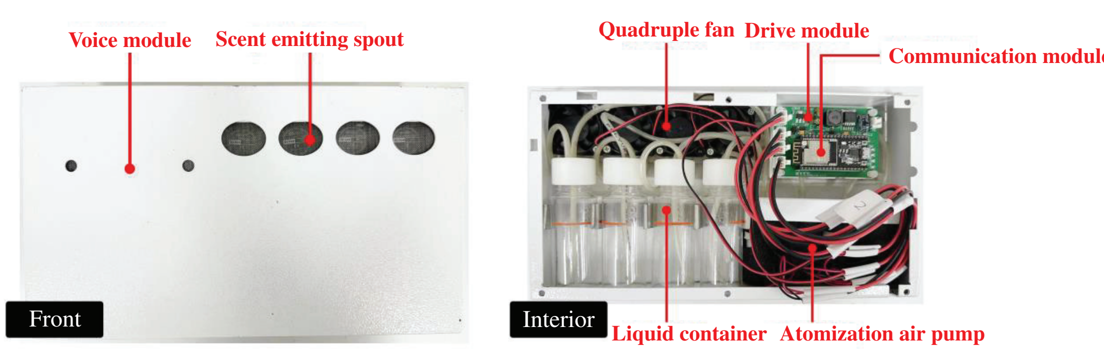
We design, develop, and engage third-party manufacturers to produce our vending machines with interactive marketing functions, where we continue to invest in to make upgrade in line with evolution in respect of relevant technologies and customer needs for more innovative marketing service. As of the Latest Practicable Date, all the vending machines in our vending machine network were owned by us, and we had iterated our vending machine to its fifth generation. Compared with earlier generations, the fifth generation vending machine enjoys more technology features, including, among others, machine component that performs scent emitting and voice interaction, adjustable cargo lane design allowing vending machine to serve different size of goods that makes it more adaptive to serve different marketing activities, better support to cold-temperature storage and light and sound exhibition capability, making efficient and interactive machine-based marketing services. To iterate the vending machine from the initial generation to the fifth generation, we have continuously upgraded the functions and components, and made breakthroughs and progress in many core technologies, based on which we had obtained 14 patents as of the Latest Practicable Date. See "– Intellectual Property."

We strategically place and adjust our vending machines to effectively serve brand customers from different industries, taking into account various factors, including particular behavioral habits of target consumers around the specific candidate site, particular specification of relevant goods being involved in marketing activities, and our business strategy regarding different local regions.

The diagram below illustrates the major functions of our fifth generation vending machine.

We assemble a series of AI-empowered functional components in our vending machines to provide users with convenient pick-up experience and multi-sensory interaction with vending machine. For example, the dual microphone array has the ability of human voice recognition and sound source localization, thus to interact with human voice by transmitting accurate voice and location information, while using algorithms for noise reduction; the infrared touch frame enables users to pick up the goods by verifying the QR code remotely through mobile phone without physically touching the vending machine; the programmable smart ceiling light and RGB light, remotely controlled through IoT technologies, create a festive atmosphere for users; AI industrial control supports multiple AI capabilities, such as face recognition, body recognition, gesture recognition, beauty algorithm, face lock and object recognition, which can enhance user interaction with our vending machine, and realize multi-person linkage on the same screen. Leveraging these functions and modules, consumers will obtain a more comprehensive and real-person understanding of the FMCG products that brand customers promote through our marketing service or we sell and study through our merchandise sales, enabling consumers to provide a more comprehensive and accurate feedback to the products they obtained or purchased, which allows us to collect more accurate information with respect to various perspectives of FMCG products, such as scent, flavor, packaging and brand positioning, to serve our market test and comparison of competing products.

For example, the scent emitting component is a representative key technology feature of our vending machine that provides users with real-person interaction with vending machine. The communication module communicates with the IPC wirelessly, then the IPC sends instructions to the drive module, which controls the quadruple fan and the atomization air pump to work, so as to control the switch to emit scent. The internal structure of the functional component that performs scent emitting is shown as below:



The table below sets forth the details of various functions and modules of our vending machines that traditional vending machines currently used in the FMCG merchandise sales market in China do not perform or install. Traditional vending machines typically lack internet connectivity, therefore their operators are not able to control, operate and maintain traditional vending machines remotely, transmit transaction and consumer action data generated therefrom, or provide interactions with consumers. Particularly, certain functions and modules of AI host in our vending machines, such as edge computing that can achieve automatized work orders, enables the vending machines to operate in a more stable manner, which allows us to collect and transmit user information and consumer feedback information more stably and promptly, so as to enhance the overall efficiency and accuracy of market test and comparison of competing products.

Function/Module	Scenario for Application
	AI host
ROM customization	Based on native android 7.1, the ROM is characterized to make the system purer. Preset applications and daemons enhance peripheral connection and storage security
AI algorithm capabilities	The system loads preset AI models and algorithms[(1)], which provides rich API calls at the application layer, and at the same time enhances visual data security to prevent malicious decompilation and cracking
Edge computing	As a micro-server, it provides local real-time analysis for the operating status of the terminal when online and offline, ultimately achieving automatized work orders[(2)]
Dual-screen differential displays Dual cameras	The host supports lvds+hdmi dual-screen interface, and dual-screen differential displays and free scheduling of dual cameras in terms of software

Notes:

(1) Preset AI models and algorithms refer to the technology of deployment of models and algorithms supporting AI capabilities on computers installed in our vending machines. Compared with centralized deployment on remote servers, application of such technology is able to improve the speed, stability and customization flexibility of AI interaction on our vending machines. Preset AI models and algorithms support the various functions for users to interact with our vending machines, including facial feature recognition, hand feature recognition, body feature recognition and object feature recognition, among others, which significantly enhanced consumer experience of the selling points of FMCG products promoted by brands.

(2) Automatized work orders' technical core is to collect and analyze the vending machine's operation data through IPC installed in the vending machine, cache and respond to the cloud software and hardware automation strategy, and determine the real-time operation status of the vending machine. When the machine status is abnormal, the corresponding disposal program will be executed according to the preset strategy, and an alarm will be given to the automatic management and control system or the operation and maintenance team. The major functions of automatized work orders include automatically finding the cause of machine failure, automatically creating machine failure work order, automatically ending the work order after machine recovery, responding to cloud strategy to conduct automatic repair, and automatically learning the handling process of unknown failure by machine, among others.

Function/Module	Scenario for Application
	Visual interactive camera
Offline recording and photographing	It is used for point environment photography and anti-theft recording
Offline facial feature point recognition	To track facial recognition point-to-object interactions[(1)]
Offline basic attribute identification	To identify gender, age, and activate the corresponding interactive experience
Offline picture similarity comparison	To compare the similarity of the target pictures to trigger the reward if reaching a preset value
Offline hand feature point recognition	To track hand recognition point-to-object interaction, and recognize and determine simple gestures[(2)]
Offline body feature point recognition	There are three ways including posture recognition, movement following, and feature point tracking
Object feature point recognition	To customize object trainings, and recognize and compare objects to get rewards
AR texture + visual beauty	To create hot field and interaction, face beauty + fun stickers
Remote live streaming and interaction	To make robot Q&As, remote live streaming and interaction with backstage personnel to get rewards
	Voice interaction module
Sound source localization + noise reduction	To adapt to offline open environment and accurately locate user's sound sources
Volume detection	To trigger corresponding actions according to the user's voice, forming a certain interesting challenge
Voice recognition	Based on offline phrase recognition library, users shout out specified words to complete the challenge
Remote live streaming and interaction	To make remote live streaming and interaction with backstage personnel to get rewards

Notes:

(1) In the scenario of facial feature recognition, our vending machine aims to not only identify facial features but also supports interactive functions, creating a contextual effect to enhance marketing effectiveness.

(2) Our vending machines' recognition of hand gestures primarily serves the purpose of engaging consumers to participate in interactions with vending machines, which is one of our marketing methods.

Function/Module	Scenario for Application
	Scent emitting module
4-way spray	To solve the problem of selection of the number of new products under a brand in the same issue, and increase the interactive fun at the same time
Programmable	The open API enables the application layer to sensitively control the spray time and intensity, making it more suitable for the characteristics of new products
Hardware modularity	The entirety and parts can be disassembled and replaced independently, with high flexibility
	RGB light
Programmable	To support codes to change the color of the light, used for brand interactive marketing and holiday venue activities, and used to enhance the visual effect of the scenario
Save-energy machine	Under the scenario of unmanned traffic at night, the switch is controlled remotely by codes, saving the machine's energy
	Variable cargo lane
Product adaptability	It has the ability of tool-free adjustment to the width of the cargo lane, which ensures that the terminal adapts to most regular and special-shaped new products
Cargo distribution	Through the analysis on warehousing data, new introduction mechanism, manual intervention, on-machine inventory, site labels and consumer preferences, combined with the self-developed scheduling model, the machine achieves cargo distribution to replace purely manual scheduling

During the Track Record Period, we acquired a substantial number of our vending machines through direct purchases, and a limited number of vending machines through finance lease arrangements. As of the Latest Practicable Date, we had fully settled all our repayment obligations and none of our vending machines was subject to any outstanding repayment obligations under finance lease arrangements.

Big Data and AI Technologies

Leveraging our technology capability, extensive network of vending machines carrying technology features, and rich industry experience in offering marketing service for FMCG brands, we utilize big data technologies and AI algorithms to access, study and accumulate insights into different industry sectors, as well as preference of different brands. We invest in the following key areas to promote our capability of delivering quality services with optimized efficiency:

(i) ***Marketing Project Preparation***. We utilize machine learning and AI technologies to collect, clean, study comprehensive information generated by consumers throughout relevant marketing activities and projects, allowing us to generate consumer feedback analysis reports regarding specific products they promote. Capitalizing on our rich industry experience across diversified FMCG categories, as well as technology capability of connecting with other public data base, we managed to further assist our brand customers to refine their marketing strategies and prepare tailor-made marketing service based on their particular demands, precedent case studies, and our predict on consumer behavior based on our analysis.

(ii) ***Tools and Systems to Improve Operation Efficiency and Consumer Experience***. Capitalizing on our in-house research and development team, we have developed a series of tools and systems that can well fit into different business scenario and/or operation procedures, in a way to promote willingness of consumers to join our marketing events, complete tasks and receive enjoyable experience, as well as to improve our operation efficiency, particularly when we generally undertake multiple projects at the same time. Such proprietary tools and systems include:

- Underlying platform or operating system integrating a broad variety of hardware available in the public market, in a way to facilitate smooth users' interaction with vending machines and effective management of vending machine network and respective vending machines, such as (a) basic operating systems that serve as infrastructure to run a variety of functional components, namely our AI interactive system and IoT network system; (b) small-scale function systems designed to complete particular tasks widely used in different scenarios, such as recognition of human being and different FMCG products both in statistic status or in movement, which is a key way for our consumers to give command to vending machines for completing tasks. We also invested in developing systems with a special focus on facilitating users' interaction with vending machines that involves scent and voices.

  Working together, these systems make life-like interactions between consumers with vending machines to the extent possible. Our vending machines thus can react to voice, gesture, expression and movement of consumers in an accurate and quick way. Through continuous iteration, we have overcome commonly-seen technology limitations or shortfalls, such as delay in making response, failure to recognize subtle difference between gestures or pronunciations that vary from person to person, and rigid response to consumers when they fail to perform certain requested tasks.

- A large varieties of applications, each carrying particular features designed to exhibit a specific character or atmosphere that are popularly pursued by different FMCG brands to implant into their products and brands, such as enthusiasm for sports, delicious taste, enjoyable scent, science fiction, as well as curiosity and problem-solving. By fine-tuning particular themes and designs based on a particular FMCG product involved in a selected project, we turn these applications into effective media and tool to promote consumers to participate in our marketing events, while subtly enhancing their recognition on, and willingness to give feedback to, relevant FMCG products. Our applications include, to name a few, vending machine-based applications, such as "Run in Full Speed (全速奔跑)" featuring action and movement recognition, "Conquer of Life Spring (勇奪生命泉)" featuring voice-recognition technologies, "Perpetual Flower Words (永恒花語)" featuring users' interaction with vending machines involving different types of scent, and "Gourmet Detective (美味大偵探)" allowing consumers to interact remotely with our vending machine network through their mobile phones.

(iii) ***Vending Machine Management and Products Distribution***. In preparing detailed implementation schedule of marketing projects, we utilize big data and AI technologies to recommend engagement of different vending machines, including specific number and location of vending machines, the type and composition of consumer goods for different vending machines to offer, as well as how the vending machines work together to support an interesting marketing campaign, in the way to offer interesting and interactive experience to target consumers, with sufficient incentives for them to complete tasks that are necessary for us to accomplish customer demands. Our technology capabilities allow us to complete goods allocation schedule of, and upgrade promotional contents exhibition on, the vending machine in a high automated way, and monitor operation progress and make timely adjustment on a real-time basis. As a result, we are able to continuously optimize vending machine performance in accordance with the pre-set marketing goals and customer budget automatically.

SALES AND MARKETING

We implement various sales and marketing measures to promote our marketing service business. In general, we emphasize the deepening of our relationships with existing brand customers, the development of relationships with potential brand customers, and the exploration of untapped market opportunities. We obtain new projects from existing brand customers as a result of our high-quality service, high standard of performance, and effectiveness in achieving their marketing objectives in historical projects. In the process of acquiring new brand customers, we mainly build up industry reputation, promote our industry cases, and speak out at major domestic conferences to establish our professional reputation and brand awareness in promoting FMCGs and interacting with consumers. Further, some of our new brand customers are introduced to us through referrals from our existing customers and word-of-mouth.

Our dedicated marketing force, consisting of two teams, namely KA marketing team and business development team, are responsible for acquiring, developing and maintaining our existing and prospective customers. Equipped with in-depth industrial knowledge and professional experience, our two marketing teams focus on their respective customer groups while cooperate with each other to create synergy and improve our overall sales efficiency and marketing effectiveness.

Our KA marketing team, consisting of 15 employees as of December 31, 2023, is primarily responsible for serving, maintaining and developing KA customers. Dedicated to establishing a strong relationship with KA customers, our KA marketing team specializes in providing customized marketing service tailored to the KA customers' personalized promotional needs. Our business development team, consisting of 18 employees as of December 31, 2023, is primarily responsible for identifying and developing new brand customers that are typically small to medium-sized companies that seek our standardized marketing service.

Our sales and marketing personnel typically communicate with existing and potential brand customers through phone calls and on-site visits to understand their marketing and promotional needs. Furthermore, once we identify new products in the market, our sales and marketing personnel reach out to the potential customers to introduce our experience and expertise. They are also responsible for the negotiation and execution of service contracts following successful customer acquisitions.

Our two marketing teams work closely with each other. The business development team shares potential customers information and business opportunities with the KA marketing team, so that the KA marketing team can participate in key business negotiations and executions of business agreements. Moreover, our two marketing teams regularly conduct knowledge and experience sharing and training to enhance the understanding of each other and improve their professional knowledge and skills, which will contribute to the enhancement of our overall sales and marketing capability. Leveraging the organizational structure of our sales and marketing team, we are able to maximize our market coverage by focusing on both KA customers and non-KA customers.

Due to the nature of our marketing service business, the users of our online platform "Quna (趣拿)" typically overlap with the individual consumers of our merchandise sales business. In this regard, we expand our individual consumer base primarily through our offline vending machines and online platform. We place vending machines and hold offline marketing campaigns in commercial properties to attract new users by displaying brand and product information and providing FMCG products at a try-me discounted price or for free, which can easily lead to user conversion and spread among user groups. Our online promotion and user acquisition measures mainly include, among others, providing AI interactions and flash sales to attract new users to download our mobile app and register through the mobile app or WeChat mini programs, posting on major social media platforms such as Weibo, WeChat official account and Xiaohongshu and cooperating with MCNs to engage KOLs to promote our platform, pushing SMS and social media platform promotional contents related to new product launches and promotions, and recommendations by our existing users.

Our sales and marketing team are equipped with extensive industry experience. In particular, Mr. CAO Liwen (曹理文), vice president of sales of our Group, had 22 years of experience in the marketing industry as of December 31, 2023.

PRICING

During the Track Record Period, our pricing and fee structures differ across our business segments, outlined as follows:

Marketing Service

We charge our brand customers fixed fees on a project basis for our marketing services. Our brand customers can select the marketing services they require from our various service modules to create their customized projects. For each project, we apply a fixed fee, with the specific price determined by the pricing of each service modules contained in such project. The pricing methods for service modules under this business segment are as follows:

Standard marketing service

- Within our marketing campaign services, the pricing of each campaign primarily encompasses the costs of event planning, theme-related design and production, vending machine rental fees, and on-site personnel support costs.

- Within our multi-channel media promotion services, we set unit prices for LCD screen display, vending machine shell display and social media platform posts. The table below sets forth the unit price range for such service modules during the Track Record Period:

	For the year ended December 31,		
	2021	2022	2023
LCD screen display (RMB/vending machine/week)[(1)]	1,000 to 6,000	1,600 to 6,000	600 to 6,000
Vending machine shell display (RMB/vending machine/week)[(1)]	4,000 to 6,000	1,000 to 6,000	4,000
Social media platform posts (RMB/post or article)[(2)]	10,000 to 60,000	40,000 to 60,000	50,000

Note:

(1) *Refer to the unit price range for the vast majority of the projects using the relevant service module.*

(2) *The unit price of social media platform posts depends on the specific content customized and sent according to the customer's requirement. The unit price includes the price for sending one article or post, without taking into consideration click-through-rate or page views after posting such content.*

The wide range of unit prices for LCD screen displays is due to the application of different prices based on the screen size. The wide unit price range for vending machine shell displays in 2022 resulted from a few projects, particularly those with less workload involved in designing and decorating the customized vending machines, we reduced unit prices accordingly. Nevertheless, during the Track Record Period, the unit price for the majority of vending machine shell display projects was RMB4,000 per vending machine per week. The unit price of social media platform posts depends on the specific content customized according to the customer's requirement, taking into consideration the length and complexity of such content, which led to the variation of unit prices.

For our online platform display services, we utilize different unit prices depending on the platforms and display formats, such as push notifications, App launch screen/splash screen display, banners, and interstitial advertisements/pop-up advertisements. The unit prices for such services depend on various factors for each projects. For reference purpose, the table below sets forth representative examples for unit price ranges for such service modules during the Track Record Period:

	For the year ended,		
	2021	**2022**	**2023**
Push notifications (examples for reference)	RMB1,000 per 1,000 pushes	RMB1,000 per 1,000 pushes	RMB1,000 per 1,000 pushes
Launch screen/splash screen display (examples for reference)	RMB200,000 per day	RMB200,000 per day	RMB200,000 per day
Banners (examples for reference)	RMB200,000 per week – RMB504,000 per week	RMB200,000 per week – RMB400,000 per week	RMB200,000 per week – RMB400,000 per week
Interstitial advertisements/ pop-up advertisements (examples for reference)	RMB1,000 per 10,000 views/ pop-ups	RMB1,000 to RMB1,600 per 10,000 views/ pop-ups	RMB1,000 per 10,000 views/ pop-ups

Regarding procurement of third-party media resources, pricing is determined based on the type of media obtained. For instance, SMS push services are priced based on the number of messages sent, with a unit price around RMB0.1 per message during the Track Record Period. For short video platform traffic acquisition service, the standard procurement procedure for users on social media platforms typically involves an initial deposit or top-up to their accounts, followed by the allocation of these funds to acquire various traffic acquisition options provided by the platforms. The pricing for these traffic on the social media platforms is determined by the relevant platform's pricing model. In this context, we initially recommend suitable traffic acquisition plans to our customers taking into consideration their specific requirements and the synergies with other marketing services provided to the relevant customer. Subsequently, we charge our customer for these services at a cost plus model for the corresponding amount of traffic procured from the third-party media platform, plus a service fee, typically set at around 5% of the amount of traffic acquired.

- Within FMCG product promotion module, we offer different pricing methods for FMCG product distribution and FMCG product shelving. The pricing for FMCG product distribution is based on the quantity of distributed products, typically ranging from RMB2 to 10 per unit (i.e., piece of product). If such distribution requires consumers to complete questionnaires, the price is typically RMB25 per unit. The pricing for FMCG product shelving is charged by leasing vending machine slots to our brand customers, priced at approximately RMB200 per vending machine slot per month. We procure such products from such brand customers and the revenue generated from the sales of such products is categorized under our merchandise sales business segment.

Value-added marketing service

- The pricing of our AI interaction services is determined by the sessions of AI interactive services or the number and duration of the utilization of vending machines involved in a specific marketing project. The price for each AI interaction session primarily reflects the labor and the implementation of AI technology invested in such sessions, which may differ from case to case. For details, see "– Our Business – Value-Added Marketing Service – AI Interaction" in this section.

- Our data strategy services are primarily priced based on the complexity of analysis and the volume of data involved.

We may offer discounts to our brand customers for the marketing service modules mentioned above, taking into account factors such as project complexity, duration, content, the number and duration of vending machines to be utilized, and the quantity of FMCG products distributed.

Merchandise Sales

The pricing of our merchandise generally reflects manufacturers' and distributors' suggested retail prices, which tend to be consistent with similar products in nearby markets. However, we retain the flexibility to set retail prices based on actual circumstances, particularly for promotional purposes. Our pricing strategy incorporates tiered pricing by city, enabling adjustments based on factors such as costs, competition, consumer behavior, and inventory turnover at specific locations.

OUR CUSTOMERS

During the Track Record Period, customers for our marketing service business primarily consisted of corporate customers including brand owners and marketing agents. A brand owner is (i) a corporate customer that directly owns or exclusively distributes the brands, or (ii) a related entity of such corporate customer. A marketing agent is a corporate customer that acts on behalf of brand owners as their agent to procure marketing service or services. Similar to marketing agents, we design marketing strategies and marketing plans for brand owners that are our customers. We differentiate from marketing agents primarily because we have our self-operated platform to execute and deliver marketing service, including our online platform and vending machine network, which also serve as our touch point for target consumers. However, marketing agents typically do not have such self-operated platforms, and cooperate with a diverse range of media channels to ensure dissemination of advertisements to the brand owners' target consumers. Moreover, as marketing agents generally do not involve in direct interactions with target consumers, they typically have a limited access to consumer feedback. In contrast, our online platform collects consumer feedback which is valuable to brand owners.

During the Track Record Period, customers for our merchandise sales business primarily consisted of individual consumers who purchase consumer goods from our vending machines directly, and from our online platform through placing online purchase orders and picking up the goods from nearby vending machines.

During the Track Record Period, we had 472 brand customers that procured our marketing service. These brand customers were mainly enterprises from the FMCG industry in China. Our marketing projects with our brand customers are primarily through fee quotation. We provide each type of marketing service in accordance with the relevant scope and details of the services specified in the corresponding agreements. Most of our brand customers assess our performance mainly based on whether we have fulfilled all the requirements as set out in the work scope in their service agreements.

The following table sets forth a breakdown of revenue from marketing service business by customer type, for the years indicated:

	For the years ended December 31,					
	2021		2022		2023	
	Revenue	%	Revenue	%	Revenue	%
	RMB'000		*RMB'000*		*RMB'000*	
Brand owner	139,425	37.0	178,413	44.1	328,612	40.7
Marketing agent	237,228	63.0	226,397	55.9	479,360	59.3
Total	**376,653**	**100.0**	**404,809**	**100.0**	**807,971**	**100.0**

The tables below provide the number and average revenue per customer of our KA customers and non-KA customers within our marketing service business during the Track Record Period. The table below sets out details on our KA and non-KA customers that engaged us for marketing services for the years indicated. We also listed details of KA and non-KA customers in respect of standard marketing service and value-added marketing service as well.

		For the year ended December 31,		
		2021	2022	2023
Marketing service	**KA customer**	**27**	**28**	**47**
	Non-KA customer	**147**	**102**	**244**
– Standard marketing service	KA customer	26	26	47
	Non-KA customer	145	92	238
– Value-added marketing service	KA customer	22	21	29
	Non-KA customer	45	44	50

		Average revenue per customer*		
		For the year ended December 31,		
		2021	2022	2023
		(RMB in million)		
Marketing service	**KA customer**	**10.5**	**11.4**	**13.8**
	Non-KA customer	**0.6**	**0.8**	**0.6**
– Standard marketing service	KA customer	9.8	11.2	11.8
	Non-KA customer	0.6	0.6	0.6
– Value-added marketing service	KA customer	1.3	1.4	3.3
	Non-KA customer	0.1	0.6	0.4

Note:

* *The average revenue per customer is calculated by dividing the total revenue generated by either KA customers or non-KA customers by their respective total number of customers.*

Leveraging our effective business model and strong service capabilities, we have established stable relationships with our KA customers, with an average of over two years of cooperation history as of December 31, 2023. These KA customers constituted a meaningful proportion of our repeat customers in terms of revenue contribution during the Track Record Period.

The following table sets forth the number of, and total revenue from our repeat customers of marketing service during the Track Record Period:

	For the years ended December 31,		
	2021	**2022**	**2023**
Number of repeat customers*	54	52	43
Total revenue from repeat customers *(RMB'000)*	251,875	252,900	322,792

Note:

* *Repeat customers are those who have remained our brand customers for the previous calendar year.*

The number of repeat customers deceased during the Track Record Period because in responding to the challenges brought by the macro economy, we strategically adjusted our customer service focus and invested less resources in maintaining brand customers that were small and medium sized companies and contributed less revenue as compared with large scale brand customers. However, leveraging our continuously refined operation and enhanced service capabilities, we managed to increase the total revenue from repeat customers from 2021 to 2022, and to 2023.

Major Customers

For each year during the Track Record Period, our five largest customers generated RMB110.8 million, RMB101.5 million and RMB153.3 million of revenue, respectively, accounting for 22.0%, 18.4% and 15.2% of our total revenue for the same years, respectively. For each year during the Track Record Period, our largest customer generated RMB24.3 million, RMB25.4 million and RMB35.4 million of revenue, respectively, accounting for 4.8%, 4.6% and 3.5% of our total revenue for the same years, respectively.

The information of our five largest customers in each year during the Track Record Period is set forth below:

For the Year Ended December 31, 2021

Rank	Customer	Principal business	Year of incorporation	Registered capital	Location	Services provided by us	Commencement of business relationship	Revenue	Percentage of total revenue
				RMB'000				*RMB'000*	*%*
1	Customer E	Food and beverages manufacturing	2019	34,783	Meishan	Marketing service	2020	24,340	4.8
2	Customer F	Marketing agency	2019	50,000	Beijing	Marketing service	2020	24,302	4.8
3	Customer B	Marketing agency	2013	10,000	Nanjing	Marketing service	2014	24,104	4.8
4	Customer G	Marketing agency	2011	5,000	Shanghai	Marketing service	2018	20,217	4.0
5	Customer H	Marketing agency	2016	10,000	Beijing	Marketing service	2019	17,877	3.6

For the Year Ended December 31, 2022

Rank	Customer	Principal business	Year of incorporation	Registered capital	Location	Services provided by us	Commencement of business relationship	Revenue	Percentage of total revenue
				RMB'000				*RMB'000*	*%*
1	Customer B	Marketing agency	2013	10,000	Nanjing	Marketing service	2014	25,368	4.6
2	Customer I	Software development and Internet information service	2020	6,000	Xiaman	Marketing service	2022	23,531	4.3
3	Customer J	Food and beverages manufacturing	2016	30,000	Shigatse	Marketing service	2022	20,019	3.6
4	Customer K	Catering management consulting service	2018	11,100	Jinan	Marketing service	2022	16,509	3.0
5	Customer H	Marketing agency	2016	10,000	Beijing	Marketing service	2019	16,113	2.9

For the Year Ended December 31, 2023

Rank	Customer	Principal business	Year of incorporation	Registered capital	Location	Services provided by us	Commencement of business relationship	Revenue	Percentage of total revenue
				RMB'000				*RMB'000*	*%*
1	Customer RR	Marketing agent	2021	5,000	Hangzhou	Marketing service	2023	35,377	3.5
2	Customer NN	Marketing agent	2020	1,000	Xiamen	Marketing service	2023	34,338	3.4
3	Customer F	Marketing agent	2019	50,000	Beijing	Marketing service	2020	31,410	3.1
4	Customer EEE	Marketing agent	2022	10,000	Nanjing	Marketing service	2023	27,726	2.8
5	Customer V	Food and beverage manufacturing	2021	2,282	Wuxi	Marketing service	2022	24,478	2.4

As of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholder which to the best knowledge of our Directors owned more than 5% of the issued share capital of our Company, had any interest in our five largest customers in each year during the Track Record Period. We have indirectly held a 10.5% equity interest in Customer K since January 2023, which was one of our five largest customers in 2022. To the best knowledge of our Directors, except for Customer K, each of our five largest customers in each year during the Track Record Period was an Independent Third Party.

General Contract Terms with Brand Customers

We use the same form service agreement for brand owners and marketing agents that become our brand customers. We do not differentiate in serving these two types of customers in terms of work scope, labor, technical, marketing resources invested, or any other respects. In addition, we had not paid any commission to any marketing agents which may result in a deduction to service fee payable to us. We do not see any substantial differences between these two types of customers from respects of our business operation or profitability.

The general terms of our marketing service agreements vary based on negotiations with our brand customers and the types of marketing service we provide. We generally adopt a credit term of three to six months. We are typically engaged by our customers on a customized project basis. The payment by our brand customers is based on our performance of each of the procured services as specified in the agreements. Terms of our service agreements normally include the following:

- ***Term.*** Generally within one year for a framework service agreement, and generally one to three months for a project service agreement.

- ***Responsibilities***. The customers shall ensure that the source of their products is legitimate, the quality of their products and the content of their advertisements meet the requirements of the relevant laws and regulations. The customer shall indemnify us for any loss arising from their violation of any such laws and regulations. The launch of each individual marketing content is subject to our review and approval.

- ***Payment Terms.*** Depending on commercial negotiation, typically we receive 100% of payment after the completion of services.

- ***Payment Process.*** Generally we issue an invoice for the payment amount, and the customer settles the amount within the agreed period.

- ***Project Completion.*** Completion of our services are generally evaluated based on promotional activities and marketing services being performed, time lapse of usage of vending machines for FMCG product promotion, and product review reports being delivered.

- ***Damages and Liability.*** Typically, a non-breaching party may be entitled to recover from the breaching party damages, expenses and costs in respect of breach of agreement.

- ***IP Infringement.*** The customer shall guarantee that all intellectual properties provided to us, such as trademarks, copyrights and know-hows shall not infringe upon or otherwise violate intellectual property rights or other rights held by other third parties. In the case of any violation or infringement, the customer shall indemnify our loss.

Service for Individual Consumers

We strive to optimize our individual consumers' experience by offering high-quality customer services. We have invested significant management, financial and human resources to offer our customers personalized services across our various lines of business. We have a dedicated customer service department to handle customer queries and complaints, and provide comprehensive training to our customer service personnel to ensure consistent and high-quality service.

We maintain a hotline, WeChat official account and WeChat mini programs to answer questions and complaints from our customers. Our customers can leave complaint messages to us on our WeChat official account and WeChat mini programs 24/7. Upon receiving feedbacks from a customer, our system will assign a customer service personnel to immediately follow up until the issue is resolved. During the Track Record Period and up to the Latest Practicable Date, we did not receive any material complaint from our customers.

MAJOR SUPPLIERS

During the Track Record Period, our major suppliers primarily included technology service providers, vending machine manufacturers, manufacturers and distributors of beverages, food and other FMCGs, and agents of social media platforms in China. We do not enter into business contracts with social media platforms directly. Instead, we procure social media platform resources from agents of social media platform companies, which is an industry norm. For each year during the Track Record Period, purchases from our five largest suppliers accounted for 48.3%, 33.5% and 30.5% of our total purchases for the same years, respectively. For each year during the Track Record Period, purchases from our largest supplier accounted for 27.0%, 9.5% and 10.1% of our total purchases for the same years, respectively. The table below sets forth the details of our five largest suppliers in each year during the Track Record Period:

For the Year Ended December 31, 2021

Rank	Supplier*	Principal business	Year of incorporation	Registered capital *RMB'000*	Location	Products/ services purchased	Commencement of business relationship	Purchase amount *RMB'000*	Percentage of total purchase *%*
1	Supplier M	Machine manufacturing and technology development service	2002	648,470	Weihai	Vending machine	2018	134,264	27.0
2	Supplier P	Information technology development and marketing service	2013	10,000	Nanjing	Site expansion	2018	34,679	7.0
3	Supplier Q	Human resources service	2019	10,000	Xianning	Human resources outsource	2020	27,124	5.5
4	Supplier O	Technology and marketing service	2018	10,000	Beijing	Marketing service	2019	24,934	5.0
5	Supplier R	Information technology development service	2016	15,000	Shanghai	Technology development service	2020	19,017	3.8

Note:

* *Suppliers that are under the control of the same ultimate holding company, despite being separate legal entities, are regarded as one single supplier.*

For the Year Ended December 31, 2022

Rank	Supplier*	Principal business	Year of incorporation	Registered capital *RMB'000*	Location	Products/ services purchased	Commencement of business relationship	Purchase amount *RMB'000*	Percentage of total purchase *%*
1	Supplier P	Information technology development and marketing service	2013	10,000	Nanjing	Site expansion	2018	33,642	9.5
2	Supplier O	Technology and marketing service	2018	10,000	Beijing	Marketing service	2019	31,283	8.8
3	Supplier S	Beverages and food sales	1989	334,469	Shanghai	Beverages	2021	18,854	5.3
4	Supplier T	Human resources service	2012	2,000	Nanjing	Human resources outsource	2014	17,812	5.0
5	Supplier U	Value-added telecommunication and information technology development service	2017	10,000	Nanjing	Technology development service	2022	17,337	4.9

For the Year Ended December 31, 2023

Rank	Supplier*	Principal business	Year of incorporation	Registered capital *RMB'000*	Location	Products/ services purchased	Commencement of business relationship	Purchase amount *RMB'000*	Percentage of total purchase *%*
1	Supplier AAA	Cultural and artistic activity arrangement; technical services; advertising service	2016	20,000	Beijing	Marketing service	2023	73,145	10.1
2	Supplier BBB	Value-added telecommunication and information technology services; advertising service	2018	50,000	Wuhan	Marketing service	2023	56,753	7.9
3	Supplier O	Technology and marketing service	2018	10,000	Beijing	Marketing service	2019	32,057	4.4
4	Supplier CCC	Technology development; advertising service	2016	10,000	Beijing	Marketing service	2023	29,967	4.2
5	Supplier DDD	Development and manufacturing of vending machine and sensors	2014	10,000	Danyang	Vending machines	2014	28,250	3.9

Note:

* *Suppliers that are under the control of the same ultimate holding company, despite being separate legal entities, are regarded as one single supplier.*

As of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholders which to the best knowledge of our Directors owned more than 5% of the issued share capital of our Company, had any interest in our five largest suppliers in each year during the Track Record Period. To the best knowledge of our Directors, each of our five largest suppliers in each year during the Track Record Period was an Independent Third Party.

Technology Service Providers

In order to focus our resources on the design, sales, marketing and technical support of marketing service, we engage third-party technology service providers to provide us with services necessary for the improvement of our technological capabilities, particular those to be utilized in the development and iteration of the functional modules of our vending machines. We choose third-party technology service providers based on a variety of factors, including their research and development capabilities, service quality, history of cooperation with us, and pricing.

Our third-party technology service providers are typically required to complete a technological development project based on our requirements and goals as set forth in the agreement they enter into with us. They shall complete the project within the prescribed time period, and deliver all relevant research and development work products and accompanying documents and materials to us, after which we are entitled to maintenance and other auxiliary services. In addition, we are typically entitled to all intellectual properties conceived and developed during such information technology development process, and have the exclusive right to commercialize any of such intellectual properties, including but not limited to the technical materials, documents, source codes and applications. We are also entitled to all the equipment, devices or materials purchased or generated in such process.

We typically pay the service fee in instalments, with the last instalment to be paid upon the delivery of project work product to our reasonable satisfaction. Moreover, each party shall maintain the confidentiality of information obtained in relation to the relevant agreement or project, and not to disclose to any third parties, typically for two years from the effective date of the agreement. Finally, the information technology service agreements may generally be terminated upon mutual consent between the parties, and we are entitled to unilateral termination if the service providers fail to deliver designated work products in the case of a material delay.

Vending machine Manufacturers

We engage machine manufacturers to produce vending machines customized to our specifications. For example, in addition to the type and size of machines, we also specify the design of their internal compartments, payment modules, display screens, and functional modules, based on our desired application scenarios. We select machine manufacturers based on a range of factors, including product quality, price, delivery time, after-sale services, and payment terms.

Under our agreements with machine manufacturers, they are typically required to (i) deliver ordered machines within a specified time and take mitigation measures if they fail to deliver to specified destination on schedule; (ii) conduct full inspection before delivery according to our inspection standards; (iii) accept return of machines that do not meet our quality standards; (iv) compensate for our losses incurred due to seriously defective machines, and (v) provide after-sale services, typically with a one-year quality warranty period. We typically pay 30% of the purchase price as an advance payment after the contract comes into effect and the order is placed, 30% of the purchase price after the machines have been produced and passed quality inspection, 30% of the purchase price after the machines have been delivered, installed and accepted, and the remaining 10% of the purchase price within 15 days after six months have lapsed following our acceptance of the machines. We typically enter into confidentiality agreements or stipulate confidentiality provisions in our procurement contracts with machine manufacturers to protect our intellectual properties. Generally, we possess software related intellectual properties and machine manufacturers possess hardware related intellectual properties. See "– Intellectual Property."

Manufacturers and Distributors of Beverages, Food and Other FMCGs

We have adopted a series of measures to effectively control our procurement costs, including among others, entering into framework agreements with suppliers to ensure stable prices for our merchandise. We also typically procure merchandise at prices lower than the recommended prices set by merchandise suppliers. Therefore, we believe we are not prone to fluctuations in procurement costs.

We have formulated a comprehensive set of criteria for selecting beverages and food manufacturers and distributors, including their brands and reputation, merchandise popularity and quality, order services, delivery services, after-sale services, and credit terms. Our procurement agreements with FMCG manufacturers and distributors typically have terms of one year. The agreements typically specify the payment terms, packaging and delivery, quality standards and shelf life of the merchandise procured, and liabilities for breach of contract. The specifications of merchandise to be procured are generally stipulated in purchase orders and may be varied by us from time to time based on our business needs. The procurement agreements are generally terminable by (i) unilateral termination, if the supplier is in material breach of contract; (ii) prior written notice by any party; and (iii) mutual agreement. Our suppliers are required to (i) possess necessary licenses and qualifications for the provision of merchandise, (ii) deliver ordered merchandise in accordance with the specification set out in the purchase orders within a specified time and compensate us for failure to deliver to specified destination on schedule; and (iii) accept return of defective merchandise, and compensate for our loss. We typically settle the payment by bank transfer before the suppliers arrange delivery of merchandise.

MCNs

During the Track Record Period, we cooperated with MCNs to engage KOLs to promote our platform. These MCNs typically cooperate with a large number of KOLs among whom we select certain KOLs based on our marketing needs and MCNs' recommendations. As we do not rely on any particular KOLs for our marketing activities, and our selections of KOLs change from time to time in order to adapt to the evolving marketing needs of our brand customers and us, we do not see any concentration risk on one or more KOLs in relation to our marketing activities. These KOLs posted marketing contents and conducted live streaming promotional activities on social media platforms, and are subject to relevant laws and regulations relating to live streaming promotional activities such as the *Administrative Measures for Live Streaming Marketing (for Trial Implementation)* (《網絡直播營銷管理辦法(試行)》). Our Directors are of the view that, as confirmed by our PRC Legal Adviser, (i) the purpose of this regulation is to manage entities and individuals directly participated in the live streaming sessions, including live streaming platforms, operators of live streaming rooms, live streaming marketers, and live streaming marketing service agencies. Although during the Track Record Period, under very few circumstances, we engaged KOLs through MCNs for live streaming sessions, neither we nor our employees directly participated in the live streaming sessions and are therefore not subject to this regulation, (ii) up to the Latest Practicable Date, we had complied with all relevant PRC laws and regulations in all material respects concerning online marketing, and (iii) there is no material impediment for us to comply with the relevant laws and regulations concerning online marketing. Based on the independent due diligence conducted by the Sole Sponsor and having considered the views and basis of the Directors and the PRC Legal Adviser as disclosed above, nothing has come to the attention of the Sole Sponsor (as a non-legal expert) which would cause it to disagree with the reasonableness of the above view and analysis of the Directors and the PRC Legal Adviser.

As we cooperate with MCNs to engage KOLs to promote our platform during our course of business, we are deemed as an "advertiser" of the advertisements published by KOLs. According to the Advertisement Law, advertisements made by advertisers shall not contain any false or misleading information, or deceive or mislead consumers. If the advertisements published by KOLs contain any false or misleading information, or deceive or mislead consumers, we will be subject to liabilities arising from any false or misleading information contained in such advertisements. According to the certification documents obtained by us for no violation of laws and regulations and our PRC Legal Adviser's opinion, during the Track Record Period, we had not been imposed any penalties by the competent governmental authorities, or subject to any compensation claims from consumers for publishing any false or misleading advertising content by KOLs. See "Risk Factors – Risks Relating to Our Business and Industry – Risks Relating to Our Services – We are subject to, and may expend significant resources in defending against, government actions and civil claims in connection with false, fraudulent, misleading, or otherwise illegal marketing content."

Service fee payable to MCNs is stipulated in the service agreements between MCNs and us, and recognized as our marketing and promotion expenses in selling and distribution expenses in our statement of profit or loss when their services are rendered. We did not enter into any profit sharing arrangements with MCNs. Material terms of service agreements with MCNs typically include the following:

- ***Duration***. Generally one day for one-time session of services, and generally one to two weeks for a package of services for our annual or seasonal marketing campaigns.

- ***Responsibilities***. MCNs shall provide services including marketing content creation and distribution in accordance with our detailed requirements. MCNs shall ensure that the marketing content is in compliance with the relevant laws and regulations. MCNs shall indemnify us for any loss arising from their violation of any such laws and regulations or their infringement of third parties' intellectual property rights.

- ***Payment Terms***. Depending on commercial negotiation, typically we pay 100% of service fee after the completion of one-time session of services, and pay the service fee in two equal instalments upon signing of service agreements and completion of services for packages of services for our annual or seasonal marketing campaigns.

- ***Damages and Liability***. Typically, a non-breaching party may be entitled to recover from the breaching party damages, expenses and costs in respect of breach of agreement.

- ***IP Ownership and Infringement***. All intellectual properties shall be owned by us following our payment of service fees in full. MCNs shall guarantee that all intellectual properties provided to us shall not infringe upon or otherwise violate intellectual property rights or other rights held by third parties. In the case of any violation or infringement, MCNs shall indemnify our loss.

Overlapping of Major Customers and Suppliers

During the Track Record Period, in managing our merchandise sales business, we sourced goods for resale from a large number of our customers to which we provided marketing service. It is common in the marketing service industry that marketing service customers supply their products to marketing service providers for retail. We consider we benefits from such arrangement because by conducting retail of relevant goods, we are able to enhance our business relationship with relevant brand customers, while further accumulating consumer behavior information in respect of relevant products and brands, further enhancing our capability of providing quality marketing service.

The table below sets details of overlapped major customers and suppliers for the years indicated:

Company Name	Services procured from us as our customer	Products provided to us as our supplier	For the year ended December 31, 2021 Revenue	2021 Purchase	2022 Revenue	2022 Purchase	2023 Revenue	2023 Purchase
			RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Customer S (Also one of the major suppliers, same as Supplier S)	Marketing service	Beverages	1,887	6,633	8,038	18,854	6,937	21,409
Customer E	Marketing service	Beverages	24,340	11,115	6,132	10,519	–	1,959

In 2021, 2022 and 2023, revenue from the provision of marketing service to these major suppliers contributed approximately 0.4%, 1.5% and 0.7% of our total revenue, respectively, and purchases from these major customers contributed approximately 2.2%, 3.0% and 0.3% of our total purchase, respectively. During the Track Record Period, our revenue and purchases from the overlapping customers and suppliers were not inter-conditional with each other.

Our Directors have confirmed that all of our revenue and purchases from the overlapping customers and suppliers were conducted in the ordinary course of business under normal commercial terms. The terms of our agreements with these overlapping customers and suppliers are substantially the same as those with our other customers and suppliers. As of the Latest Practicable Date, to the best information and knowledge of our Directors, all of these customers and suppliers were Independent Third Parties.

LOGISTICS AND INVENTORY MANAGEMENT

Logistics

Our brand customers and suppliers are responsible for delivering the products and merchandise to our warehouses. During the Track Record Period, we did not form an internal delivery team; instead, we enlisted third-party delivery services to transport products and merchandise from our warehouses to vending machines. For a limited number of marketing projects where we provided FMCG product promotion service only, we engaged third-party delivery service providers to transport the products and merchandise to consumers. Consumers typically pick up the products and merchandise directly from the vending machines by themselves, therefore we generally don't need logistics when delivering to the end consumers, unless under scenarios as aforementioned. Our set of criteria for selecting such third-party delivery service providers includes, among other things, their prices and service quality.

As of December 31, 2023, we operated 22 warehouses, including 21 operated by ourselves and one operated by a third party, supporting the delivery of the products and merchandise in 22 cities where our vending machines are deployed.

Inventory Management

Through our operation system, we are able to monitor information such as inventory level, movement of our SKUs and stock description on a real time basis. In practice, we maintain data for merchandise and inventory in our centralized operation system, based on which we get daily average sales and inventory level of each SKU in each of our vending machines. Particularly, we pay close attention to food and beverage products. For merchandise with a short shelf life, we will negotiate with our brand customers in advance to arrange delivery to us in batches, thus preventing overstocking issues. Our warehouse managing staff will timely alert us when the remaining shelf life is less than (i) 35 days in the case of shelf life of less than 180 days; or (ii) 45 days in the case of shelf life of longer than 180 days. Merchandise with shelf life of less than that as prescribed by relevant laws and regulations will be disposed of promptly. We conduct monthly and semi-annual audit to ensure the accuracy and safety of our inventory. Our inventory turnover days increased from 69.4 days in 2021 to 128.8 days in 2022, then decreased to 117.2 days in 2023, aligning with our business expansion. In particular, our inventory turnover days experienced a significant increase in 2022, primarily due to reduced inventory consumption during the recurrence of COVID-19.

Operation and Maintenance Support

As of December 31, 2023, we had a team of 82 operation and maintenance personnel nation-wide, who are responsible for ensuring the smooth operation of our vending machines. We are devoted to continuously enhancing our operation and maintenance support by, among others, optimizing management, providing operational skill training and incentivizing talents. In addition, our centralized operation system sends notification to the responsible operation staff upon identification of any malfunction, which ensures timely repair of any malfunction vending machine. In 2021, 2022 and 2023, our operation costs for the maintenance of our vending machines mainly included remuneration paid to our maintenance personnel, which amounted to approximately RMB0.7 million, RMB0.6 million, and RMB0.7 million respectively, accounting for 0.4%, 0.3%, and 0.1% of our total cost of sales in the same years, respectively.

QUALITY CONTROL

We place great emphasis on the quality of the products and merchandise provided through our vending machines. Led by experienced operation and procurement teams, when evaluating our brand customers and suppliers, we have established stringent screening procedures for potential brand customers and suppliers. We take into account factors including industry reputation, brand recognition, product quality, production scale and procurement price. We also verify all required licenses and permits before we enter into marketing service agreements and procurement agreements. In addition, our brand customers and suppliers are contractually obligated to ensure that the products and merchandise they provide to us are within their shelf life and with appropriate quality certificates.

To ensure the high quality and safety of products and merchandise distributed to our users, all such products and merchandise must strictly comply with applicable standards in all respects. In the event we receive complaints from our users or become aware of product quality issues, we will conduct a thorough inspection of various stages along the supply chain to identify issues impacting product quality and safety. We will perform immediate risk analysis, formulate relevant measures and stringently oversee their implementations.

As a result of our stringent quality control procedures, we did not experience any material product liability or other legal claims during the Track Record Period. See "Risk Factors – Risks Relating to Our Business and Industry – Our reputation, performance and financial condition could be adversely affected by any failure to maintain effective quality control mechanism and food safety monitoring system, which may subject us to product liability claims" in this prospectus.

RESEARCH AND DEVELOPMENT

Our marketing service hinges on two of our proprietary technologies – the data transmission and interaction applications between vending machines and our operation system, and the mechanical structure of our vending machines. Therefore, continuous research and development to improve our core technologies is critical to our future growth and our ability to remain competitive. As of the Latest Practicable Date, we had 14 registered patents and led the technological developments of the industry in areas such as data transmission and interaction applications between vending machines and our operation system, and structural designs and components of vending machines.

We developed independently the data transmission and interaction applications between vending machines and our operation system, including "Quna AI Interactive App (趣拿AI互動App)", "Quna Customized AIOS (趣拿定制AIOS)" and "Quna Vending App (趣拿售賣App)", and certain mechanical component of our vending machine, namely the scent emitting module. For details of the scent emitting module, see "– Our Technology – Vending Machine." We are responsible for the test, deployment, operation and maintenance of these applications and the scent emitting module.

We also leverage the development and manufacturing capabilities of third-party suppliers to develop the mechanical components of our vending machines in order to achieve cost-efficiency, since many such mechanical components are well developed and widely used in traditional vending machines currently used in the market. Such mechanical components installed in our vending machines include AI industrial personal computer, vision interactive camera, programmable RGB light and voice interactive module. For details of these mechanical components, see "– Our Technology – Vending Machine." While such mechanical components are tested and deployed by third-party manufacturers of vending machines and mechanical components, we are responsible for the relevant operation and maintenance work.

As of December 31, 2023, we had a dedicated team of 30 employees in our research and development department, with an average of over three and a half years of employment relationship with us. A majority of our research and development team holds a bachelor's degree or above. Our research and development team is responsible for the design, development, maintenance and optimization of our proprietary technologies and infrastructure, including our vending machines and operation system. In 2021, 2022 and 2023, our research and development expenses amounted to RMB59.0 million, RMB30.1 million and RMB63.3 million, respectively, accounting for 11.7%, 5.4% and 6.3% of our total revenue in the same years, respectively. During the Track Record Period, our research and development expenses decreased primarily due to less outsourcing fees incurred. This decrease was attributable to the improved functionality of our system modules and our enhanced in-house capabilities.

During the Track Record Period, capitalizing on our in-house research and development team, we have developed a series of tools and systems that can well fit into different business scenario and/or operation procedures, in a way to promote willingness of consumers to join our marketing events, complete tasks and receive enjoyable experience, as well as to improve our operation efficiency, particularly when we generally undertake multiple projects at the same time. For details, see "– Our Technology – Big Data and AI Technologies" in this section. In particular, our in-house research and development team managed to ensure our systems and applications to achieve ideal performance without using expensive or complex hardware component. Leveraging on our technology capability to utilize hardware component generally available in the public market, and integrate these components from different third-party suppliers into a unified system offering stable and smooth performance, we are able to keep launching successful marketing events and delivering satisfying marketing results to our brand customers.

Going forward, we will focus our research and development efforts on improving services related technologies through enhancing the capabilities of our technology infrastructure, including optimizing our AI algorithms, expanding data applications and continuously iterating our vending machines to enhance our competitiveness in FMCG outdoor marketing market. We will continue to introduce and develop AI technologies and algorithms integrated with the multiple functions realized by our vending machines to enhance our data accuracy and diversity, improve our user experience, and expand our service boundaries. We may also recruit technical talents with a view to optimize our operation system and internal control, and improve our overall operating efficiency through simultaneous upgrades to hardware and software infrastructure.

DATA PRIVACY

We have in place a robust data protection policy to ensure our compliance with the applicable laws and regulations. In order to better serve our brand customers and individual users, we collect transaction data such as purchase orders and payment results, and users' personal data such as age and gender in product surveys upon users' consent, and conduct data analysis based thereupon such as users' buying preferences. We only collect information as necessary for our operation. Before users access our online platform and log in to their accounts, we will explain the purpose, manner and scope of our processing of user personal information and how users can exercise their rights in relation to their personal information by way of user privacy policy, and obtain users' consent. Before we collect sensitive personal information, such as users' income, we will also inform users of the personal information processing rules abide by us through a separate privacy statement and obtain the users' separate consent. With respect to user personal information processing and use, we integrate and analyze the user information collected through our online platform and the behavioral data generated by users in the process of receiving and purchasing products, and generate user behavioral tags and profiles based on such analysis. On one hand, users' information and data are used for personalized recommendation of goods and the formulation of strategies relating to mix of goods placed in our vending machines for retail, thereby improving our operating efficiency. On the other hand, users' information and data are used for generating product analysis, thereby helping our brand customers understand the characteristics of products and consumer preferences of target consumer groups, so as to optimize their marketing strategies and business decisions. With respect to users' personal information transmission and provision, we only transmit to our brand customers the summarized information and data of a target consumer group, and do not transmit any users' personal information that can identify user identity. Accordingly, our brand customers are not able to identify or trace any user's personal information through any specific content in the product analysis that we provide to them. In addition, we had never sold or otherwise provided any user personal information collected by us to any third parties in any manner that is not in compliance with relevant laws and regulations.

We store user personal information in cloud storage centers operated by well-known third-party cloud service providers, and purchase high-level security tools provided by such cloud service providers. We protect data security through encryption, firewall protection, vulnerability scanning, access control and other security measures to prevent unauthorized access and malicious attacks. To ensure data security, we use information and data also in accordance with the purposes and permissions authorized by our business operation teams. At the same time, we emphasize on the privacy of our users and provide them with routes to access, modify and delete their personal data through our online platform.

We have established our internal control systems related to data security and privacy protection in accordance with relevant laws and regulations, to keep track of the data privacy and data security actions taken throughout the life cycle of our marketing service. To ensure the security and integrity of our data, we have adopted technical solutions such as encrypting such data and storing them in high security level cloud storage center under the protection of firewall to prevent unauthorized access and malicious attacks. We also perform remote backups of data to ensure security.

Although we use cloud storage centers operated by third-party cloud service providers to store user personal information, as agreed in the contracts between the third-party cloud service providers and us, the data uploaded, stored, processed, downloaded, distributed and otherwise handled by us through the services provided by third-party cloud service providers are all business data owned us. With respect to such user personal information, according to the provisions of the *Personal Information Protection Law* (《個人信息保護法》), since we are a personal information processor, we also have the right to process user personal information based on user authorization and consent in accordance with the processing methods explained in our privacy policies.

With regards to the organizational and technical safeguards in place, we provide employees with trainings for data-related matters and privacy practice on a regular basis. We also have clear and strict authorization and authentication procedures for data decryption and access. Employees are required to obtain authorization for access of data, which would only be granted for data that are directly relevant and necessary to the employees' job responsibilities. We pay close attention to the latest enacted cybersecurity law and data protection law, in order to comply with the relevant laws and regulations. We (i) have established an informatization committee and set up an information security team thereunder, which is responsible for coordinating the implementation of cybersecurity, data security and personal information protection; (ii) have formulated internal management policies and operating protocols in respect of cybersecurity, data security and personal information protection, and designated employees being in charge of cybersecurity, personal information protection and network information content ecosystem management; (iii) have entered into confidentiality agreements with employees, and organized trainings on cybersecurity awareness, data security rules and personal information protection rules to boost employees' awareness of cybersecurity, data security and privacy protection; (iv) have obtained the filing certificate of Grade III security protection of information system, and taken security technical measures such as data encryption, data backup, bastion host monitoring and log record to prevent unauthorized access to network data as well as data leakage, theft, tampering or loss; (v) have complied with the necessity principle for personal information processing, and processed user personal information to the extent necessary to achieve the purpose of processing and under the condition of taking necessary protective measures; (vi) have informed the users their rights relating to personal information protection in a clear and understandable manner, and established a response and handling mechanism for easier access to rights requests; (vii) have conducted personal information protection impact assessment in respect of handling sensitive personal information and using personal information for automated decision-making and other scenarios according to Article 55 of the Personal Information Protection Law, and prepared and kept personal information protection impact assessment reports. As of the Latest Practicable Date, we had not experienced any material incidents relating to cybersecurity, data security or personal information security.

With respect to third-party service providers that provide cloud storage center service to us, we have reviewed their technical security and privacy protection capabilities during the process of selecting third-party service providers. For example, such third-party service provider shall have obtained several certifications including ISO 27001 information security management system certification, ISO27701 privacy information management system certification, SOC1/2/3 third-party audit report, cloud computing service capability assessment by the MIIT, Payment Card Industry Data Security Standard (PCI DSS), recordal filing of cybersecurity hierarchical protection with the Ministry of Public Security.

In addition, we have contractually agreed with the third-party service providers that such third-party service providers (i) shall not engage in any unauthorized use or disclosure of our data, except for performing the services as required by us, (ii) shall delete all data on the cloud storage center stored by us, including all caches or backups, as agreed when our cooperation relationship is terminated; and (iii) shall perform their security obligations to protect all data on the cloud data center stored by us in accordance with applicable legal requirements.

We process data by using the information system which hosts in the server located within the territory of PRC, and store and use all user personal information within the territory of PRC. In addition, we had not provided, and will not provide overseas brand customers with the user personal information collected by us within the territory of PRC. Therefore, during the Track Record Period and up to the Latest Practicable Date, we were not involved in any cross-border transmission of data in the ordinary course of business.

As to data processing and usage, as a key component of our marketing service, we provide our brand customers with product review reports reflecting the features of target consumer group and summarizing their buying preferences. We do not provide any personal information of our users to the brand customers, and they are not able to identify or trace back any consumer's personal information through any specific content contained in such product review reports.

In addition, we utilize a complete set of data privacy and data security management systems containing various data protection procedures. In China, our main system is accredited the Multi-Layer Protection Scheme (MLPS) Level III Certification ("信息系統安全等級保護三級") awarded by the local branch of the Ministry of Public Security of the PRC, which endorses our capability in system operation and information security.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material information leakage or loss of user data. As advised by our PRC Legal Adviser, up to the Latest Practicable Date, we had not been subject to any material administrative penalties due to any violation of applicable data privacy laws and regulations. As of the Latest Practicable Date, (i) we had not experienced any data or personal information leakage incidents, been involved in any litigation or arbitration regarding cybersecurity or data protection, received any inquiry, notice, warning, or been subject to any investigation, sanctions, penalties or other legal proceedings that would have material and adverse impacts on our business operation for violating data protection and privacy laws and regulations; (ii) we had not received any notice from the key information infrastructure protection work authorities that we had been identified as a critical information infrastructure operator; (iii) we had not been involved in any investigations regarding cybersecurity review or our proposed Listing from the CAC; and (iv) our business operation is unlikely to be considered as affecting national security based on the factors set out in Article 10 of the Cybersecurity Review Measures. In view of the foregoing, our PRC Legal Adviser is of the view that we would be able to comply with the Cybersecurity Review Measures in all material aspects. See "Risk Factors – Risks Relating to Our Business and Industry – Risks relating to extensive government regulations – Regulatory or legislative developments for online businesses, including privacy and data protection regimes, are rapidly evolving and could create relevant costs", "Risk Factors – Risks Relating to Our Business and Industry – Risks relating to extensive government regulations – As our business is subject to evolving laws, regulations and governmental policies regarding cybersecurity, privacy and data protection, actual or alleged failure to comply with applicable laws, regulations and governmental policies could damage our reputation, deter current and potential customers or end users from using our marketing service, and subject us to significant legal, financial and operational consequences" and "Regulatory Overview – Regulations in Relation to Cyber Security, Data Security And Personal Information Protection" in this prospectus.

INTELLECTUAL PROPERTY

As our marketing service is based on technology, intellectual property rights are essential to protect our business operations. As of the Latest Practicable Date, we held 14 patents, which covered key aspects of our operation, including structural designs and components of vending machines, and data transmission and interaction technologies between our vending machines and operation system.

As of the Latest Practicable Date, we also had 26 trademarks, 114 software copyrights, and four domain names. For details about our material intellectual property rights, see "Statutory and General Information – B. Further Information about our Business – 2. Intellectual Property Rights" in Appendix IV to this prospectus. We also entered into non-competition and confidentiality agreements with our employees in the research and development team to protect the outcome of our research and development efforts. Our legal staff are primarily responsible for the application, management and monitoring of our intellectual property rights.

We actively defend our material intellectual property rights where possible. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any occasion of unauthorized use of our intellectual property rights by third parties which would have a material impact on our business or operation. See "Risk Factors – Risks Relating to Our Business and Industry – Risks relating to our intellectual property rights – We may not be able to adequately protect our intellectual property rights, which could harm the value of our brand and adversely affect our business" in this prospectus. During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes or pending legal proceedings or claims for infringement upon third parties' intellectual property rights.

COMPETITIVE LANDSCAPE

The FMCG outdoor marketing market in China has witnessed stable growth in the past few years. According to CIC, the size of the FMCG outdoor marketing market in China increased from RMB36.7 billion in 2019 to RMB41.3 billion in 2023 at a CAGR of 3.0% from 2019 to 2023, which is expected to keep growing at a CAGR of 10.2% from 2023 to 2028. See "Industry Overview – China's FMCG Outdoor Marketing Market" in this prospectus. According to CIC, FMCG outdoor marketing market accounts for 6.4% market share of the FMCG marketing market in 2023, and we are the fourth largest FMCG outdoor marketing service provider in China in terms of revenue in 2023, with a market share of approximately 1.2%, while the largest market player had a market share of 14.3%. Our revenue generated from marketing service increased from RMB376.7 million in 2021 by 7.5% to RMB404.8 million in 2022 and further increased by 99.6% to RMB808.0 million in 2023.

Our major competitors consist of other FMCG marketing service providers. We believe we are competitively positioned because of our specialized position in the market, strategic layout of marketing network, refined operational capabilities and in-depth industry insights, high-quality and well-structured customer base, strong research and development strengths and technical capabilities, and experienced management team with rich industry experience and entrepreneurship. See "– Our Strengths" in this section.

RISK MANAGEMENT AND INTERNAL CONTROL

We are subject to various risks in our operations, see "Risk Factors – Risks Relating to Our Business and Industry" in this prospectus. We have established and currently maintain a robust risk management and internal control systems comprising policies, procedures, and reporting mechanisms in essential aspects of our business operations to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an ongoing basis. We embed a culture of compliance in the daily work routine of our employees through compliance trainings, and set various expectations for our employees' work performances in terms of compliance.

Our Board is responsible for establishing and monitoring our risk management and internal control systems, while our senior management oversees the daily implementation of the procedures and measures of each department. We review our risk management and internal control systems on a regular basis to adapt to the changes in market conditions and the regulatory environment and their impacts on our business. To prevent oversight, our Board has established an audit committee to make recommendations to our Directors on the appointment and removal of external auditors, review the financial statements and render advice in respect of financial reporting and internal controls, and oversee our risk management and internal control systems and any significant risks. For the professional qualifications and experiences of the members of our audit committee, see "Directors and Senior Management."

Credit Risk Management

We are exposed to the credit risks in relation to defaults of our customers. In order to mitigate the credit risks and ensure the collectability of trade receivables of our projects and transactions, we have adopted credit risk measures to review and monitor our trade receivables on an ongoing basis from time to time. Before accepting any new customers, our staff from finance department will assess the creditworthiness of potential customers and determine their appropriate credit limits individually to make sure we traded only with recognized and creditworthy third parties, which will also be reviewed by our finance department regularly in order to effectively monitor our customers. All new customers who wish to trade on credit terms are subject to credit verification procedures. These procedures are designed to provide us with the information needed to implement adjustments where necessary, and to take proactive corrective actions in time.

In addition, we have adopted procedures to deal with material overdue payments, which include (i) close monitoring of material overdue payments; (ii) evaluation of the risk based on factors such as its payment history, and the general economic environment; and (iii) designing of appropriate follow-up actions such as making phone calls, issuing demand letters, visiting the customer's office and initiating legal proceedings. However, if we are not able to manage the credit risk associated with our trade receivables effectively, our financial performance and results of operations may be materially and adversely affected. See "Risk Factors – Risks Relating to Our Business and Industry – Risks Relating to Our Financial Position and Need for Additional Capital – We are exposed to credit risk of our brand customers and we may experience delays or defaults in collecting our trade and other receivables and our results of operations, financial position and liquidity may be materially and adversely affected."

Human Resources Risk Management

In order to manage our compliance and legal risk exposures effectively, we have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. In particular, as we and our employees deal with a variety of third parties in our operations, we have implemented internal procedures with respect to anti-bribery, anti-corruption and conflict of interest matters. Firstly, as part of our risk management and internal control measures, we have adopted a series of internal regulations against corrupt and fraudulent activities, which include measures against receiving bribes and kickbacks, and misappropriation of company assets. Secondly, employees and parties outside our Company are encouraged to provide information and report violations of professional ethics by our employees or suspected corruption cases via email. Thirdly, we carefully evaluate risk events and conduct investigations when necessary. Fourthly, we have implemented clear and strict policies and guidelines that prohibit the acceptance of gifts, hospitality and other offers by interested third parties. Lastly, we conduct internal control inspections regularly. Employees are required to acknowledge and accept our internal code of conduct that lists relevant policies and regulations in detail, including but not limited to clear definitions of bribery and corruption. We impose penalties on Directors, senior management and employees, and require compensation, for any losses incurred as a result of any activities concerning bribery and corruption.

Information System Risk Management

Our objectives for information system management are to identify, assess, monitor and control information technology risks by establishing an effective mechanism to operate our business in a safe, continuous, stable and compliant environment. We have implemented policies and procedures to (i) monitor the key operation indicators of our operation system and give an alarm if such indicators go beyond the security thresholds; (ii) manage the authorities of our employees to access certain functions of our operation system; (iii) manage the network and hard drive capacities; and (iv) categorize system malfunctions and accidents into various levels according to their seriousness and urgency, and implement different mechanisms to fix them.

We had not experienced any material system failure or malfunctioning of our operation system or our vending machines during the Track Record Period and up to the Latest Practicable Date.

Product Quality and Safety Management

We have put in place comprehensive product quality and safety management system to (i) maintain and monitor the product safety and quality for the products distributed or sold through our vending machines, and (ii) protect us against claims for sub-quality or contaminated products.

We select our suppliers based on qualification, brand, reliability and volume. We perform background checks on our suppliers, examine their business licenses and the relevant licenses and certificates for their products they provide before we enter into any agreement. We evaluate their brand recognition and make inquiries about the market acceptance of their products among players in the same industry. We have personnel dedicated to the management of our suppliers with respect to product quality, logistics and returns. According to our agreements with suppliers, we have the right to return any sub-quality products. We also have the right to return any damaged or contaminated products if caused by our suppliers. With respect to our merchandise sales business, we have adopted a seven-day no-reason return policy for consumers purchasing FMCG from our vending machines and online platform, in accordance with the relevant PRC Laws. However, in particular, foods are eligible for seven-day no-reason returns only if they are unopened and the quality is not affected.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material product recall and return.

Compliance Risk Management

Compliance with the Administrative Provisions on Mobile Internet Application Information Services

In order to comply with the requirements of the *Administrative Provisions on Mobile Internet Applications Information Services*, we have adopted the following measures:

(i) *Information content management*. We have established the User Account Credit Management Policy (《用戶賬號信用管理制度》), the Account Information Dynamic Verification Policy (《賬號信息動態核銷制度》) and the User Registration and Information Release Review Policy (《用戶註冊和信息發佈審核制度》), and a complaint reporting system to review the information content and prevent malicious information;

(ii) *Data security protection*. We have established an informatization committee and set up an information security team, who are responsible for coordinating the implementation of cybersecurity, data security and personal information protection. At the same time, we have formulated our internal management policies and operating protocols in respect of cybersecurity, data security and personal information protection including the Data Management Policy (《數據管理制度》), the Management Policy for System Account Authority (《系統賬號權限管理制度》) and the Management Policy for Personal Information Protection (《個人信息保護管理制度》), and designated personnel to take in charge of the management of cybersecurity, personal information protection and network information content ecosystem. We have entered into confidentiality agreements with our employees, and organized trainings on cybersecurity awareness, data security rules and personal information protection rules to boost employees' awareness. In terms of technical measures, we have taken technical security measures such as data encryption, data backup, bastion host monitoring and log record to prevent unauthorized access to network data as well as data leakage, theft, tampering or loss;

(iii) *Verification of users' real identities*. We have implemented relevant measures to verify the real identity information of users applying for registration on our online platform based on users' mobile phone numbers;

(iv) *Personal information protection*. We have posted personal information processing rules on our online platform to inform users with respect to our name and contact information, the purpose, method and type of personal information to be processed, among others. We process users' personal information upon obtaining their consents. When a user uses our online platform for the first time, we will display the privacy policy in the form of a pop-up window and obtain the user's consent to the processing of his/her personal information. If the user refuses to agree to the privacy policy, he/she will have the option of access to our online platform through a browsing mode under which no personal information will be collected.

Compliance with the Advertisement Law

As advised by our PRC Legal Adviser, when we engage MCNs to publish posts on social media platforms, we are categorized as "advertiser" under *the Advertisement Law of the People's Republic of China* (《中華人民共和國廣告法》) (the "**Advertisement Law**"). Under such circumstances, we shall bear legal liabilities if we publish advertisements in violation of laws and regulations, including but not limited to (i) publishing advertisements with content or themes that are prohibited by laws and regulations; (ii) publishing advertisements for certain goods (such as medical devices) without being reviewed by the competent authorities; (iii) publishing advertisements for medical treatment, pharmaceuticals, medical devices or dietary supplements in a disguised manner such as introducing health and wellness knowledge, etc.; or (iv) advertising goods or services that are prohibited from being produced, sold, provided or advertised. In addition, we shall be responsible for the authenticity of the advertisement.

As advised by our PRC Legal Adviser, when we provide design services for advertisement and display advertisement online or on the screen/shell of vending machines, such as in providing AI interactive advertisements, we are considered "advertising agency" and/or "advertising publishers" as per the Advertisement Law's definition. Under such circumstances, we also bear the responsibilities outlined for "advertiser" as mentioned in (i) to (iv) above. In addition, if we provide advertising design, production, agency or publishing services with respect to an advertisement when we know or should have known that the advertisement is false, fraudulent, misleading, or otherwise illegal, the competent PRC authority may confiscate our income from such advertising services, impose penalties, order us to cease dissemination or correct such advertisement, or order us to suspend or revoke our business license under certain serious circumstances.

We have adopted internal control measures to ensure the compliance with the Advertisement Law, including among others, (i) our legal department reviews the content of advertisements associated with our projects to ensure adherence to relevant laws and regulations. In cases of suspected violations, our legal department alerts the project team about associated risks and provides appropriate guidance; (ii) our legal department actively monitors developments in laws and regulations related to our marketing activities. They prepare training materials and conduct training sessions for employees to ensure awareness and compliance with these laws and regulations; and (iii) our sales department is responsible for the registration, review, and file management procedures for accepting advertising-related business. In particular, under very few circumstances where we cooperated with MCNs to engage KOLs for live streaming sessions, we have implemented internal control measures to ensure the compliance with Advertisement Law. These measures include that (i) we conduct strict screening of MCNs based on our supplier selection standards for service providers; (ii) we require MCNs to select KOLs with good reputation and we also conduct public search on selected KOL(s) by ourselves; If any selected KOL(s) has negative information that could harm the brand image, we will require MCNs to find alternative options; (iii) we facilitate discussion between brand customers and the selected KOL(s) to ensure alignment with the brand customer's requirements; and (iv) we assist brand customers in reviewing live streaming plans and scripts to ensure compliance with the Advertisement Law.

During the Track Record Period, we have not been subject to penalties by the relevant competent authorities or compensation claims from consumers for publishing inappropriate, illegal or offensive advertising content. To the best knowledge of our Directors, during the Track Record Period and up to the Latest Practicable Date, we have not published inappropriate, illegal or offensive advertising content. As confirmed by our Directors and our PRC Legal Adviser, during the Track Record Period and up to the Latest Practicable Date, we have been in compliance with all relevant PRC laws and regulations in all material aspects concerning advertising.

EMPLOYEES

As of December 31, 2023, we had 187 employees, all located in China. The following table sets forth the number of our employees as of December 31, 2023 by function:

Function	Number of Employees	% of Total
Operation and maintenance	82	43.9
Sales and marketing	33	17.6
General and administration	8	4.3
Research and development	30	16.0
Others	34	18.2
Total	**187**	**100.0**

We primarily recruit our employees through third-party recruitment platforms and headhunters. After collecting and approving the recruitment plans from each department on our office administration system, we will submit our recruitment plans to such third-party recruitment platforms or headhunters, which will then publish them through various recruitment channels. The portfolios of candidates will be screened and assessed by our human resources department and the relevant department heads.

Our success depends on our ability to attract, retain and motivate qualified employees. We offer our employees a competitive remuneration package which includes salary, benefits, bonuses and incentives. Our compensation programs are designed to remunerate our employees based on their performance, measured against specified objective criteria. As required by the PRC Laws, we have made contributions to the various mandatory social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance and maternity leave insurance, and to mandatory housing provident funds, for or on behalf of our employees. However, the salary basis on which our PRC subsidiaries or branches made such contributions did not fully comply with the legal requirements. For details of the maximum potential penalties for which we may be liable, see "Risk Factors – Risks Relating to Extensive Government Regulations – We are subject to regulatory requirements in labor-related laws and regulations of the PRC."

During the Track Record Period and up to the Latest Practicable Date, we had not received any notice from the relevant PRC authorities requiring us to rectify or pay the outstanding amounts or been imposed any penalties in respect of social insurance and housing provident funds.

During the Track Record Period, we engaged third-party employment agencies to dispatch contract workers. The number of dispatched contract workers hired by us exceeded 10% of our total number of employees during the Track Record Period, and we employed a vice president in labor-dispatch form, which were not in compliance with relevant laws and regulations. However, such non-compliances had been fully rectified as of the Latest Practicable Date, and as advised by our PRC Legal Adviser, the likelihood of us being imposed administrative penalties is remote. For details of the maximum potential penalties for which we may be liable, see "Risk Factors – Risks Relating to Extensive Government Regulations – We are subject to regulatory requirements in labor-related laws and regulations of the PRC."

We provide our employees with a diverse work environment and a wide range of career development opportunities. We also organize various training programs on a regular basis for our employees to enhance their professional knowledge, improve time management skills and communications skills, and strengthen their team spirit.

We have formed a labor union to promote an open, transparent and inclusive work environment through an emphasis on communication and participation. We believe that we maintain good working relationships with our employees and we had not experienced any strikes or labor disputes that had any material adverse effect to our operations during the Track Record Period and up to the Latest Practicable Date.

Internal Control Measures

To prevent recurrence of non-compliance in relation to full contribution on social insurance and housing provident funds, we have taken the following measures:

- communicating regularly with the competent governmental authorities to determine whether our calculation and contribution of social insurance and housing provident funds are in compliance with the relevant laws and regulations;
- consulting regularly with our legal adviser to understand compliance risks; and
- consulting our auditors to assess the need for supplementary accruals for social insurance and housing provident funds.

To prevent recurrence of non-compliance in relation to hiring dispatched contract workers, we have taken the following measures:

- monitoring regularly the number of dispatched contract workers and the total number of our employees; and
- adjusting the ratio of dispatched contract workers from time to time so that the number of dispatched contract workers does not exceed 10% of the total number of our employees.

AWARDS AND RECOGNITIONS

The following table sets forth some of our major awards and recognitions during the Track Record Period and up to the Latest Practicable Date.

Award/Recognition	Issuing Entity	Time of Receipt
The 7th Digital Marketing Annual Awards ("**DMAA**") – Gold Award (第七屆國際數字營銷獎金獎)	The Committee of DMAA (國際數字營銷獎組委會)	2024
Top Brand Innovation Award – Annual Marketing Case (傑出品牌創新獎–年度營銷案例)	The Committee of Top Brand Innovation (傑出品牌創新組委會)	2023
High and New Technology Enterprise Qualification (高新技術企業)	Science and Technology Commission of Shanghai Municipality, Shanghai Department of Finance and Shanghai State Municipal Taxation Administration (上海市科學技術委員會、上海市財政局、國家稅務總局上海市稅務局)	First obtained in 2016, and renewed in 2019 and 2022
Shanghai Municipal "Specialized, Refined, Unique and Innovative" Enterprise (上海市"專精特新"企業)	Shanghai Municipal Commission of Economy and Informatization (上海市經濟和信息化委員會)	2022
Little Giant of Science and Technology Award in Science and Technology Innovation Action Program of Shanghai (上海市科技創新行動計劃項目科技小巨人)	Science and Technology Commission of Shanghai Municipality (上海市科學技術委員會)	2021

INSURANCE

We maintain standard benefit plans required by the PRC Laws, including medical insurance, maternity insurance, pension insurance, unemployment insurance and work-related injury insurance. We obtain such insurance from reputable insurance carriers in accordance with commercially reasonable standards. In line with general market practice, we do not maintain business interruption insurance or key man life insurance, which are not mandatory under the applicable laws. For a discussion of risks relating to our insurance coverage, see "Risk Factors – Risks Relating to Our Business and Industry – Risks relating to our general operations – Our insurance coverage may be insufficient to cover all risks involved in our business operations" in this prospectus. Our Directors believe that our insurance coverage is adequate and in line with industry norms.

PROPERTIES

According to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice and Chapter 5 of the Listing Rules, this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all our interests in land or buildings, for the reason that, as of December 31, 2023, none of the properties leased by us had a carrying amount of 15% or more of our total assets.

Our corporate headquarter is located in Shanghai, China. As of the Latest Practicable Date, we did not own any properties and leased 25 properties in China for our business operation, with an aggregate gross floor area of approximately 9,454.33 sq.m..

In the event that any of our leases expire after the end of their respective lease term, we would need to seek alternative premises and incur relocation costs. We believe that there are alternative properties at comparable rental rates available in the market, the use of which would not materially and adversely affect our business operations, and we thus do not rely on the existing leases for our business operations. For details of the risks with respect to our leased properties, see "Risk Factors – Risks Relating to Our Business and Industry – Risks Relating to Our Services – We may not be able to find suitable sites for our vending machines on commercially acceptable terms, if at all. Any substantial increase in occupancy fee and/or utilization cost, non-renewal, or unexpected early termination of cooperation agreements may affect our business" in this prospectus.

Leased Properties Pending Building Ownership Certificates (房屋所有權證)

As of the Latest Practicable Date, with respect to 12 of our leased properties with an aggregate GFA of 4,444.0 sq.m, representing approximately 47.00% of our total leased GFA, the lessors of such leased properties had not been able to obtain or provide us with sufficient and valid building ownership certificates that evidence their rights to lease the properties or proofs of authorization from property owners to sublease the properties to us. Such leased properties are used for warehouse and office purposes.

As advised by our PRC Legal Adviser, without ownership certificates or proofs of authorization from the property owners, our use of these defective leased properties may be affected by third parties' claims or challenges against the leases or our land use rights. Pursuant to the applicable PRC Laws, if the lessors do not have the requisite rights to lease these properties, the relevant lease agreements may be deemed invalid and we may be required to vacate these properties. However, in the event that we are unable to continue using such properties due to the third parties' claims against the ownership of such properties, we are entitled to terminate the relevant lease agreements at our election. In addition, if we are unable to continue using such properties due to the third parties' claims or challenges against the relevant leases or our property use rights under the relevant leases, we are entitled to request the lessors to reduce or waive the rents. Such contractual protections significantly mitigate our risks arising from these leased properties due to claims for vacation from the legal owners of the properties.

In view of the foregoing, our Directors are of the view that the abovementioned title defects will not materially and adversely affect our business and results of operations on the grounds that: (i) to the best of our Directors' knowledge, our leases with respect to these defective leased properties had not been subject to any claims, disputes, governmental orders or administrative penalties in connection with rights to lease and use such leased properties during the Track Record Period and up to the Latest Practicable Date, (ii) we believe that we would be able to relocate to a different site relatively easy on comparable commercial terms and at similar prices with immaterial relocation costs should we be required to do so; and (iii) considering these defective leased properties are geographically dispersed across China under the jurisdiction of different local governmental authorities, we believe it is unlikely that we would be at the same time subject to claims of rights from various third parties or required by the governmental authorities to relocate with respect to a significant number of these defective leased properties, and we do not expect to incur the administration burden to relocate many properties in a short time period.

Leased Properties with Usage Defects

As of the Latest Practicable Date, with respect to the 13 leased properties that we had obtained copies of building ownership certificates, the actual use of eight leased properties with an aggregate GFA of 1,838.92 sq.m., representing approximately 19.45% of our total leased GFA, did not fit into the prescribed scope of usage shown on the relevant ownership certificates. However, as we mainly stored FMCG products which typically do not require special warehousing conditions, conducted regular inspections on these properties by ourselves or relevant third-party property management companies, and had not encountered any material safety issues with respect to these properties during the Track Record Period and up to the Latest Practicable Date, our Directors are of the view that these properties do not have material safety issues for being used as warehouses.

Our PRC Legal Adviser advised us that, if the properties are leased for the usage incompatible with the prescribed scope, our usage of such leased properties with usage defects may be interrupted.

Our Directors are of the view that the abovementioned usage defects will not materially and adversely affect our business and results of operations on the grounds that: (i) to the best of our Director's knowledge, our leases with respect to these defective leased properties had not been subject to any claims, disputes, governmental orders or administrative penalties in connection with the actual use of such leased properties during the Track Record Period and up to the Latest Practicable Date; and (ii) we believe that we would be able to relocate to a different site relatively easy on comparable commercial terms and at similar prices with immaterial relocation costs should we be required to do so.

Lease Registration

Pursuant to the applicable PRC Laws, property lease contracts must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC. As of the Latest Practicable Date, 22 of our lease agreements with landlords were not registered with the relevant government authorities in China. This was primarily due to the difficulty in procuring our lessors' cooperation in registering such leases.

Our PRC Legal Adviser advised us that, according to the applicable PRC Laws, the non-registration would not affect the validity of these lease agreements, but we, as the lessee, may be required by the relevant authorities in China to register the relevant lease agreements within a prescribed time limit. If we fail to do so, we may be subject to fines ranging from RMB1,000 to RMB10,000 for each non-registered lease agreement. According to our PRC Legal Adviser, the maximum amount of administrative penalties in relation to such non-compliance amounts to RMB220,000. However, as of the Latest Practicable Date, we had not been ordered to register our lease agreements or fined by the relevant authorities in China with respect to these lease agreements. In view of the foregoing, our Directors are of the view that non-registration of these lease agreements will not materially and adversely affect our business operations.

We will rectify the non-compliance in not completing the registration and filing of all our lease agreements in a prompt manner by taking practical actions to have our lease agreements properly registered and filed with the relevant real estate administration bureau to extent practicable. However, since certain application materials for the lease registration shall be provided by the landlord, such as the identity proof of the landlord and the property ownership certificate of the leased property, which may be unavailable to us from time to time, we cannot assure you that we are able to complete all the outstanding lease registrations promptly.

For further details on the risks associated with our leased properties, see "Risk Factors – Risks Relating to our Business and Industry – Risks relating to extensive government regulations – Our leased property interests may be defective and our right to lease or use the properties may be challenged" in this prospectus.

Internal Control Measures

To prevent recurrence of these potential defects in our leased properties, we have taken the following measures:

- *Proactive approach and communication with our lessors*. We designate our staff to proactively reach out to and communicate with lessors to obtain the relevant ownership certificates or proofs of authorization from property owners.

- *Internal policies*. We require all of our lessors to provide the necessary documentation and valid title certificates before we enter into lease agreements with them and we will not enter into lease agreements for properties with title defects.

To prevent recurrence of non-compliance in relation to registration of lease agreements, we have taken the following measures:

- communicating regularly with the competent governmental authorities to determine whether our registration of lease agreements are in compliance with the relevant laws and regulations;

- consulting regularly with our legal adviser to understand compliance risks; and

- enhancing our internal policies to require our lease agreements to be registered with relevant authorities.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, no member of our Group had been involved in any legal, arbitration or administrative proceedings, including bankruptcy or receivership proceedings, whether actual or threatened, that we believe would have a material adverse effect to our business, results of operations, financial condition or reputation. Also, our Directors had not been involved in any actual or threatened claims or litigations of material impact. However, we may from time to time become a party to various legal, arbitration or administrative proceedings arising in the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention.

As confirmed by our PRC Legal Adviser, during the Track Record Period and up to the Latest Practicable Date, save as disclosed below, we had complied with all applicable laws and regulations in all material respects.

Non-Compliance Incidents

Contribution on Social Insurance and Housing Provident Funds

During the Track Record Period, we have not fully made the social insurance and housing provident fund contributions for our employees in accordance with the relevant legal requirements, and our total shortfall amount of social insurance premium and housing provident funds in 2021, 2022 and 2023 amounted to RMB3.4 million, RMB4.1 million and RMB3.9 million, respectively.

We were unable to make full contributions to social insurance and housing provident funds for our employees primarily because a certain number of our employees decided not to make full contributions to social insurance and/or housing provident funds, since a higher amount of social insurance and housing provident funds contributions will result in a lower amount of salary received by the employees.

In addition, during the Track Record Period, one of our PRC subsidiaries engaged third-party human resource agencies to make contributions to social insurance and housing provident funds for some of our employees in certain cities where they worked and resided. We had such arrangement because we did not have subsidiaries or branches in the cities where such employees worked and resided, and these employees wanted us to provide social insurance and housing provident funds contributions in such cities. Pursuant to the PRC laws and regulations, payment of social insurance and housing provident fund should be based on employment relationship between the employer and the employee as evidenced by labor contract. We may be subject to penalties if such agencies failed to pay social insurance and housing provident funds in full.

Pursuant to relevant PRC laws and regulations, the relevant PRC authorities may demand us to pay the outstanding social insurance contributions within a stipulated deadline and we may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay, calculating from the date of occurrence of such outstanding social insurance contributions. If we fail to make such payments, we may be liable to a fine of one to three times the amount of the outstanding contributions. With respect to a failure to pay the full amount of housing provident fund as required, the housing provident fund management center in China may require payment of the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement.

As advised by our PRC Legal Adviser, the maximum amount of the late payment fee with respect to our underpayment of social insurance and housing provident funds contribution was approximately RMB2.67 million as of the Latest Practicable Date. As advised by our PRC Legal Adviser, since (i) during the Track Record Period and up to the Latest Practicable Date, we had not received any notice from the relevant PRC authorities requiring us to rectify or pay the outstanding amounts or been imposed any penalties in respect of social insurance and housing provident funds; and (ii) the likelihood of us being required to conduct a voluntary contribution of our historical social insurance and housing provident funds arrears is relatively low, the likelihood of us being imposed administrative penalties with respect to underpayment of social insurance contribution and housing provident fund is remote.

We have implemented our policy on the payment of social insurance and housing provident funds contributions for employees in compliance with relevant PRC laws. We actively encourage and make such contributions for our employees. Despite our efforts, we were unable to pay in full the outstanding social insurance and housing provident funds contributions for our employees due to certain employees' reluctance to participate in the relevant schemes. We undertake to fully rectify and make full contributions for our present employees when the labor administrative authorities open the window for us to adjust the salary basis on which we make the social insurance and housing provident fund contributions, which is expected to be in July 2024.

We have also been rectifying the non-compliance with respect to payment of social insurance and housing provident funds contributions through third-party human resource agencies, including transferring the social insurance and housing provident funds contributions from such agencies back to our subsidiaries and branches. As of the Latest Practicable Date, such non-compliance has been fully rectified.

Moreover, we have taken a series of internal control measures to prevent recurrence of non-compliance in relation to full contribution on social insurance and housing provident funds. See "– Employees – Internal Control Measures."

Hiring of Dispatched Workers

We engage third-party employment agencies to dispatch contract workers. During the Track Record Period, the number of dispatched contract workers hired by us exceeded 10% of our total number of employees, and we employed a vice president in labor-dispatch form, which were not in compliance with relevant laws and regulations.

Pursuant to the Interim Provisions, employers failing to comply with the relevant requirements on labor dispatch shall be ordered by the labor administrative authorities to rectify such non-compliance within a stipulated period. Where rectification is not made within the stipulated period, employers shall be subject to a penalty ranging from RMB5,000 to RMB10,000 per dispatched contract worker exceeding the 10% threshold.

During the Track Record Period, the maximum number of dispatched contract workers hired by us that exceed the limit of 10% of total number of employees stipulated by the Interim Provisions was 43, which may result in us being subject to a maximum penalty of RMB430,000. However, as of the Latest Practicable Date, we had reduced the number of our dispatched contract workers to below 10% of the total number of our employees. As advised by our PRC Legal Adviser, the likelihood of us being imposed administrative penalties or fines with respect to the hiring of dispatched contract workers is remote.

LICENSES, PERMITS AND REGULATORY APPROVALS

As confirmed by our PRC Legal Adviser, as of the Latest Practicable Date, we had obtained all material requisite licenses, permits and approvals from the relevant government authorities for our current principal business operations in the PRC, and such licenses, permits and approvals remained in full effect. We intend to apply for renewal of our material requisite licenses and permits, the procedures for which is expected to be initiated timely prior to their respective expiration date. The successful renewal of our existing licenses, permits and approvals will be subject to our fulfillment of relevant requirements. As of the Latest Practicable Date, our Directors were not aware of any reason that would cause or lead to the non-renewal of our existing licenses, permits and approvals.

The table below sets forth the information of the material requisite licenses, permits and approvals for our current principal business operations in the PRC:

No.	Subject	License/Permit	Issuing Authority	License/Permit No.	Effective Period/Filing Date
1	Shanghai Quna	Operators Record-filing for Selling Only Pre-packaged Food	Shanghai Yangpu District Market Supervision Administration (上海市楊浦區市場監督管理局)	YB13101100016681	May 4, 2023 to May 3, 2028
2	Shanghai Quna	Liquor Retail Licence	Shanghai Yangpu District Market Supervision Administration (上海市楊浦區市場監督管理局)	Yang Shi Jian Jiu Ling Zi No. JY13101100011452-JL	June 20, 2022 to April 30, 2025
3	Shanghai Quna	Class II Medical Device Business Filing Certificate	Shanghai Yangpu District Market Supervision Administration (上海市楊浦區市場監督管理局)	Hu Yang Shi Yao Jian Xie Jing Ying Bei No. 20202013	Filing date: June 9, 2020*
4	Shanghai Quna	Multi-Layer Protection Scheme (MLPS) Registration Certification	Shanghai Public Security Bureau (上海市公安局)	31011013059-21001	Filing date: June 21, 2022*
5	Tianjin Branch	Operators Record-filing for Selling Only Pre-packaged Food (Change Form)	Tianjin Hexi District Market Supervision Administration (天津市河西區市場監督管理局)	YB21200030016581	Filing date: February 28, 2024*
6	Zhejiang Branch	Food Operation License	Hangzhou Gongshu District Market Supervision Administration (杭州市拱墅區市場監督管理局)	JY13301030213171	February 22, 2022 to December 1, 2025

Note:

* *No expiration date once filed.*

No.	Subject	License/Permit	Issuing Authority	License/Permit No.	Effective Period/Filing Date
7	Suzhou Branch	Operators Record-filing Form for Selling Only Pre-packaged Food	Suzhou Wuzhong District Market Supervision Administration (蘇州市吳中區市場監督管理局)	YB13205060001357	Filing date: April 24, 2022*
8	Henan Branch	Operators Record-filing Form for Selling Only Pre-packaged Food	Zhengzhou High-tech Industrial Development Zone Administration Commission Environmental Protection and Safety Supervision Bureau (鄭州高新技術產業開發區管委會環保安監局)	YB2410189000921A	Filing date: June 14, 2023*
9	Anhui Branch	Operators Record-filing Form for Selling Only Pre-packaged Food	Hefei Shushan District Market Supervision Administration (合肥市蜀山區市場監督管理局)	YB1340104001246	Filing date: June 21, 2023*
10	Hubei Branch	Operators Record-filing Form for Selling Only Pre-packaged Food	Wuhan Hanyang District Administrative Approval Bureau (武漢市漢陽區行政審批局)	YB14201050049635	Filing date: June 25, 2023*
11	Ningbo Branch	Record-filing for Selling Only Pre-packaged Food	Ningbo Yinzhou District Market Supervision Administration (寧波市鄞州區市場監督管理局)	YB23302270037112	Filing date: March 7, 2024*
12	Qingdao Branch	Record-filing for Selling Only Pre-packaged Food	Qingdao Jimo District Administrative Approval Service Bureau (青島市即墨區行政審批服務局)	YB1370215000295	Filing date: January 4, 2024*

Note:

* *No expiration date once filed.*

No.	Subject	License/Permit	Issuing Authority	License/Permit No.	Effective Period/Filing Date
13	Guangdong Branch	Record-filing for Selling Only Pre-packaged Food	Guangzhou Baiyun District Market Supervision Administration (廣州市白雲區市場監督管理局)	YB24401110025832	Filing date: February 27, 2024*
14	Xiamen Branch	Operators Record-filing Change Form for Selling Only Pre-packaged Food	Xiamen Xiang'an District Market Supervision Administration (廈門市翔安區市場監督管理局)	YB13502130011052	Filing date: June 20, 2023*
15	Shandong Branch	Record-filing for Selling Only Pre-packaged Food	Jinan Tianqiao District Administrative Approval Service Bureau (濟南市天橋區行政審批服務局)	YB13701050024113	Filing date: July 20, 2023*
16	Sichuan Branch	Operators Record-filing Form for Selling Only Pre-packaged Food	Chengdu Chenghua District Market Supervision Administration (成都市成華區市場監督管理局)	YB25101080024430	Filing date: June 30, 2023*
17	Wuxi Branch	Food Operation License	Wuxi Xishan District Market Supervision Administration (無錫市錫山區市場監督管理局)	JY13202050221308	February 23, 2022 to February 22, 2027
18	Shaanxi Branch	Shaanxi Operators Record-filing for Selling Only Pre-packaged Food	Xi'an Chang'an District Market Supervision Administration (西安市長安區市場監督管理局)	YB26101160520061	Filing date: May 23, 2023*

Note:

* *No expiration date once filed.*

No.	Subject	License/Permit	Issuing Authority	License/Permit No.	Effective Period/Filing Date
19	Shenzhen Branch	Shenzhen Enterprise Record-filing Certificate for Selling Only Pre-packaged Food	Shenzhen Market Supervision Administration Longhua Supervision Bureau (深圳市市場監督管理局龍華監管局)	YB24403110882948	Filing date: April 12, 2024*
20	Beijing Branch	Food Operation License	Beijing Haidian District Market Supervision Administration (北京市海淀區市場監督管理局)	JY11108103353423	October 20, 2022 to August 16, 2027
21	Jiangsu Branch	Food Operation License	Nanjing Jiangbei New Area Management Committee Market Supervision Administration (南京江北新區管理委員會市場監督管理局)	JY13201910157781	June 26, 2023 to June 3, 2026
22	Chongqing Branch	Operators Record-filing Change Form for Selling Only Pre-packaged Food	Chongqing Economic and Technological Development Zone Management Committee Market Supervision Administration (重慶經濟技術開發區管理委員會市場監督管理局)	YB25001080095039	Filing date: August 14, 2023*
23	Foshan Branch	Operators Record-filing for Selling Only Pre-packaged Food	Foshan Chancheng District Market Supervision Administration (佛山市禪城區市場監督管理局)	YB14406042517612	Filing date: June 25, 2023*
24	Dongguan Branch	Operators Record-filing Form and Change Form for Selling Only Pre-packaged Food	Dongguan Market Supervision Administration (東莞市市場監督管理局)	YB14419152553976	Filing date: June 25, 2023*

Note:

* *No expiration date once filed.*

No.	Subject	License/Permit	Issuing Authority	License/Permit No.	Effective Period/Filing Date
25	Yantai Branch	Record-filing for Selling Only Pre-packaged Food	Yantai High-tech Industrial Development Zone Administrative Approval Service Bureau (煙台高新技術產業開發區行政審批服務局)	YB13706890004184	Filing date: August 3, 2023*
26	Shanghai Zhiqu	Record-filing for Selling Only Pre-packaged Food	Shanghai Yangpu District Market Supervision Administration (上海市楊浦區市場監督管理局)	YB13101130015103	Indefinite
27	Shanghai Quxuan	Operators Record-filing for Selling Only Pre-packaged Food	Shanghai Yangpu District Market Supervision Administration (上海市楊浦區市場監督管理局)	YB23101100022074	June 29, 2023 to June 28, 2028
28	Shanghai Quxuan	Liquor Retail Licence	Shanghai Baoshan District Market Supervision Administration (上海市楊浦區市場監督管理局)	YB23101100022074-JL	Effective until March 14, 2026
29	Zhejiang Quxiang	Operators Record-filing for Selling Only Pre-packaged Food	Anji County Market Supervision Administration (安吉縣市場監督管理局)	YB13305230061045	Filing Date: January 23, 2024*
30	Zhejiang Branch	Record-filing for Selling Only Pre-packaged Food	Zhejiang Province Market Supervision Administration (浙江省市場監督管理局)	YB23301050065077	Filing Date: March 14, 2024*

Note:

* *No expiration date once filed.*

ENVIRONMENTAL AND SAFETY MATTERS

To comply with applicable laws and regulations, our human resources department would, if necessary and after consultation with our legal advisors, adjust our human resources policies to accommodate material changes to relevant labor and safety laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance with environmental or safety regulations and had not had any accident, or received any claim for personal or property damage made by our employees which had materially and adversely affected our financial condition or business operations. As advised by our PRC Legal Adviser, during the Track Record Period and up to the Latest Practicable Date, we were in compliance with the relevant environmental and safety laws and regulations in China in all material aspects. Taking into account the nature of our business, our Directors considered that the annual costs for compliance with the applicable environmental or safety laws and regulations were not material during the Track Record Period and we do not expect such costs to be material going forward.

Policy on Environmental, Social and Corporate Governance

We are committed to promoting corporate social responsibility and sustainable development, and integrating them into all major aspects of our business operations. Accordingly, our Board has adopted a comprehensive policy on environmental, social and corporate governance responsibilities (the "**ESG Policy**") in accordance with the Listing Rules, which sets forth, among others, (i) the appropriate risk governance on environmental, social and governance ("**ESG**") matters, including ESG-related risks and opportunities; (ii) identification of key stakeholders and the communication channels to engage with them; (iii) ESG governing structure, (iv) ESG strategy formation procedures; and (v) ESG risk management and monitoring.

Governance

Our Directors have an overall responsibility for our ESG strategy and reporting, ensuring that our ESG Policies are duly implemented and have continuous updates for full compliance with the latest standards. Our Directors also support our commitment to fulfilling our environmental and social responsibility, for which they are responsible for identification, assessment and management of our ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place.

Our Directors' principal duties and responsibilities in respect of ESG include: (i) keeping abreast of the latest ESG-related laws and regulations, including the applicable sections of the Listing Rules, and keeping the Board informed of any changes in such laws and regulations and updating our ESG Policy in accordance with the latest regulatory updates; (ii) identifying our key stakeholders based on our business operations and understanding such stakeholders' influences and dependence with respect to ESG matters; (iii) assessing ESG-related risks on a regular basis according to applicable laws, regulations and policies, especially risks in relation to climate changes, to ensure our responsibilities with respect to ESG matters are met; (iv) monitoring the effectiveness and ensuring the implementation of our ESG Policy; and (v) reporting to our management on an annual basis on the implementation of our ESG Policy and preparing the ESG report.

Impacts of ESG-Related Risks

We have identified the following ESG risks which we consider material and may have an impact on our business, strategy or financial performance:

(i) ***Food Safety and Quality.*** Our food safety guidelines and policies, standards and procedures, inspections and checks, and training on proper food safety practices, among others, may not be adequate, which may increase the chance of contamination and food-borne illnesses. As a result, we may be subject to risks of receiving administrative or criminal penalties and our reputation may be adversely impacted.

(ii) ***Supply Chain Management.*** Responsible sourcing and sound supply chain management are essential for us to ensure reliable food quality and sustainability along our supply chain. If we are unable to select quality third-party suppliers or monitor, audit and manage different parties in the supply chain, we may be exposed to risks of suppliers' non-compliance with applicable laws and regulations and unethical practices, which could diminish our competitiveness and harm our reputation.

(iii) ***Climate Change Adaption.*** Floods, typhoons, storms, and other extreme weather conditions and natural disasters may cause price volatility of raw materials, fluctuation in supply and physical damage to our warehouses and offices and pose safety risks to our staff, among other consequences. Besides, against the backdrop of the PRC's carbon peak and neutrality goals, we may incur additional costs to purchase new energy, replace undegradable packaging, promote sustainable sourcing and engage in low-carbon product development.

(iv) ***Environmental Compliance.*** We are subject to relevant environmental laws and regulations, such as the Energy Conservation Law (《中華人民共和國節約能源法》). Regulators may impose more stringent environmental requirements and standards on us. For example, we may have to switch to cleaner energy and more energy efficient operating equipment, which may increase our operating costs.

Identification, Assessment, Management and Mitigation of ESG-Related Risks

We have adopted the following measures to identify, assess, manage and mitigate ESG risks.

Product Quality and Food Safety

We comply with relevant laws and regulations regarding food safety in all material respects in the PRC and are prudent in every aspect from procurement to distribution and consumption of merchandise. For product issues that occurred before delivery to us, including defects in products' packaging, our suppliers or brand customers providing merchandise or products are solely responsible for the relevant product liabilities. For details of the food safety laws and regulations that apply to us, see "Regulatory Overview – Regulations in Relation to Food Sales and Safety."

Supply Chain Management

We have established a supplier approval process, through which our brand customers and suppliers must provide relevant qualifications or certifications, such as their business licenses or food production and operation licenses, and demonstrate legal compliance with environmental and social policies prior to approval. If brand customers or suppliers are not compliant with the applicable laws and regulations regarding food safety and quality or commit misconducts, we may terminate our contracts with them. We place great emphasis on supply chain sustainability and have been promoting a responsible, low-carbon and bio-diversity paradigm along our value chain.

We are committed to operating in an environmentally and socially responsible manner across all aspects of our business and in our supply chain. We have established an ESG Policy on Suppliers, and as a minimum, it should be followed by all of our suppliers. The policy covers topics of environment, responsible sourcing, child labor, forced labor, compensation and working hours, grievance mechanism, health and safety, discrimination, bullying and harassment, bribery and corruption, and whistleblowing. As we outline in the policy, we give preference to suppliers whose products and services are environmentally friendly with low carbon footprint, or whose products and services help us minimize the adverse impacts on the climate and environment. In addition, we will encourage our vending machine manufacturers to use recycled materials.

Climate Change Adaptation

We are committed to conserving energy and reducing our carbon footprint. We primarily consume electricity in our operational activities. These are the main sources of our greenhouse gas emissions. To reduce our greenhouse gas emissions and conserve energy, we have adopted the following measures:

(i) implementing an internal Energy Management Policy to stipulate how we measure, monitor and optimize energy consumption; and

(ii) continuously looking for effective ways to reduce energy use and thus our carbon footprint, including but not limited to high-efficiency equipment and flexible setting to switch equipment on-and-off.

Metrics and targets. We endeavor to proactively conserve energy in response to the government's initiatives. We evaluate the level of energy consumption of our vending machines with the metric of average annual power usage per vending machine. For the years ended December 31, 2021, 2022 and 2023, the estimated average annual power usage per vending machine was 1,020 kWh, 1,030 kWh and 945 kWh, respectively. We will seek to reduce the level of average annual power usage per vending machine by approximately 10% over the next three years from the base year of 2023.

Measures leading to the targets. We have continuously optimized our vending machine design and taken a series of measures to reduce the energy consumption of each vending machine.

Measured powers of certain lighting components for calculation are listed below:

Power usage (Wh per unit)	**Ceiling light (w)**	**Small screen (w)**
5th generation vending machine	25	10
3rd generation vending machine	25	54

The measures include but not limited to:

(a) During the time of low consumer traffic, turn off the ceiling light and small screen. Around 8% of energy in average could be saved through this measure.

Example: low consumer traffic time is around nine hours per day, and the corresponding energy saving is estimated below:

Type of vending machine	Energy saving
5th generation vending machine	(25Wh+10Wh) *9h/1,000=0.315 kWh/day
3rd generation vending machine*	25Wh *9h/1,000=0.225 kWh/day

(b) During the non-operating hours of shopping centers, turn the certain vending machine to dormant and standby mode. Around 9% of energy in average could be saved through this measure.

Note:

* *For our 3rd generation vending machines, small screen operates during the period of lower consumer traffic.*

Example: non-operating time in these places is around eleven hours per day, and the corresponding energy saving is estimated below:

Type of vending machine	Energy saving
5th generation vending machine	(25Wh+10Wh) *11h/1,000=0.385 kWh/day
3rd generation vending machine	(25Wh+54Wh) *11h/1,000=0.869 kWh/day

(c) Upgrade the vending machines' control system to realize more accurate temperature control. Around 2% of energy in average could be saved through this measure.

Example 1: In winter, the layer display light on the 5th generation vending machine could be automatically turn-off if the temperature exceeded a certain value if the place has heating system.

Example 2: The cooling function of the vending machine could be automatically turned on or turned off depending on different environmental temperature in daytime and night as well as in different seasons.

(d) Standardize the replenishment operation of offline logistics in order to avoid opening the vending machine's door in a large area and reduce the temperature variations in the warehouse. Around 0.5% of energy in average could be saved through this measure.

(e) Regularly maintain the refrigeration system of each vending machine to ensure its normal operation and improve the energy efficiency ratio. Around 0.5% of energy in average could be saved through this measure.

*Scope 1, 2 and 3 Greenhouse Gas ("**GHG**") Emissions*

Scope 1 emissions. During the Track Record Period, we did not combust fuels in stationary sources to generate electricity, heat or steam, nor we own any automobile vehicle. Therefore, there was no scope 1 emissions by equipment that was controlled by us or located within the physical boundary of our operations.

Scope 2 emissions. We evaluated our purchased electricity consumption at our office premises, at warehouses and for all vending machines operating for business activities. For the years ended December 31, 2021, 2022 and 2023, our estimated total electricity consumption was approximately 6,066 MWh, 8,911 MWh and 6,053 MWh, respectively. The associated GHG emissions equivalents to 3,524 t CO_2e, 5,082 t CO_2e and 3,469 t CO_2e, respectively. The calculation standard and methodology for carbon emissions is in accordance with the GHG Protocol. The source of emission factors for the reporting of carbon emissions are the annual national grid average emission factors published by the Ministry of Ecology and Environment, PRC, i.e. 0.5810 kg CO_2e/kWh in 2021 for calculating GHG emissions in 2021, 0.5703 kg CO_2e/kWh for calculating GHG emissions in both 2022 and 2023, as the Ministry of Ecology and Environment, PRC had not published the factor for the year 2023.

For the years ended December 31, 2021, 2022 and 2023, our estimated total electricity consumption for all vending machines was approximately 5,894 MWh, 8,757 MWh and 6,576 MWh, respectively. The associated GHG emissions equivalents to 3,424 t CO_2e, 4,994 t CO_2e and 3,750 CO_2e, respectively.

The GHG emissions sourced from electricity consumption for all vending machines were dominant at about 97%, 98% and 98% of the total scope 2 emissions, respectively. Therefore, our efforts on achieving the 20% reduction target for average annual power usage per vending machine would contribute to most of our scope 2 emissions reduction.

Scope 3 emissions. We have identified key activities from which indirect GHG emissions arise. These activities include, but not limit to, purchased goods and services, transportation and distribution, business travel, employee commute, waste disposal, etc. We are planning to conduct Scope 3 emissions accounting and reporting in the future.

Resource Consumption

We endeavor to reduce negative impacts on the environment by optimizing resources consumption across our operations. In relation to resource utilization management of our offices, among others, we adopt a document management system and a paper management system with the aim to reduce the amount of paper waste used for record keeping and avoid unnecessary printing. To reduce plastic wastes, we have also installed water dispenser at our offices.

Environmental-friendly Measures in outdoor marketing

We are dedicated to environmental protection in outdoor marketing through a series of measures designed to reduce the usage of packaging and marketing materials, especially plastics, and paper products. We promote eco-friendly packaging materials like paper-based and recyclable plastics, which help alleviate the environmental burden. Subsequently, we promote a packaging and banner reuse, striving to reuse materials during product transportation and recycle banners that can be used multiple times. We will also work closely with product suppliers and customers to encourage the adoption of environmentally friendly packaging and marketing materials, collectively aiming to minimize unnecessary packaging and plastic consumption.

Internal Control Measures

To achieve our targets, our administrative department will execute the ESG-related policies and measures, and our management team will review the execution process on a regular basis. We also plan to implement the following internal control measures, including, among others: (a) encouraging staff to switch off unused office equipment, such as computers, lights, and air-conditioners; (b) imposing temperature controls for air conditioning and keeping appropriate indoor air-conditioning temperature at all times; (c) reducing the use of paper documents and promoting printing on both sides and using recycled paper if necessary; and (d) encouraging the use of online system for internal administrative procedures.

Employees

We believe that employees are an important driver of our corporate development. As an equal employment opportunity employer, we also focus on embracing diversity within our organization and equal and respectful treatment of all of our employees in their hiring, training, wellness and professional and personal development. As of December 31, 2023, the gender distribution of our employees were approximately 63% male and 37% female. We recognize and embrace the benefits of having a diverse Board of Directors to enhance the quality of its performance. To this end, we have adopted a board diversity policy which requires all board appointments to be based on meritocracy, and candidates to be considered against objective criteria. See "Directors and Senior Management – Corporate Governance – Board diversity" in this prospectus.

The following discussion and analysis should be read in conjunction with the combined financial information together with the accompanying notes in the Accountants' Report included in Appendix I to this prospectus. Our historical financial information and the combined financial statements of our Group have been prepared in accordance with the IFRS, which may differ in certain material aspects from generally accepted accounting principles in other jurisdictions. You should read the whole Appendix I and not rely merely on the information contained in this section. Unless the context otherwise requires, historical financial information in this section is described on a combined basis.

The discussion and analysis set forth in this section contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. Our actual results may differ significantly from those projected. Factors that could cause or contribute to such differences include, without limitation, those discussed in the sections headed "Risk Factors" and "Business" and elsewhere in this prospectus. Discrepancies between totals and sums of amounts listed in this section in any table or elsewhere in this prospectus may be due to rounding.

OVERVIEW

We are a marketing service provider in China's FMCG outdoor marketing market, focusing on FMCG brands through the usage of vending machines. According to CIC, FMCG outdoor marketing market accounts for 6.4% market share of the FMCG marketing market in 2023. We are the fourth largest FMCG outdoor marketing service provider in China in terms of revenue in 2023, with a market share of approximately 1.2%, while the largest market player had a market share of 14.3%. Our revenue generated from marketing service increased by 7.5% from RMB376.7 million in 2021 to RMB404.8 million in 2022 and further increased by 99.6% to RMB808.0 million in 2023.

During the Track Record Period, we generated revenue from the following business segments, including (i) marketing service, which further consisted of (a) standard marketing service and (b) value-added marketing service; (ii) merchandise sales; and (iii) other services. Our total revenue increased by 10.2% from RMB502.4 million in 2021 to RMB553.6 million in 2022, and further increased by 81.8% to RMB1,006.7 million in 2023. Excluding the effect of fair value loss on financial liabilities at FVTPL, share-based compensation expenses and listing expenses, our adjusted profit (a non-IFRS measure) would be RMB52.3 million, RMB78.2 million and RMB200.7 million in 2021, 2022 and 2023, respectively. Our adjusted EBITDA (a non-IFRS measure) would be RMB107.2 million, RMB154.6 million and RMB280.2 million in 2021, 2022 and 2023, respectively. For details, see "– Non-IFRS Measures."

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition are affected by general factors, including:

- the overall economic growth and the political and economic environment in China;
- the level of marketing and sales expenses allocated to promote FMCG brands;
- the demands from brand customers for innovative and interactive marketing service;
- the competition of the FMCG outdoor marketing market; and
- the advancement in technologies affecting the FMCG outdoor marketing market.

In particular, our results of operations are affected by the growth of the FMCG outdoor marketing market. Attributable to the strong demands from FMCG brands, development of technologies and growing recognition of the industry, the FMCG outdoor marketing market has vigorous market opportunities and huge growth potential. Leveraging our market position, we are well positioned to benefit from these rapid growth opportunities. For details, see "Industry Overview" in this prospectus.

In addition, we believe our results of operations are more directly affected by the following major factors.

Our Ability to Grow Customer Base and Drive Customer Engagement

Our success and sustainable development rest upon our capability to attract and retain quality brand customers. In 2021, 2022 and 2023, our FMCG marketing service comprised a significant portion of our revenue, accounting for 75.0%, 73.1% and 80.3% of our revenue in the respective years. Our customer base primarily consists of enterprises within the FMCG industry in China, with businesses spread across various sectors such as beverages, food, daily necessities and cosmetics.

Our service offerings are distinguished by an integrated system that combines offline and online channels, a core feature of our marketing service. This functionality facilitates consumer interactions with products being launched or promoted by our brand customers. During the Track Record Period, we provided marketing service to 525 brand owners, serving products from 74 emerging brands among the top 100 emerging brands in the industries of beverages, food and daily necessities in China, as measured by revenue in 2023, according to CIC.

Despite the significant industry impact caused by COVID-19 during the Track Record Period, our operating metrics experienced a consistent and steady increase in both the aggregate number and average revenue from both KA and non-KA customers, demonstrating continuous enhancement in public recognition of our services and technological capabilities.

KA customers are defined as those who contribute at least RMB5.0 million to our total gross sales in the relevant year during the Track Record Period. For our marketing service, we experienced an upward trend in the number of KA customers, with 27 KA customers in 2021, 28 KA customers in 2022 and 47 KA customers in 2023. Additionally, our average revenue per KA customer, calculated by dividing the total revenue generated by KA customers by their total number, increased from RMB10.5 million in 2021 to RMB11.4 million in 2022, and further to RMB13.8 million in 2023. Despite the less entrenched relationships and potential variability with our non-KA customers under the impact of COVID-19, we have made continuous efforts to maintain a sizable non-KA customer base. The respective counts for non-KA customers were 147, 102 and 244 in 2021, 2022 and 2023. Furthermore, the average revenue per non-KA customer stood at RMB0.6 million, RMB0.8 million and RMB0.6 million for the same years, respectively.

However, our ability to maintain and expand our customer base is subject to various external factors beyond our control, such as changes in the general economic conditions, competition, and shifts in our brand customers' business operations and strategies. Our customers, primarily brand customers in the FMCG industry, are continuously exploring, efficient, and cost-effective strategies to engage their target consumers. In particular, FMCG industry is sensitive to market conditions, and any fluctuations could potentially impact their expenditure on our services. Please refer to "Risk Factors – Risks Relating to Our Business and Industry" in this prospectus for more detailed information.

Moreover, timely payment by our customers is vital for effective working capital and cash flow management. Unforeseen financial distress, including that induced by the COVID-19 pandemic, could hinder prompt payment, adversely affecting our financial condition and results. To mitigate these risks, we have implemented proactive measures, including enhanced customer engagement and stringent collection settlement procedures. We have also made adequate provisions and adjusted them from time to time based on the recoverability of trade receivables.

Revenue and Business Segments

During the Track Record Period, we generated revenue from the following business segments, including (i) marketing service; (ii) merchandise sales; and (iii) other services.

- ***Marketing Service***: Our marketing service comprises two business lines, namely standard marketing service and value-added marketing service. Revenue from marketing service increased from RMB376.7 million in 2021 to RMB404.8 million in 2022, and further to RMB808.0 million in 2023. The increase in revenue was primarily driven by the expansion of our standard marketing service, in which we assist brand customers in distributing FMCG products to individual consumers through our vending machines, utilizing our online and offline channels and third-party media resources to provide comprehensive marketing and promotion service, and designing and implementing creative offline marketing campaigns promoting brands and products.

Our marketing service largely adopts a fixed cost structure associated with the number of vending machines we operate during the relevant period, encompassing elements like depreciation and amortization charges and site fees. Consequently, this segment's profitability is closely tied to the volume of marketing service we provide. In 2022, recurring waves of COVID-19 led to a reduction in our marketing service provided. Despite this negative impact and the consequent slower increase in revenue, we continued to incur fixed costs in managing this business segment, causing our gross profit margin to decrease from 79.7% in 2021 to 73.8% in 2022. From 2022 to 2023, the gross profit from our marketing service increased from RMB298.7 million to RMB479.5 million, primarily attributable to our growth in revenue under this business segment, and the gross profit margin of our marketing service decreased from 73.8% to 59.3%, primarily because we introduced more short video platform traffic acquisition service to customers since early 2023, which generally carry lower margin compared with vending machine-based services. Moving forward, we plan to broaden our service offerings with the aim of driving revenue growth and improving profitability. Our strategy involves attracting more brand customers and optimizing our cost structure, in particular optimization of strategic layout and penetration of our vending machine network. By doing so, we aim to enhance our financial performance and ensure long-term stability.

- ***Merchandise Sales***: We derive revenue from this business segment primarily from retail sales of merchandise, including beverages, snacks and instant food, through our vending machines and online platform. We consider this business segment to complement our marketing service by attracting pedestrian flow to our vending machines network, enabling continuous expansion and penetration of marketing capability, while also providing valuable information such as comparable sales data for consumer goods and FMCG products promoted by our brand customers. During the Track Record Period, revenue from this business segment consistently increased, amounting to RMB105.0 million, RMB111.3 million and RMB144.3 million in 2021, 2022 and 2023, respectively. The principal cost in this segment is the cost of inventories sold, representing the direct expenses incurred in the purchase of goods that we sell to our consumers. In our daily operations, we consistently monitor such cost to ensure a reasonable inventory turnover. Our aim is to minimize the duration for which inventory remains unsold, thereby optimizing cash flow. During the Track Record Period, our gross profit from merchandise sales decreased from RMB37.8 million in 2021 to RMB18.3 million in 2022, then increased to RMB29.7 million in 2023. The decrease in our gross profit in 2022 was mainly due to the recurring waves of COVID-19 and the recognition of write-down of inventories. The gross profit margin in this business segment demonstrated some variation during the Track Record Period, with figures of 36.0%, 16.4% and 20.6% in 2021, 2022 and 2023, respectively. The fluctuation of the gross profit margin primarily resulted from the change of our selection of goods to be sold in managing this business segment. Going forward, we aim to maintain our gross profit margin within a relatively stable range to ensure consistent financial performance.

- ***Other Services***: During the Track Record Period, in recognition of our technology capabilities and software development and project management expertise, many customers engaged us to develop IT system, as well as customized software, covering IoT technology utilization, information sharing and analysis, and IT platform development. In managing this business segment, we generally charge customers for our services on a project basis, taking into account the project complexity and human resource costs incurred by our research and development team. Customers of this business line are corporate clients which generally do not overlap with our brand customers of marketing service. Our revenue, gross profit and gross profit margin from other services experienced fluctuations during the Track Record Period, primarily driven by customer demands and the nature of specific technology development projects undertaken.

Our Ability to Expand and Optimize Our Network of Vending Machines

Our marketing service is built upon our extensive vending machine network, which serves as the foundation for connecting our brand customers with a large population of target consumers. This network acts as the first touchpoint for new consumers, allowing us to establish valuable connections. As of December 31, 2023, our network consisted of 7,543 vending machines, spanning 22 cities across 14 provincial administrative regions in China. As of December 31, 2023, 98.4% of our vending machines were located in tier one and new tier one cities. These cities in China are known for their dense population, higher levels of consumption and increased mobility. This positioning in higher-tier cities aligns with the distribution and consumption patterns of FMCG.

The table below sets forth a breakdown of our vending machine coverage by city tier as of the dates indicated:

	As of December 31,					
	2021		2022		2023	
		%		%		%
Vending machines by city tier						
Tier one cities	2,999	35.2	2,707	36.6	3,398	45.0
New tier one cities	5,113	60.0	4,494	60.7	4,026	53.4
Tier two cities	408	4.8	201	2.7	119	1.6
Total	**8,520**	**100.0**	**7,402**	**100.0**	**7,543**	**100.0**

Strategically, we position our vending machines in locations with a concentrated presence of young demographics, including office premises, rental apartments, and shopping centers. These areas attract individuals who are more inclined to explore and purchase FMCGs, making them ideal target audiences for our marketing service. The following table sets forth the placement of our vending machines by type of sites as of the dates indicated:

	As of December 31,					
	2021		2022		2023	
		%		%		%
Vending machines by type of sites						
Office premises	4,674	54.9	3,771	50.7	3,376	44.8
Rental apartments	3,307	38.8	2,925	39.7	2,957	39.2
Shopping centers	261	3.1	232	3.2	366	4.9
Others*	278	3.2	474	6.4	844	11.2
Total	**8,520**	**100.0**	**7,402**	**100.0**	**7,543**	**100.0**

Note:

* *Others primarily include schools, parks and hotels.*

In 2022, we experienced reduction of total number of vending machines mainly to adapt to the changes in conditions of relevant regions during to COVID-19 pandemic impact. In 2023, in observance of revibration of offline shopping and consumption activities, as well as increase in out-door social and tourism activities, since early 2023, we slightly increased the number of vending machines in shopping centers, as well as schools, parks and hotels. Relevant factors in 2023 also resulted in improvement in utilization of our vending machines in the same year. The table below sets forth the movement of our vending machines for the years indicated:

	As of/For the year ended December 31,		
	2021	2022	2023
Number of vending machines at the beginning of the year[(1)]	**4,178**	**8,520**	**7,402**
Number of vending machines put into use on new sites during the year[(1)]	5,185	2,801	3,877
Number of vending machines removed from terminated sites during the year[(2)]	843	3,919	3,736
Net increase/(decrease) in the number of vending machines on sites during the year	4,342	(1,118)	141

	As of/For the year ended December 31,		
	2021	2022	2023
Number of vending machines at the end of the year(1)	**8,520**	**7,402**	**7,543**
Average daily number of vending machines(3)	**5,677**	**8,435**	**6,435**
Number of decommissioned vending machines(4)	0	636	501

Note:

(1) *The calculation of vending machines on sites has taken into account the vending machines utilized for all the services modules we provided, which also include vending machines utilized for AI interaction services that held by sessions.*

(2) *Terminated sites consist of vending machine sites where their terms of use have ended either due to expiration or early termination.*

(3) *The average daily number of vending machines is the mathematical average of the number of vending machines in a given year. As such, the average daily number of vending machines in a year can be higher or lower than the number of vending machines at the beginning/end of that year, as the latter only indicates the number of vending machines as of a specific day.*

(4) *These vending machines were decommissioned typically due to the expiration of their service life. We typically assess vending machines that have been in use for five years and may consider disposing of those vending machines below our standards. There were no decommissioned vending machines in 2021 primarily due to the postponement of decommissioning for some machines, driven by the need for rapid expansion of our vending machine network that year. Towards the end of 2021, we procured a large batch of new vending machines to prepare for the renewal of our vending machines. In 2022 and 2023, we evaluated vending machines that had been in use for five years and disposed of those that did not meet our standards.*

During the Track Record Period, two of the major cost of sales components were depreciation and amortization charges and site fees. These were connected to the depreciation and amortization of vending machines, including the vending machines not placed in use, as well as fees associated with specific site usage for our vending machine placement. Therefore, vending machine site selection and management practices affect our financial performance and operating results. We evaluate the suitability of vending machine sites by ourselves or third-party consultants, and primarily source vending machine sites directly from venue operators. We continuously monitor and evaluate the performance of our vending machines and make necessary adjustment. For vending machines that require optimization, we will consider the need for improvement or redeployment, and accordingly formulate optimization plans by taking into account a range of factors. These factors include, among others, changes in foot traffic due to local circumstances, availability of vending machine sites, target consumers in particular sites, and relationship with venue operators. For details, see "Business – Our Vending Machine Network" of this prospectus.

As we strive to fuel revenue growth and sustain long-term profitability, we plan to scale our vending machine count. For more detailed plans, please refer to the "Future Plans and Use of Proceeds" section of this prospectus.

Our Ability to Improve Operational Efficiency

Our ability to enhance operational efficiency and manage operating expenses effectively is crucial to our profitability. During the Track Record Period, specific expenses constituted a large portion of our total operating expenses:

- ***Staff Costs***: our staff costs, a large component of our administrative expenses, selling and distribution expenses and research and development expenses, were RMB34.0 million, RMB39.5 million and RMB38.3 million, accounting for 6.8%, 7.1% and 3.8% of our total revenue in 2021, 2022 and 2023, respectively. We persistently aim for more cost-efficient business processes and operational optimization to maximize team productivity without incurring unnecessary expenses.

- ***Outsourcing Service Expenses***: our outsourcing service expenses, a component of our research and development costs, were RMB50.1 million, RMB19.0 million and RMB55.3 million, accounting for 10.0%, 3.4% and 5.5% of our total revenue in 2021, 2022 and 2023, respectively. The decrease in outsourcing service expenses from 2021 to 2022 is attributable to the expansion of our in-house research and development capabilities. Despite such capability expansion, due to the significant increase of marketing service revenue in 2023, the outsourcing service expenses increased accordingly. As our internal capacity increases, we have been able to handle more technology-related tasks in-house, thereby improving cost efficiency. Meanwhile, external resources continue to be integral to our daily operations.

- ***Marketing and Promotion Expenses***: our marketing and promotion expenses, a component of our selling and distribution expenses, were RMB87.3 million, RMB69.7 million and RMB148.5 million, accounting for 17.4%, 12.6% and 14.8% of our total revenue in 2021, 2022 and 2023, respectively. In 2022, we observed a decrease in marketing and promotion expenses as well as overall selling and distribution expenses primarily because COVID-19-related restrictive measures led to a decrease in offline promotional events and large-scale offline marketing activities, prompting increased emphasis on online marketing. Therefore, while overall brand promotion was maintained, the frequency of promotions in 2022 was slightly lower compared to 2021. As our business continues to expand and develop, we anticipate that marketing and promotion expenses will persist as one of our most significant costs in the foreseeable future.

As we progress, our goal is to achieve scale effect in our operations, utilizing our growing size and reach to improve cost efficiency. We anticipate realizing this through the expansion of in-house capabilities, strategic marketing and promotion efforts, and the optimization of staff costs.

Our Ability to Continuously Improve in Technology and Innovation

Our operational results are largely dependent on our technological capabilities and our ongoing innovation. The continued enhancement of our platforms, particularly those utilized in our marketing service, distinguishes us as a provider capable of merging offline and online channels. Through our effective business model, we can offer consumers an engaging, and comprehensive experience for products that are either newly introduced to the market or are intended for promotion by our brand customers. We are committed to investing in research and development to continually advance our technology. Our plan is to focus on nurturing and enhancing our R&D capabilities through various strategies to support our business growth. For more information on our future plans and the intended use of proceeds, please refer to the "Future Plans and Use of Proceeds" section in this prospectus.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**"). The historical financial information has been prepared under the historical cost convention, except for certain financial liabilities which are measured at fair value through profit or loss, and certain financial assets which have been measured at fair value through other comprehensive income. The preparation of the historical financial information in conformity with IFRS requires the use of certain material accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information, are disclosed in Note 3 to the Accountants' Report included in Appendix I to this prospectus.

MATERIAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. We set out below some of the accounting policies and estimates that we believe are of critical importance to us or involve the most significant estimates and judgments used in the preparation of our financial statements. Our material accounting policies, judgments and estimates, which are important for understanding our financial condition and results of operations, are set out in further details in Note 2.4 and Note 3 to the Accountants' Report in Appendix I to this prospectus.

Material Accounting Policies

Revenue Recognition

Revenue from Contracts With Customers

We recognize revenue from contracts with customers when we transfer control of goods or services to the customers, at an amount that reflects the consideration we expect to receive in exchange for those goods or services. In contracts where the consideration includes a variable amount, we estimate the amount of consideration we will be entitled to receive for transferring the goods or services to the customer. The estimation of variable consideration is estimated at the inception of the contract and is constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Marketing Service

We generate revenue from our marketing service by providing long-term extension marketing service for our customers' new products. Revenue is recognized over time, using an input method to measure the progress towards complete satisfaction of the service. This is because the customer simultaneously receives and consumes the benefits provided by us. The input method recognizes revenue based on the labor hours expended relative to the total expected labor hours to complete the service.

Merchandise Sales

We generate revenue primarily from the sales of fast-moving consumer goods through vending machines operated by us. Revenue is recognized when control of the goods is transferred to the customers by the vending machines. There are no rights of return for sales made to the end customers. The customers typically make immediate payment for the goods through online payment platforms before the goods are delivered.

Other Services

Revenue from our other services is derived from utilizing our own research and development capabilities to develop customized online systems. We recognize revenue when a performance obligation is satisfied, which occurs when control of the goods underlying the specific performance obligation is transferred to the customer.

Other Income

We recognize interest income on an accrual basis using the effective interest rate method. This involves applying the rate that precisely discounts the estimated future cash receipts over the expected life of the financial instrument, or a shorter period when appropriate, to the net carrying amount of the financial asset.

Property, Plant and Equipment and Depreciation

Property, plant, and equipment, excluding construction in progress, are recorded at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant, and equipment includes its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the property, plant, and equipment have been put into operation, such as repairs and maintenance, are typically expensed in the period in which they occur. However, in cases where the recognition criteria are met, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. In situations where significant parts of the property, plant, and equipment need to be replaced at intervals, we recognize those parts as individual assets with specific useful lives and depreciate them accordingly.

Depreciation is calculated using the straight-line method to gradually reduce the cost of each item of property, plant, and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	50%
Vending machines	19%
Electronic equipment	32%

If parts of an item of property, plant, and equipment have different useful lives, the cost of the item is allocated among the parts on a reasonable basis, and each part is depreciated separately. The residual values, useful lives, and depreciation methods are reviewed and adjusted, if necessary, at least at the end of each financial year.

An item of property, plant, and equipment, including any significant part initially recognized, is derecognized either upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement is recognized in the profit or loss in the year the asset is derecognized and is calculated as the difference between the net sales proceeds and the carrying amount of the asset.

Construction in progress represents a building under construction, which is recorded at cost less any impairment losses and is not depreciated. The cost includes the direct costs of construction and capitalized borrowing costs on related borrowed funds during the construction period. Construction in progress is reclassified to the appropriate category of property, plant, and equipment when it is completed and ready for use.

Leases

We assess at contract inception whether a contract is, or contains, a lease. A contract is considered a lease or contains a lease if it grants the right to control the use of an identified asset for a specified period of time in exchange for consideration.

Act as a Lessee

We apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. We recognize lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-Use Assets

We recognize right-of-use assets at the start of the lease term, which is the date when the underlying asset becomes available for our use. These assets are initially measured at cost, reduced by any accumulated depreciation and impairment losses, and adjusted for any changes in lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made on or before the commencement date, minus any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Vending machines	5 years
Buildings	2 – 4 years
Warehouse	1.5 – 4.5 years

If ownership of the leased asset transfers to us by the end of the lease term or if the cost reflects the exercise of a purchase option, depreciation is calculated based on the estimated useful life of the asset.

Lease Liabilities

Lease liabilities are recognized at the commencement date of the lease, based on the present value of lease payments expected to be made over the lease term. These lease payments include fixed payments (including in-substance fixed payments), net of any lease incentives receivable, as well as variable lease payments dependent on an index or rate, and amounts expected to be paid under residual value guarantees. Furthermore, the lease payments include the exercise price of a purchase option that is reasonably certain to be exercised by us, as well as payments of penalties for lease termination if the lease term reflects the exercise of the option to terminate.

Variable lease payments that are not tied to an index or rate are recognized as expenses in the period when the triggering event or condition occurs. When calculating the present value of lease payments, we use our incremental borrowing rate at the lease commencement date, as the interest rate implicit in the lease is not readily determinable. Subsequently, lease liabilities are increased to account for interest accretion and reduced by the lease payments made. Moreover, the carrying amount of lease liabilities is remeasured if there are modifications, changes in lease terms, changes in lease payments (such as adjustments due to changes in an index or rate), or changes in the assessment of an option to purchase the underlying asset.

Short-Term Leases

We apply the short-term lease recognition exemption to our short-term leases of buildings. These leases have a lease term of 12 months or less from the commencement date and do not include a purchase option. Lease payments for short-term leases are recognized as an expense on a straight-line basis over the lease term.

Share-Based Payments

We operate employee share plans with the aim of providing incentives and rewards to eligible participants who contribute to our operational success. Our employees, including directors, receive remuneration in the form of share-based payments, where they provide services in exchange for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees is determined by referencing the fair value at the grant date. The fair value is assessed by an external valuer using a discounted cash flow model. For details, see Note 28 to the Accountants' Report in Appendix I to this prospectus.

The cost of equity-settled transactions is recognized in employee benefit expense, resulting in a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each relevant period until the vesting date represents the portion of the lock-up restricted period that has expired, along with our best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period reflects the movement in cumulative expense recognized between the beginning and end of that period.

When determining the grant date fair value of awards, service and non-market performance conditions are not considered. However, the likelihood of meeting these conditions is assessed as part of our best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are accounted for in the grant date fair value. Any other conditions attached to an award, without an associated service requirement, are classified as non-vesting conditions. Non-vesting conditions are factored into the fair value of an award and lead to immediate expensing unless there are also service and/or performance conditions.

If awards do not ultimately vest due to unmet non-market performance and/or service conditions, no expense is recognized. In cases where awards include a market or non-vesting condition, the transactions are treated as vesting regardless of whether the market or non-vesting condition is fulfilled, provided that all other performance and/or service conditions are met.

If the terms of an equity-settled award are modified, at a minimum, we recognize an expense as if the terms had not been modified, assuming the original terms of the award are met. Additionally, an expense is recognized for any modification that increases the total fair value of the share-based payments or benefits the employee in any other way, as assessed at the date of modification.

When an equity settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any unrecognized expense for the award is recognized immediately. This includes cases where non-vesting conditions within our control or the employee's control are not met. However, if a new award is substituted for the cancelled award and is designated as a replacement award on the grant date, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Financial Liabilities

We classify financial liabilities, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate. We recognize all financial liabilities initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Our financial liabilities include payables, other payables and accruals, amounts due to a shareholder, interest-bearing bank borrowings, convertible redeemable preferred shares, and convertible bonds.

The subsequent measurement of our financial liabilities depends on their classification as follows:

Financial Liabilities at Amortized Cost (Loans and Borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method, unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized, as well as through the effective interest rate amortization process.

We calculate the amortized cost by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the statement of profit or loss.

Financial Liabilities at FVTPL

Financial liabilities measured at FVTPL include convertible redeemable preferred shares and convertible bonds, which we designate upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognized in profit or loss, except for the gains or losses arising from our own credit risk, which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss.

Our Level 3 financial instruments mainly represent financial liabilities at fair value through profit or loss, including (i) convertible redeemable preferred shares and (ii) convertible bonds. As these instruments are not traded in active markets, their fair values have been determined by using applicable valuation techniques, which involve a significant degree of management judgment and are inherently uncertain.

We applied the (i) Back-solve Approach based on recent transactions in the Company's shares or (ii) discounted cash flow method to determine the underlying equity value and adopted option pricing method in equity allocation model to determine the value of the abovementioned Level 3 financial instruments. Considerable judgment is required to interpret market data used in the valuation techniques. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. In relation to the valuation of our financial liabilities measured within Level 3 fair value measurement, our Directors adopted the following procedures: (i) engaged an independent external valuer, provided necessary financial and non-financial information so as to enable the valuer to perform valuation procedures and discussed with the valuer on relevant assumptions; (ii) carefully considered all information especially those non-market related information inputs, which require management team's assessments and estimates; and (iii) reviewed the valuation results prepared by the valuer and inquired to understand whether methodology is in compliance with valuation standards established by the International Valuation Standards Council. Based on the above procedures, our Directors are of the view that the value of our Level 3 financial liabilities is fair and reasonable, and our financial statements are properly prepared.

Details of the fair value measurement of financial instruments, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs, the relationship of unobservable inputs to fair value are disclosed in Note 3, Note 25 and Note 34 of the Accountants' Report in Appendix I to this prospectus which was issued by the Reporting Accountants in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants for the purpose of expressing an opinion on our historical financial information for the Track Record Period as a whole in Appendix I to this prospectus. The Reporting Accountants' opinion on our historical financial information for the Track Record Period as a whole is set out on page I-2 of Appendix I to this prospectus.

In relation to the fair value assessment of the financial liabilities requiring Level 3 measurements under the fair value classification, the Sole Sponsor has conducted relevant due diligence work, including but not limited to, (i) obtained and reviewed the terms of the underlying agreements for the Level 3 financial liabilities; (ii) discussed with our management to understand the work performed in relation to such valuation, as well as the methodologies, assumptions and information relied upon in respect of the valuation of the Level 3 financial liabilities of our Group and our views on the fairness and reasonableness of the assumptions, basis and approaches of the valuation; (iii) discussed with, among others, the Reporting Accountants to understand the work they had performed in this regard; and (iv) reviewed the relevant notes to the Accountants' Report in Appendix I to this prospectus and the Reporting Accountants' opinion on the historical financial information as a whole for the Track Record Period. Based upon the due diligence work conducted by the Sole Sponsor as stated above, and with respect to the views of our Directors, nothing material has come to the attention of the Sole Sponsor which would cause it to question the valuation in respect of the financial liabilities requiring Level 3 measurements under the fair value classification.

Material Accounting Judgments and Estimate

Provision for Expected Credit Losses on Trade Receivables

We use a provision matrix to calculate Expected Credit Losses ("**ECLs**") for trade receivables within the Group. The provision rates in the matrix are based on an analysis of customer aging and their similar loss patterns.

Initially, the provision matrix is established using historical observed default rates within the Group. However, we calibrate the matrix by incorporating forward-looking information to adjust the historical credit loss experience. For example, if there is an anticipated deterioration in forecast economic conditions, such as a decline in the gross domestic product, leading to an expected increase in defaults within the distribution sector, we adjust the historical default rates accordingly. At each reporting date, we update the historical observed default rates and analyze changes in the forward-looking estimates.

The assessment of the correlation between historical observed default rates, forecast economic conditions, and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. It is important to note that our historical credit loss experience and forecast of economic conditions may not accurately predict a customer's actual default in the future. For details, see Note 19 to the Accountants' Report in Appendix I to this prospectus.

Impairment of Non-Financial Assets (Other Than Goodwill)

We assess whether there are any indicators of impairment for all non-financial assets, including the right-of-use assets, at the end of each relevant period. Other non-financial assets are tested for impairment when there are indications that their carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The fair value less costs of disposal is calculated based on available data from binding sales transactions of similar assets or observable market prices, taking into account incremental costs for disposing of the asset. When conducting value-in-use calculations, management estimates the expected future cash flows from the asset or cash-generating unit and selects an appropriate discount rate to calculate the present value of those cash flows.

As of December 31, 2021, 2022 and 2023, we did not recognize any impairments of non-financial assets.

Write-Down of Inventories

We value our inventories at the lower of cost and net realizable value. We make inventory write-downs based on estimates of realizable value, considering factors such as inventory age, condition, and market conditions. We conduct annual reviews to assess the need for inventory write-downs, if applicable. For details, see Note 18 to the Accountants' Report in Appendix I to this prospectus.

Useful Lives and Residual Values of Items of Property, Plant and Equipment

When determining the useful lives and residual values of property, plant, and equipment, we consider various factors, including technical or commercial obsolescence resulting from changes or improvements in production and service provision, market demand for the asset's product or service output, expected usage, anticipated physical wear and tear, maintenance practices, and any legal or similar constraints on asset use. We estimate the useful life of an asset based on our experience with similar assets used in a comparable manner.

If there are differences in the estimated useful lives and/or residual values of property, plant, and equipment from previous estimates, we adjust the depreciation accordingly. We review the useful lives and residual values at the end of each year, considering changes in circumstances. For details, see Note 13 the Accountants' Report in Appendix I to this prospectus.

Deferred Tax Assets

We recognize deferred tax assets for unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be offset. Determining the amount of deferred tax assets that can be recognized requires significant management judgment, taking into account the likely timing and level of future taxable profits, as well as future tax planning strategies.

As of December 31, 2021, 2022 and 2023, the amounts of unrecognized tax losses were RMB0.5 million, RMB0.7 million and RMB0.8 million, respectively. For details, see Note 16 to the Accountants' Report in Appendix I to this prospectus.

Fair Value of Share-Based Payments

We determine the fair value of the options at the grant dates using the binomial option-pricing model. Management makes significant estimates on assumptions, including the underlying equity value, discount rate, expected volatility, and dividend yield. For details, see Note 28 to the Accountants' Report in Appendix I to this prospectus.

Fair Value of Financial Instruments

The convertible redeemable preferred shares and convertible bonds issued by us are not traded in an active market and the respective fair values are determined by using valuation techniques, including Black-Scholes option pricing model. For details, see Note 25 to the Accountants' Report in Appendix I to this prospectus.

Incremental Borrowing Rate

We cannot readily determine the interest rate implicit in a lease; therefore, we use an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR represents the rate of interest that we would have to pay to borrow funds over a similar term and with similar security in order to obtain an asset of similar value to the right-of-use asset, considering the prevailing economic conditions. The IBR reflects the hypothetical borrowing cost, which requires estimation in cases where observable rates are not available (such as for subsidiaries that do not engage in financing transactions) or when adjustments are needed to reflect the lease terms and conditions (e.g., when leases are not denominated in the subsidiary's functional currency).

We estimate the IBR using observable inputs, such as market interest rates, whenever available. Additionally, we are required to make entity-specific estimates, such as assessing the subsidiary's standalone credit rating, in order to determine the appropriate IBR.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income for the years indicated.

	For the year ended December 31,					
	2021		2022		2023	
	RMB'000	*% of Revenue*	*RMB'000*	*% of Revenue*	*RMB'000*	*% of Revenue*
Revenue	502,368	100.0	553,617	100.0	1,006,697	100.0
Cost of sales	(156,877)	(31.2)	(218,977)	(39.6)	(471,430)	(46.8)
Gross profit	**345,491**	**68.8**	**334,640**	**60.4**	**535,267**	**53.2**
Other income and gains	6,729	1.3	6,126	1.1	6,260	0.6
Selling and distribution expenses	(189,458)	(37.7)	(167,229)	(30.2)	(239,282)	(23.8)
Administrative expenses	(28,474)	(5.7)	(26,780)	(4.8)	(54,538)	(5.4)
Research and development expenses	(59,010)	(11.7)	(30,113)	(5.4)	(63,250)	(6.3)
Fair value loss on financial liabilities at FVTPL	(189,422)	(37.7)	(191,467)	(34.6)	(24,088)	(2.4)
Other expenses and losses	(760)	(0.2)	(1,355)	(0.2)	(2,119)	(0.2)
Impairment losses under expected credit loss model, net of reversal	(16,177)	(3.2)	(25,704)	(4.6)	197	0.0
Finance costs	(5,597)	(1.1)	(3,285)	(0.6)	(1,611)	(0.2)
(Loss)/profit before tax	**(136,678)**	**(27.2)**	**(105,167)**	**(19.0)**	**156,836**	**15.6**
Income tax expense	(2,800)	(0.6)	(10,890)	(2.0)	(20,134)	(2.0)
(Loss)/profit for the year	**(139,478)**	**(27.8)**	**(116,057)**	**(21.0)**	**136,702**	**13.6**
Attributable to:						
Owners of the parent	(139,465)	(27.8)	(116,025)	(21.0)	130,942	13.0
Non-controlling interests	(13)	(0.0)	(32)	(0.0)	5,760	0.6
	(139,478)	(27.8)	(116,057)	(21.0)	136,702	13.6

Non-IFRS Measures

To supplement our consolidated financial statements which are presented in accordance with IFRSs, we also use adjusted profit (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRSs. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management to evaluate our operating performance and formulate business plans. However, our adjusted profit (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation, or as substitute for analysis of, our results of operations or financial position as reported under IFRSs.

Adjusted profit (a non-IFRS measure) is defined as profit or loss for the year by adding back the effects of (i) fair value loss on financial liabilities at FVTPL, (ii) share incentive plan expense and (iii) listing expenses. Fair value losses on financial liabilities at FVTPL represent fair value losses relating to convertible redeemable preferred shares issued in our equity financings. The convertible redeemable preferred shares will be automatically converted into ordinary shares upon completion of the Global Offering, and we do not expect to record further gains or losses in relation to valuation changes in such instruments after the Listing. We exclude share incentive plan expense as such expenses are non-cash in nature and do not result in cash outflows. We also exclude listing expenses with respect to this Global Offering. Adjusted EBITDA (a non-IFRS measure) is defined as adjusted profit (a non-IFRS measure) for the year by adding back the effects of income tax expense, finance costs, bank interest income, and depreciation and amortization charges. The following tables reconcile our adjusted profit (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure) for the years presented.

	For the year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Reconciliation of loss for the year and adjusted profit (a non-IFRS measure) and adjusted EBITDA (a non-IFRS measure)			
(Loss)/profit for the year			
Add:	(139,478)	(116,057)	136,702
Fair value loss of financial liabilities at FVTPL	189,422	191,467	24,088
Share incentive plan expense	2,379	2,753	14,634
Listing expenses	–	–	25,284

	For the year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Adjusted profit (a non-IFRS measure)	**52,323**	**78,163**	**200,708**
Add:			
Income tax expense	2,800	10,890	20,134
Finance costs	5,597	3,285	1,611
Bank interest income	(338)	(977)	(238)
Depreciation and amortization charges	46,776	63,281	58,027
Adjusted EBITDA (a non-IFRS measure)	**107,158**	**154,642**	**280,242**

Revenue

Revenue by Business Segment

We generate revenue primarily from (i) marketing service, which further consisted of (a) standard marketing service and (b) value-added marketing service; (ii) merchandise sales; and (iii) others services. The table below sets forth a breakdown of our revenue by business segment for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Marketing service	376,653	75.0	404,809	73.1	807,971	80.3
– Standard marketing service	342,982	68.3	348,851	63.0	692,195	68.8
– Value-added marketing service	33,671	6.7	55,958	10.1	115,776	11.5
Merchandise sales	104,962	20.9	111,333	20.1	144,320	14.3
Other services	20,753	4.1	37,475	6.8	54,406	5.4
Total	**502,368**	**100.0**	**553,617**	**100.0**	**1,006,697**	**100.0**

Marketing Service

Our operation system, integrating offline and online channels, delivers comprehensive marketing service to our brand customers. This business segment comprises standard marketing service and value-added marketing service. Standard marketing service aims to help brands in the FMCG industry to enhance brand awareness, and reach and acquire target consumers in an interesting way that is more efficient and cost-effective than other commonly seen approaches. In managing this business line, we charge brand customers service fees on a project basis taking into account various factors, including the scale, duration and complexity of the project, scope of work, costs of labor, venue and media resources, the number of vending machines used, and any special request from the brand customers. Our value-added marketing service is designed to meet diverse needs of brand customers, optimizing marketing strategy and improving product competitiveness. In managing this business line, we charge variable service fees based on the volume and complexity of information to be processed, scope of work and costs of labor and technology resources. The table below sets forth a breakdown of our revenue generated from marketing service by business line for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Standard marketing service	342,982	91.1	348,851	86.2	692,195	85.7
Value-added marketing service	33,671	8.9	55,958	13.8	115,776	14.3
Total	**376,653**	**100.0**	**404,809**	**100.0**	**807,971**	**100.0**

Merchandise Sales

We leverage our strategically planned vending machine network and data-driven operation system to digitalize and automize the retail of FMCG products alongside our distribution of FMCG products. We derive revenue from this business segment primarily from retail sales of merchandise, including beverages, food, daily necessities and cosmetics, through our vending machines and online platform. We consider this business segment to complement our marketing service business. This is because retail not only enhances the attraction of pedestrian flow to our vending machine network, which lays a foundation for our continuous expansion and penetration of marketing capability, but also enables us to accumulate valuable information, particularly comparable sales data of consumer goods for retail and the FMCG products that our brand customers intend to promote.

Other Services

During the Track Record Period, in recognition of our technology capabilities and software development and project management expertise, many customers engaged us to develop IT system, as well as customized software, covering IoT technology utilization, information sharing and analysis, and IT platform development. In managing this business segment, we generally charge customers for our services on a project basis, taking into account the project complexity and human resource costs incurred by our research and development team. Customers of this business line are corporate clients which generally do not overlap with our brand customers of marketing service. Our revenue, gross profit and gross profit margin from other services experienced fluctuations during the Track Record Period, primarily driven by customer demands and the nature of specific technology development projects undertaken.

The table below sets forth a breakdown of our revenue by sales channels for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Online platform[(1)]	65,196	13.0	65,478	11.8	312,904	31.1
Vending machines	416,418	82.9	450,664	81.4	639,387	63.5
Others[(2)]	20,753	4.1	37,475	6.8	54,406	5.4
Total	**502,368**	**100.0**	**553,617**	**100.0**	**1,006,697**	**100.0**

Note:

(1) Online platform primarily includes revenue generated from marketing service through our online platform and other third-party media platforms and channels.

(2) Others primarily include revenue generated from other services.

Our revenue from online platform increased from RMB65.5 million in 2022 to RMB312.9 million in 2023, primarily because of our strategic enhancement of our capability of utilizing social media platforms for standard marketing service delivery, which attracted and retained more quality customers.

Cost of Sales

Our cost of sales primarily consists of (i) costs of inventories sold, representing procurement of FMCGs such as food, beverages, cosmetics and daily necessities sold through our vending machines. During the Track Record Period, our costs of inventories sold arose from our provision of merchandise sales; (ii) depreciation and amortization charges, which primarily include depreciation and amortization of the vending machines, including the vending machines not placed in use; (iii) information technology service fees, including costs associated with our provision of technology development services, the cost of SMS data packages and social media platform resources; and (iv) site fees, representing the charges for using specific sites or premises to place our vending machines. We generally evaluate the suitability of vending machine sites and source vending machine sites directly from venue operators. Once the vending machine location is determined, we enter into cooperation agreements with the venue operators to place our vending machines on their premises. These agreements allow us to deploy our vending machines in specific areas designated by the venue operators for a yearly occupancy fee, in addition to utility costs. For details, see "Business – Our Vending Machines Network". The following table sets forth a breakdown of our cost of sales by nature for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Costs of inventories sold	74,398	47.4	87,711	40.1	118,789	25.2
Depreciation and amortization charges	42,327	27.0	58,644	26.8	55,515	11.8
Information technology service fees	18,225	11.6	32,051	14.6	263,300	55.9
Site fees	21,927	14.0	31,771	14.5	27,535	5.8
Write-down of inventories	–	–	8,800	4.0	6,291	1.3
Total	**156,877**	**100.0**	**218,977**	**100.0**	**471,430**	**100.0**

During the Track Record Period, our cost of sales has consistently increased alongside our business growth. In particular, we consider our vending machines to be essential touchpoints for attracting new consumers. As a result, the costs associated with vending machines, including the vending machines not placed in use, have also risen accordingly from 2021 to 2022. These costs primarily include depreciation and amortization charges and site fees. In 2022, we incurred write-down of inventories arising from the provision of merchandise sales due to various factors, including the impact of COVID-19 on operations, reduced foot traffic, changes in our inventory procurement plan, and declining prices of certain FMCG products. To adapt to market trends, we regularly evaluate our inventories and procurement processes and make periodic adjustments for write-down of inventories to reflect changing market conditions. For 2023, while costs associated with vending machines decreased due to our optimization of vending machine network, we incurred increased information technology service fees for procuring social media platform resources and increased costs of inventories sold. See "– Results of Operations – Year Ended December 31, 2023 Compared to Year Ended December 31, 2022."

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less cost of sales. In 2021, 2022 and 2023, our gross profit was RMB345.5 million, RMB334.6 million and RMB535.3 million, respectively. Gross profit margin represents our gross profit as a percentage of our revenue. In 2021, 2022 and 2023, our gross profit margin was 68.8%, 60.4% and 53.2%, respectively. The following table sets forth a breakdown of our gross profit and gross profit margin by business segment for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	Gross profit	*Gross profit margin*	*Gross profit*	*Gross profit margin*	*Gross profit*	*Gross profit margin*
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Marketing service	300,278	79.7	298,651	73.8	479,505	59.4
– Standard marketing service	271,895	79.3	254,519	73.0	380,650	55.0
– Value-added marketing service	28,383	84.3	44,132	78.9	98,855	85.3
Merchandise sales	37,795	36.0	18,294	16.4	29,738	20.6
Other services	7,418	35.7	17,695	47.2	26,024	47.8
Total gross profit/overall gross profit margin	**345,491**	**68.8**	**334,640**	**60.4**	**535,267**	**53.2**

During the Track Record Period, our overall gross profit and gross profit margin experienced fluctuations, influenced by both internal factors such as business expansion and external factors including the negative impact of the COVID-19 pandemic. For example, the recurrence of the COVID-19 pandemic posed challenges to our business from 2021 to 2022. The implementation of lockdown measures in certain cities resulted in reduced business activities and foot traffic, leading to a decline in overall gross profit from marketing service and merchandise sales in 2022. Moreover, many of our offline promotion activities had to be postponed or cancelled due to the prevailing circumstances. Despite the decrease in business activities, we continued to incur fixed costs, including depreciation charges. These fixed costs, coupled with the reduced revenue, exerted downward pressure on our overall gross profit margin in 2022. From 2022 to 2023, our gross profit experienced significant growth, primarily because of growth in revenue as a result of our business expansion, and our gross profit margin decreased primarily because we introduced more short video platform traffic acquisition service to customers since early 2023, which generally carry lower margin compared with vending machine-based services as they require procurement of third-party media resources to deliver. However, we consider such business innovation and service expansion to be able to serve our long-term business strategy and forge strong synergy among our services, as proven by our significant increase in revenue, expansion of KA customers and average purchase per KA customer in 2023.

Other Income and Gains

Our other income and gains primarily consist of (i) government grants, representing short-term subsidies received from the local governments in connection with the business development and rewards for financial and employment contribution; (ii) additional deduction of input value-added tax due to certain preferential tax policy enabling certain productive service taxpayers to deduct an extra 10% of their creditable input VAT from their tax dues in 2021 and 2022 and 5% in 2023; (iii) exchange gains reflecting the impact of appreciation of U.S. dollars against the Renminbi on our funds that are denominated in U.S. dollars; and (iv) interest income from bank deposits. The following table sets forth a breakdown of our other income and gains for the years indicated:

	For the year ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Government grants	3,239	1,342	1,785
Additional deduction of input value-added tax	3,135	2,236	4,135
Exchange gains	–	1,570	84
Interest income	338	977	238
Others	17	1	18
Total	**6,729**	**6,126**	**6,260**

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) marketing and promotion expenses, mainly representing service fees paid to the third-party marketing service providers to promote our brand and services; (ii) site expansion fees associated with selecting and acquiring suitable sites and locations for vending machines, including activities such as site scouting, evaluation, negotiation, and securing the desired locations for lease; (iii) logistics and transportation expenses incurred for setting up vending machines, restocking of merchandise across our network and maintenance and movement of our vending machines; (iv) wages for dispatched personnel; and (v) staff costs, primarily representing salaries, wages, bonus, social insurance costs and housing provident fund for our sales and marketing personnel. The following table sets forth a breakdown of our selling and distribution expenses for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Marketing and promotion expenses	87,268	46.1	69,654	41.7	148,514	62.1
Site expansion fees	34,679	18.3	33,642	20.1	19,631	8.2
Logistics and transportation expenses	33,294	17.6	23,286	13.9	26,786	11.2
Wages for dispatched personnel	17,340	9.2	19,750	11.8	14,602	6.1
Staff costs	15,758	8.3	19,701	11.8	20,575	8.6
Depreciation and amortization charges	980	0.5	1,193	0.7	531	0.2
Others	139	0.0	3	0.0	–	0
Share-based payments	–	0	–	0	8,643	3.6
Total	**189,458**	**100.0**	**167,229**	**100.0**	**239,282**	**100.0**

In 2022, we observed a decrease in selling and distribution expenses. This decrease was primarily attributable to lower marketing and promotion expenses, as well as reduced expenses related to logistics and transportation. The impact of the COVID-19 pandemic led to a decrease in offline promotional events and large-scale offline marketing activities, prompting a shift towards increased emphasis on online marketing. While maintaining the overall brand promotion, the frequency of promotions in 2022 was slightly lower compared to 2021. Consequently, our selling and distribution expenses experienced a slight decrease during the corresponding year. In 2023, the increase of our selling and distribution expenses as compared to 2022 is primarily attributable to an increase in marketing and promotion expenses due to increased marketing campaigns to promote our brand after lifting COVID-19-related restrictions, partially offset by a decrease in site expansion fees due to the optimization of our vending machine network.

Administrative Expenses

Our administrative expenses primarily consist of (i) listing expenses in relation to the Global Offering; (ii) staff costs, primarily representing salaries, wages, bonus, social insurance costs and housing provident for our general and administrative personnel; (iii) operation related expenses, which primarily include utilities, maintenance fees and office related expenses; (iv) professional and consulting service fees incurred in relation to audit services, legal services and financing services; (v) amortization and depreciation charges in relation to our leased properties and office equipment; (vi) share-based payments; (vii) travel expenses for our administrative personnel; and (viii) taxes and surcharges. The following table sets forth a breakdown of our administrative expenses for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%
Listing expenses	–	–	–	–	25,284	46.4
Staff costs	9,383	33.0	9,409	35.1	9,837	18.0
Operation related expenses	4,902	17.2	1,890	7.1	3,389	6.2
Professional and consulting service fees	6,460	22.7	7,567	28.3	4,851	8.9
Amortization and depreciation charges	3,469	12.2	3,444	12.9	2,025	3.7
Share-based payments	2,379	8.4	2,753	10.3	5,991	11.0
Travelling expenses	980	3.4	948	3.5	1,507	2.8
Taxes and surcharges	246	0.9	330	1.2	878	1.6
Others	655	2.2	439	1.6	776	1.4
Total	**28,474**	**100.0**	**26,780**	**100.0**	**54,538**	**100.0**

During the Track Record Period, our administrative expenses consistently grew in parallel with our business expansion. Specifically, our staff costs within the administrative expenses experienced continuous increases. This was primarily driven by the need to hire additional professional management staff to support and accommodate our expanding operations.

Research and Development Expenses

Our research and development expenses primarily consist of (i) outsourcing service fees incurred when engaging external service providers to assist with our software and technology development, including planning, requirement gathering, basic design from 2021 to 2022, and technology application in 2023, and (ii) staff costs, primarily representing salaries, wages, bonus, social insurance costs and housing provident fund for our research and development personnel. The following table sets forth a breakdown of our research and development expenses for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Outsourcing service expenses	50,057	84.8	18,998	63.1	55,332	87.5
Staff costs	8,857	15.0	10,425	34.6	7,868	12.4
Others	96	0.2	690	2.3	50	0.1
Total	**59,010**	**100.0**	**30,113**	**100.0**	**63,250**	**100.0**

Fair Value Loss on Financial Liabilities at FVTPL

Other fair value loss on financial liabilities at FVTPL represents the changes in fair value of convertible redeemable preferred shares and convertible bonds. For details, please refer to Note 25 to the Accountants' Report as set out in Appendix I to this prospectus.

Other Expenses and Losses

Our other expenses and losses primarily include losses from the disposal of office supplies and vending machines.

Impairment Losses Under Expected Credit Loss Model, Net of Reversal

During the Track Record Period, our impairment losses, net of reversals, were recognized as provisions for accounts receivable and other receivables under the expected credit loss model. The provision amount was determined based on the year-end balances. Our impairment losses, net of reversals, increased during the Track Record Period in line with the growth of accounts receivable, reflecting an increase in expected credit losses.

Finance Costs

Our finance costs primarily include (i) interests on bank borrowings and (ii) interests on lease liabilities. The following table sets forth a breakdown of our finance costs for the years indicated:

	For the year ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank borrowings	5,047	3,113	1,543
Interest on lease liabilities	550	172	68
Total	**5,597**	**3,285**	**1,611**

Income Tax Expense

Our principal applicable taxes and tax rates are set forth as follows:

China

Our income tax expenses consist of current and deferred income taxes payable in the PRC by our subsidiaries. Income tax provision in respect of our operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on existing legislation and interpretations and practices in respect thereof. In addition, one of our subsidiaries in the PRC is eligible for preferential tax treatments such as the reduced rate of 15% for new and high-tech subsidiaries during the Track Record Period. Other than the eligible subsidiaries, our other PRC operating entities are subject to standard income tax rate of 25%.

During the Track Record Period, we incurred income tax expenses of RMB2.8 million, RMB10.9 million and RMB20.1 million in 2021, 2022 and 2023, respectively.

Our income tax expenses increased from 2021 to 2022, primarily due to an increase in our adjusted profit (a non-IFRS measure). Our income tax expenses increased from 2022 to 2023, primarily due to our growth in taxable income attributable to our increase in revenue.

Hong Kong

The provision for Hong Kong Profits Tax is subject to Hong Kong's two-tiered profits tax regime, under which the tax rate is 8.25% for assessable profits on the first HK$2 million and 16.5% for any assessable profits in excess of HK$2 million.

Cayman Islands

Under the current laws of the Cayman Islands, we are not subject to tax on income or capital gains.

RESULTS OF OPERATIONS

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our total revenue increased significantly from RMB553.6 million in 2022 to RMB1,006.7 million in 2023, primarily due to the continuous and rapid growth of all three business segments.

Marketing Service

Our revenue generated from marketing service significantly increased from RMB404.8 million in 2022 to RMB808.0 million in 2023. This increase was primarily due to the business growth in both standard marketing service and value-added marketing service, especially after the lifting of COVID-19-related restrictions in late 2022.

Standard Marketing Service

Our revenue from standard marketing service increased from RMB348.9 million in 2022 to RMB692.2 million in 2023. Leveraging our continuous innovation of service capability and expansion of marketing service portfolio to address evolving market demand and industry trend, we experienced strong growth in customer base. For instance, the number of our KA customers who purchased our standard marketing service increased from 26 in 2022 to 47 in 2023, and our average revenue per KA customer that purchased our standard marketing service increased from RMB11.2 million to RMB11.8 million in the same years. In particular, the increase in the revenue from our standard marketing service in 2023 was attributable to, among others, our enhanced capability of utilizing social media platforms for standard marketing service delivery, as a result of which we successfully attracted and retained more quality customers.

Value-added Marketing Service

Our revenue from value-added marketing service increased from RMB56.0 million in 2022 to RMB115.8 million in 2023. Such an increase was mainly attributable to an increase in the sales of value-added marketing service to KA customers, where we experienced growth in both customer number and average revenue per customer. Specifically, the number of KA customers that purchased our value-added marketing service increased from 21 in 2022 to 29 in 2023, and our average revenue per KA customer that purchased our value-added marketing service increased from RMB1.4 million to RMB3.3 million in the same years. The increase in our revenue from value-added marketing service was primarily driven by our continuous efforts to develop, upgrade and utilize technology, such as AI interaction modules on vending machines, to address ever-evolving market demand from brand customers who seek diversified marketing service.

Merchandise Sales

Our revenue from merchandise sales increased from RMB111.3 million in 2022 to RMB144.3 million in 2023. This growth was primarily attributable to increased average price per purchase order due to our proactive adjustment of product mix pursuant to our insights on market trends after the lifting of COVID-19-related restrictive measures.

Other Services

Revenue generated from other services increased from RMB37.5 million in 2022 to RMB54.4 million in 2023, primarily driven by customer demands and the nature of specific technology development projects undertaken in the corresponding years.

Cost of Sales

Our cost of sales increased from RMB219.0 million in 2022 to RMB471.4 million in 2023, primarily due to (i) an increase in information technology service fees from RMB32.1 million in 2022 to RMB263.3 million in 2023, primarily due to more short video platform traffic acquisition service that we offered to customers since 2023 to serve our long-term business strategy and forge strong synergy among our services; and (ii) an increase in costs of inventories sold from RMB87.7 million in 2022 to RMB118.8 million in 2023, in line with the growth of our merchandise sales business.

Gross Profit and Gross Profit Margin

Our overall gross profit increased from RMB334.6 million in 2022 to RMB535.3 million in 2023, generally in line with our growth of revenue as a result of our business expansion in all of our business segments. Our overall gross profit margin decreased from 60.4% in 2022 to 53.2% in 2023. The decrease in our overall gross profit margin was primarily attributable to our increased procurement of third-party media resources to deliver standard marketing service, as we invested in delivering such marketing service via utilizing short video platforms since early 2023, in line with our service innovation and expansion strategy, partially offset by optimization of our vending machine network coverage and penetration, which resulted in improvement in cost efficiency.

Marketing Service

Our gross profit from marketing service increased from RMB298.7 million in 2022 to RMB479.5 million in 2023. Such an increase was primarily attributable to our growth in revenue under this business segment. Furthermore, our gross profit margin for marketing service decreased from 73.8% in 2022 to 59.4% in 2023.

Standard Marketing Service

Our gross profit from standard marketing service increased from RMB254.5 million in 2022 to RMB380.6 million in 2023, mainly due to the significant growth in revenue primarily brought about by increased customer demand for marketing service in 2023 after the lifting of COVID-19-related restrictive measures, which outpaced the corresponding increase in our cost of sales as a result of our efforts in improving operating efficiency and optimizing vending machine network that reduced fixed costs. The gross profit margin for standard marketing service decreased from 73.0% in 2022 to 55.0% in 2023, primarily because we introduced more short video platform traffic acquisition service to customers since early 2023, which generally carry lower margin compared with vending machine-based services. However, we consider such business innovation and service expansion to be able to serve our long-term business strategy and forge strong synergy among our services, as proven by our significant increase in revenue, expansion of KA customers and average purchase per KA customer in 2023.

Value-Added Marketing Service

Our gross profit from value-added marketing service increased from RMB44.1 million in 2022 to RMB98.8 million in 2023. Our gross profit margin of value-added marketing service increased from 78.9% in 2022 to 85.3% in 2023. The increase in both gross profit and gross profit margin in 2023 was mainly attributable to our implementation of vending machine network optimization, through which we enhanced our network's effective coverage and penetration, increasing our cost efficiency, which resulted in decrease in fixed costs, in particular, the depreciation and amortization charges and site fees. The increase is also attributable to our continuous efforts in improving AI interaction modules on vending machines, resulting in enhanced operation efficiency and customer engagement.

Merchandise Sales

Gross profit from merchandise sales increased from RMB18.3 million in 2022 to RMB29.7 million in 2023, primarily driven by the increase in our revenue in merchandise sales. Gross profit margin of merchandise sales increased from 16.4% in 2022 to 20.6% in 2023, primarily due to increased average price per purchase order attributable to our proactive adjustment of product mix pursuant to our insights on market trends.

Other Services

Gross profit from other services increased from RMB17.7 million in 2022 to RMB26.0 million in 2023. Gross profit margin of other services remained stable at 47.2% in 2022 and 47.8% in 2023. The increase in gross profit was primarily driven by customer demands and the nature of specific technology development projects undertaken in the corresponding years.

Other Income and Gains

Our other income and gains increased from RMB6.1 million in 2022 to RMB6.3 million in 2023, primarily due to an increase in additional deduction of input value-added tax primarily due to our growth in revenue, and an increase in government grants, which were occasional events and were varied from year to year, partially offset by a decrease in exchange gains.

Selling and Distribution Expenses

Our selling and distribution expenses increased from RMB167.2 million in 2022 to RMB239.3 million in 2023, primarily due to (i) an increase in marketing and promotion expenses due to increased marketing campaigns to promote our brand after COVID-19-related restrictions were lifted in late 2022, (ii) an increase in share-based payments and (iii) an increase in logistics and transportation expenses in line with increased merchandise sales revenue, partially offset by a decrease in site expansion fees due to the optimization of our vending machine network.

Administrative Expenses

Our administrative expenses increased from RMB26.8 million in 2022 to RMB54.5 million in 2023, primarily due to (i) listing expenses in relation to the Global Offering, (ii) an increase in share-based payments and (iii) an increase in expenses for office necessities and activities primarily due to resumption of related demands after COVID-19-related restrictive measures were lifted.

Research and Development Expenses

Our research and development expenses increased from RMB30.1 million in 2022 to RMB63.3 million in 2023, primarily due to more outsourcing technology development service fees incurred to carry out the upgrade of our vending machines to equip them with technologies related to users' interaction with vending machines and visualization, which was in line with the needs arising from our evolving marketing service.

Fair Value Loss on Financial Liabilities at FVTPL

Our fair value loss on financial liabilities at FVTPL decreased from RMB191.5 million in 2022 to RMB24.1 million in 2023, primarily as a result of the changes in fair value of our preferred shares.

Finance Costs

Our finance costs decreased from RMB3.3 million in 2022 to RMB1.6 million in 2023, primarily due to lower interest expenses on bank borrowings resulting from the repayment of matured loans in 2023 and decrease in weighted average interest rate of our bank loans in 2023.

Income Tax Expense

Our income tax expenses increased from RMB10.9 million in 2022 to RMB20.1 million in 2023, reflecting the growth of our adjusted profit (a non-IFRS measure).

Profit/(Loss) for the Year

As a result of the above, we generated a net profit of RMB136.7 million in 2023, compared with a net loss of RMB116.1 million in 2022.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Revenue

Our total revenue increased by 10.2% from RMB502.4 million in 2021 to RMB553.6 million in 2022, primarily due to the continuous and rapid growth of all three business segments.

Marketing Service

Our revenue generated from marketing service increased from RMB376.7 million in 2021 to RMB404.8 million in 2022. This increase was primarily due to the expansion of our business scale, reflecting the business growth in both standard marketing service and value-added marketing service.

Standard Marketing Service

Our revenue from our standard marketing service increased from RMB343.0 million in 2021 to RMB348.9 million in 2022. Despite the recurrence of COVID-19 in 2022, we managed to maintain a stable brand customer base and effectively address their evolving needs. Specifically, the average revenue per KA customer that purchased our standard marketing service increased from RMB9.8 million in 2021 to RMB11.2 million in 2022. In particular, the significant increase in the average revenue per KA customer was primarily due to the precise marketing to nurture repeat customers due to the marketing limitations during the recurrence of COVID-19 in 2022.

Value-added Marketing Service

Our revenue from our value-added marketing service increased from RMB33.7 million in 2021 to RMB56.0 million in 2022. Specifically, the average revenue per KA customer that purchased our value-added marketing service increased from RMB1.3 million in 2021 to RMB1.4 million in 2022, while the average revenue per non-KA customer that purchased our value-added marketing service grew from RMB0.1 million in 2021 to RMB0.6 million in 2022. As we persistently enhanced our AI interaction modules on vending machines, and as our customers sought increasingly diverse promotional formats, our revenue from value-added marketing service increased accordingly.

Merchandise Sales

Our revenue from merchandise sales increased from RMB105.0 million in 2021 to RMB111.3 million in 2022. Despite the challenges posed by the pandemic, this growth was primarily attributable to our scalable network of vending machines. In particular, the average daily number of vending machines increased from 5,677 in 2021 to 8,435 in 2022. Such increase was partially offset by decrease in average revenue per vending machine from RMB18.5 thousand in 2021 to RMB13.2 thousand in 2022.

Other Services

Revenue generated from other services increased from RMB20.7 million in 2021 to RMB37.5 million in 2022, primarily driven by customer demands and the nature of specific technology development projects undertaken in the corresponding period.

Cost of Sales

Our cost of sales increased from RMB156.9 million in 2021 to RMB219.0 million in 2022, primarily due to (i) an increase in costs of inventories sold in line with our business expansion efforts to meet the growing demand from consumers. This expansion in our business scale, supported by the large number of deployed vending machines, played a crucial role in driving the overall increase in merchandise sales business, resulting in a corresponding increase in costs of inventories sold; (ii) an increase in site fees. Despite the decrease in the number of vending machines by the end of 2022, we entered into agreements with venue operators in late 2021, which allowed us to deploy vending machines in new locations. The costs associated with these deployments were recognized over the relevant period, resulting in the overall increase in our site fees in 2022; (iii) an increase in depreciation and amortization charges as we invested in acquiring and deploying vending machines across various locations; and (iv) an increase in information technology service fees as we increased the usage of SMS packages to stay connected with our consumers during the recurrence of COVID-19 in 2022. In addition, we recorded RMB8.8 million of write-down of inventories.

Gross Profit and Gross Profit Margin

Our overall gross profit decreased from RMB345.5 million in 2021 to RMB334.6 million in 2022. Our overall gross profit margin decreased from 68.8% in 2021 to 60.4% in 2022. The decreases in our overall gross profit and gross profit margin were primarily attributable to the negative impact of the COVID-19 recurrence in 2022. The implementation of lockdown measures in certain cities resulted in reduced business activities and foot traffic, leading to a decline in our overall gross profit from marketing service and merchandise sales. Additionally, many of our offline promotion activities were either postponed or cancelled during this period. Despite the decrease in business activities, we continued to incur fixed costs, including depreciation charges, which put downward pressure on our overall gross profit margin.

Marketing Service

Our gross profit from marketing service decreased from RMB300.3 million in 2021 to RMB298.7 million in 2022. This decrease was primarily attributable to the reduced business activities necessitated by the recurrence of COVID-19, which resulted in a shift towards focusing primarily on online activities. Additionally, our relevant depreciation and amortization charges increased due to a significant number of vending machine purchases made in the second half of 2021, leading to an increase in cost of sales and a consequent decrease in gross profit. Furthermore, our gross profit margin for marketing service decreased from 79.7% in 2021 to 73.8% in 2022. This decrease was primarily due to the continuous incurrence of fixed costs. Despite the overall reduced business activities during the COVID-19 recurrence, fixed costs such as depreciation and amortization charges continued to be incurred, exerting downward pressure on the gross profit margin.

Standard Marketing Service

Our gross profit from standard marketing service decreased from RMB271.9 million in 2021 to RMB254.5 million in 2022, mainly due to an increase in costs related to information technology service fees, especially those associated with the usage of SMS packages. This increase was, in part, a consequence of the COVID-19 pandemic disrupting our regular service provision, leading us to use SMS packages to maintain connectivity with our consumers. As a result, these increased or additional costs significantly affected our gross profit and gross profit margin. In particular, the gross profit margin for standard marketing service decreased from 79.3% in 2021 to 73.0% in 2022. The decrease in gross profit margin was also largely attributable to persistent fixed costs, in particular, the depreciation expenses for the vending machines, including the vending machines not placed in use, which continued to incur despite reduced business activities.

Value-Added Marketing Service

Our gross profit from value-added marketing service increased from RMB28.4 million in 2021 to RMB44.1 million in 2022, primarily driven by the growing adoption of such marketing service and our expanding business operations. Our gross profit margin of value-added marketing service decreased from 84.3% in 2021 to 78.9% in 2022, primarily because of the increase in fixed costs, in particular, the depreciation and amortization charges for the vending machines, including the vending machines not placed in use.

Merchandise Sales

Gross profit from merchandise sales decreased from RMB37.8 million in 2021 to RMB18.3 million in 2022. Gross profit margin of merchandise sales decreased from 36.0% in 2021 to 16.4% in 2022. The decreases in gross profit and gross profit margin were primarily because we experienced declining prices of certain FMCG products and recorded write-down of inventories.

Other Services

Gross profit from other services increased from RMB7.4 million in 2021 to RMB17.7 million in 2022. Gross profit margin of other services increased from 35.7% in 2021 to 47.2% in 2022. The increases in gross profit and gross profit margin were primarily driven by customer demands and the nature of specific technology development projects undertaken in the corresponding period.

Other Income and Gains

Our other income and gains slightly decreased from RMB6.7 million in 2021 to RMB6.1 million in 2022, primarily due to (i) a decrease in government grants, which were occasional events and varied from period to period and (ii) a decrease in additional deduction of input value-added tax. Such decease was partially offset by exchange gains of RMB1.6 million in 2022 while no exchange gain was recognized in 2021.

Selling and Distribution Expenses

Our selling and distribution expenses decreased from RMB189.5 million in 2021 to RMB167.2 million in 2022, primarily due to (i) a decrease in marketing and promotion expenses due to the recurrence of COVID-19, which led to a decrease in offline promotional events and large-scale offline marketing activities; (ii) a decrease in logistics and transportation expenses in line with the reduced marketing activities due to the same reason; and (iii) a decrease in site expansion fees due to our adoption of cautious determining methodology in expanding our vending machine network under the impact of COVID-19. Such decrease was partially offset by an increase in staff costs resulting from the expansion of our selling and marketing headcount to support our business growth.

Administrative Expenses

Our administrative expenses decreased from RMB28.5 million in 2021 to RMB26.8 million in 2022, primarily due to a decrease in operation related expenses due to employees working from home during the 2022 COVID-19 recurrence. This decrease was partially offset by (i) an increase in professional and consulting service fees for financing related activities; (ii) an increase in staff costs resulting from the expansion of our administrative employee headcount to support our business growth; and (iii) an increase in share-based payments.

Research and Development Expenses

Our research and development expenses decreased from RMB59.0 million in 2021 to RMB30.1 million in 2022, primarily due to less outsourcing fees incurred. This decrease was attributable to the improved functionality of our system modules and our enhanced in-house capabilities. As a result, we were able to utilize a significant portion of previously developed module codes and shift our focus towards maintaining and further developing them using our in-house technical personnel in 2022.

Fair Value Loss on Financial Liabilities at FVTPL

Our fair value loss on financial liabilities at FVTPL increased from RMB189.4 million in 2021 to RMB191.5 million in 2022, primarily as a result of the changes in fair value of our preferred shares.

Finance Costs

Our finance costs decreased from RMB5.6 million in 2021 to RMB3.3 million in 2022, primarily due to lower interest expenses on bank borrowings resulting from the repayment of previous loans and reduced new borrowings.

Income Tax Expense

Our income tax expenses increased from RMB2.8 million in 2021 to RMB10.9 million in 2022, reflecting the growth of our adjusted profit (a non-IFRS measure).

Loss for the Year

As a result of the above, our net loss decreased from RMB139.5 million in 2021 to RMB116.1 million in 2022.

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	233,408	174,623	117,652
Right-of-use assets	5,121	2,094	2,361
Deferred tax assets	3,764	8,447	11,014
Prepayments, deposits and other receivables	1,950	91	34,750
Equity instruments at FVTOCI	–	–	4,000
Total non-current assets	**244,243**	**185,255**	**169,777**

	As of December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Current assets			
Inventories	20,426	32,690	27,785
Trade receivables	243,181	461,903	493,999
Prepayments, deposits and other receivables	55,167	55,213	76,788
Amount due from shareholders	1,188	1,188	7
Cash and bank balance	191,752	87,342	299,018
Total current assets	**511,714**	**638,336**	**897,597**
Total assets	**755,957**	**823,591**	**1,067,374**
LIABILITIES			
Non-current liabilities			
Interest-bearing bank borrowings	32,202	15,000	13,500
Lease liabilities	1,729	215	528
Deferred income	1,040	720	400
Convertible redeemable preferred shares	936,133	1,310,947	1,253,988
Total non-current liabilities	**971,104**	**1,326,882**	**1,268,416**
Current liabilities			
Trade payables	50,874	20,792	11,451
Other payables and accruals	9,441	7,184	9,404
Contract liabilities	711	182	2,762
Income tax payable	–	13,892	21,365
Lease liabilities	3,489	1,752	1,659
Interest-bearing bank borrowings	59,800	26,247	119,940
Amount due to a shareholder	80,000	–	–
Convertible bonds	40,574	–	–
Deferred income	320	320	320
Total current liabilities	**245,209**	**70,369**	**166,901**
Total liabilities	**1,216,313**	**1,397,251**	**1,435,317**
Net liabilities	**460,356**	**573,660**	**367,943**

	As of December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
EQUITY			
Share capital	7	7	7
Reserves	(460,550)	(573,822)	(387,832)
Non-controlling interests	187	155	19,882
Deficiency in equity	(460,356)	(573,660)	(367,943)

Property, Plant and Equipment

Our property, plant and equipment primarily consist of (i) vending machines; (ii) leasehold improvements; and (iii) other electronic equipment. Our property, plant, and equipment decreased from RMB233.4 million as of December 31, 2021 to RMB174.6 million as of December 31, 2022. This decrease was primarily due to vending machine network optimization and the depreciation of certain vending machines, including the vending machines not placed in use in 2022. Our property, plant, and equipment further decreased from RMB174.6 million as of December 31, 2022 to RMB117.7 million as of December 31, 2023, primarily due to depreciation for 2023.

Right-of-Use Assets

Our right-of-use assets primarily represent leases of our vending machines, office premises, and warehouse. Upon the lease commencement date, we recognize right-of-use assets and corresponding lease liabilities, except for short-term leases with a lease term of 12 months or less. Our right-of-use assets decreased from RMB5.1 million as of December 31, 2021 to RMB2.1 million as of December 31, 2022. This decrease was primarily driven by depreciation, partially offset by new lease agreements entered into for office premises and the warehouse. Our right-of-use assets increased from RMB2.1 million as of December 31, 2022 to RMB2.4 million as of December 31, 2023, primarily due to new lease agreements entered into for office premises and warehouses, partially offset by depreciation provided during the year.

Inventories

Our inventories primarily consist of fast-moving consumer goods like beverages and food for our merchandise sales business. Our inventories increased from RMB20.4 million as of December 31, 2021 to RMB32.7 million as of December 31, 2022, primarily due to our business expansion. In addition, our retail operations were affected by the recurrence of COVID-19 as we had slower-than-expected inventory consumption during this period. Our inventories decreased from RMB32.7 million as of December 31, 2022 to RMB27.8 million as of December 31, 2023, primarily due to our improved inventory management and supply chain efficiency.

The following table sets forth the number of our inventory turnover days for the years indicated:

	For the year ended December 31,		
	2021	**2022**	**2023**
Inventory turnover days*	69.4	128.8	117.2

Note:

* *Inventory turnover days were calculated based on the average of opening and closing inventory balance (before deduction of impairment) for the relevant year, divided by the costs of inventories sold for the same year, and multiplied by 365 days in 2021, 2022 and 2023.*

Our inventory turnover days increased from 69.4 days in 2021 to 128.8 days in 2022, aligning with our business expansion. In particular, our inventory turnover days experienced a significant increase in 2022, primarily due to slower-than-expected inventory consumption during the recurrence of COVID-19. As we improved our inventory management and supply chain efficiency, our inventory turnover days decreased to 117.2 days for 2023.

Throughout the Track Record Period, except from write-down of inventories in 2022 and early 2023 in line with our accounting policies after taking into account various factors that we believe are non-recurring, including the impact of COVID-19 on operations, reduced foot traffic, changes in our inventory procurement plan, and declining prices of certain FMCG products, we have not experienced any material adverse effect in inventory consumption, and we believe sufficient provision has been made. Our management also regularly reviews the recoverability of our inventories to ensure that adequate impairment losses provision are made for irrecoverable amounts, and we assess our procurement processes and make periodic adjustments to reflect changing market conditions. Going forward, we will continuously closely monitor our inventory levels and consumption status, and keep improving inventory flexibility to reduce inventory risks. In light of these, we do not expect to experience any material issue in the recoverability of inventories in the foreseeable future.

The following table sets forth an aging analysis of our inventories as of the dates indicated:

	As at December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within 180 days	19,956	33,716	24,735
180 – 365 days	449	6,406	6,808
Over 365 days	21	1,368	3,272
Inventory Provision	–	8,800	7,030
Total	**20,426**	**32,690**	**27,785**

As of March 31, 2024, approximately RMB21.2 million, or 60.8%, of our inventories as of December 31, 2023 had been consumed.

Trade Receivables

Our trade receivables represent outstanding amounts receivable by us from customers primarily in connection with the provision of marketing service. The following table sets forth the details of our trade receivables as of the dates indicated:

	As of December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	265,915	510,274	541,331
Allowance for expected credit loss	*(22,734)*	*(48,371)*	*(47,332)*
Subtotal	**243,181**	**461,903**	**493,999**

Our trade receivables increased from RMB243.2 million as of December 31, 2021 to RMB461.9 million as of December 31, 2022. This increase was primarily attributable to a combination of factors, including the expansion of our business scale leading to increased trade receivables, as well as slower settlement progress from certain customers. We made a decision to temporarily extend credit terms to these customers to ease their financial burden during the recurrence of COVID-19 in 2022. In determining qualified customers for this arrangement, we consider factors such as their previous business track record with us, growth potential, and credit history. Our trade receivables remained relatively stable from RMB461.9 million as of December 31, 2022 to RMB494.0 million as of December 31, 2023.

The following table sets forth the number of our trade receivables turnover days for the years indicated:

	For the year ended December 31,		
	2021	**2022**	**2023**
Trade receivables turnover days*	182.2	320.3	222.5

Note:

* *Trade receivables turnover days were calculated based on the average of opening and closing balance of trade receivables (before deduction of loss allowance) for the relevant year, divided by the revenue from marketing service and other services for the same year and multiplied by 365 days in 2021, 2022 and 2023.*

Our trade receivable turnover days increased from 182.2 days in 2021 to 320.3 days in 2022 primarily due to the temporary extension of credit terms to certain customers to help them cope with the lockdowns imposed due to COVID-19. In addition, consistent with our seasonal pattern and exacerbated by the resurgence of COVID-19 in China in 2022, the increase in our trade receivables as of December 31, 2022 as compared with December 31, 2021 was predominantly due to increased revenue in the third and fourth quarters of 2022, which was still within credit term as of December 31, 2022. For the risks related to our trade receivables, please see "Risk Factors – Risks Relating to Our Financial Position and Need for Additional Capital – We are exposed to credit risk of our brand customers and we may experience delays or defaults in collecting our trade and other receivables and our results of operations, financial position and liquidity may be materially and adversely affected."

We have stepped up our collection efforts for 2023 to reduce the trade receivable turnover days to 222.5 days. The decrease in trade receivable turnover days is attributable to a series of measures that we have put in place. Such measures include (i) establishing a credit control department to minimize our credit risk and maintain control over our outstanding receivables; (ii) establishing and annually updating customer files with essential and financial information, conducting yearly evaluations to classify customers into three credit levels based on transaction history and payment timeliness to guiding future cooperation; (iii) comprehensively assessing customer credit based on each customer's basic qualifications including business licenses and public credit information, historical transaction and payment data, and industry ranking; (iv) assessing customers' credit based on provided documents and previous year's total cooperation amount, setting credit terms in sales contracts, requiring financial and legal review before implementation, enforcing strict adherence to agreed terms, and mandating a formal re-evaluation process for any credit term adjustments requested by customers; and (v) robust implementation of credit limits, including securing payment of the amount in excess of the credit limit before granting new credits, and we would only grant exemptions after receiving a formal customer request and approval from the managers of our three departments. While these efforts have reduced our trade receivable turnover days in 2023 through enabling us to collect a substantial portion of long-term trade receivables, some of the remaining long-term trade receivables were from our longstanding customers that were significantly affected by COVID in 2022 and still in recovery in 2023. Given our stable, good, and ongoing historical cooperation with them, we granted them some grace periods to ensure long-term mutually beneficial growth. Apart from making necessary provisions, we are closely monitoring their performance on an on-going basis to ensure the remaining receivables can be collected. We also regularly track repayment times, notify sales managers of overdue accounts for follow-up, and continuously monitor credit compliance to mitigate potential losses from credit defaults. Our management also regularly review the settlement situations of customers with relatively long credit periods.

The following table sets forth an aging analysis of our trade receivables as of the dates indicated presented based on invoice date:

	As of December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Within 6 months	165,829	274,598	284,315
6 months to 12 months	52,100	75,708	169,995
1 to 2 years	24,412	104,671	33,132
Over 2 years	840	6,926	6,557
Total	**243,181**	**461,903**	**493,999**

The following table sets forth an aging analysis of the subsequent settlement of our trade receivables as of December 31, 2023:

	As of December 31, 2023	Settled amount as of March 31, 2024*	% of trade receivables settled as of December 31, 2023
	RMB'000	*RMB'000 (unaudited)*	*% (unaudited)*
Within 6 months	284,315	88,268	31.0
6 months to 12 months	169,995	47,539	28.0
1 to 2 years	33,132	15,891	48.0
Over 2 years	6,557	4,270	65.1
Total	**493,999**	**155,968**	**31.6**

Note:

* *Only including the portion of trade receivables that was actually settled from our trade receivables after impairment allowance as of December 31, 2023, i.e., not taking into account the settlement of new trade receivables generated from December 31, 2023 to March 31, 2024.*

Throughout the Track Record Period, we had not experienced material recoverability issues with respect to our trade receivables, and we believe sufficient provision has been made. Our trade receivables have been primarily due to large customers who have maintained robust credit profiles and have established long-term business relationships with us. We offer more flexible payment terms to customers that we believe are creditworthy based upon their proven business records. Our trade receivables aged over one year primarily comprise receivables from brand customers for marketing service, especially in the FMCG industry. As brand customers in the FMCG industry were adversely affected by COVID-19 and still undergoing gradual recovery, we have been gradually enhancing our collection efforts in 2023 while maintaining amicable business relationships with them. With our continued efforts, as of March 31, 2024, 50.8% of our trade receivables after impairment allowance aged over one year as of December 31, 2023 had been settled. In addition, we believe we have recorded sufficient allowance for impairment of trade receivables to account for any future liabilities, write-offs or contingencies consistent with IFRS. In light of these, we do not expect to experience any material issue in recoverability of trade receivables in the foreseeable future.

As of March 31, 2024, approximately RMB156.0 million, or 31.6%, of our trade receivables after impairment allowance as of December 31, 2023 had been settled. Based on our assessments during the Track Record Period, we have made adequate provisions for our trade receivables to account for potential uncertainties.

Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables primarily consist of (i) value added tax recoverable, primarily represents the value-added input tax in excess of the value added output tax, which can be deductible or recoverable in the future; (ii) prepayments to suppliers for purchasing merchandise, procuring services, and covering deferred expenses, specifically related to site fees; (iii) deposits and other receivables, primarily represent lease deposits and miscellaneous receivables; (iv) prepayments for property, plant and equipment are made in advance for the purchasing of vending machines in accordance with the contract terms; and (v) deferred listing expenses in relation to the Global Offering. The following table sets forth the details of our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Current:			
Value-added-tax recoverable	31,999	29,061	3,355
Prepayments	19,693	22,552	67,756
Deposits and other receivables	4,013	4,221	3,809
Income tax recoverable	16	–	–
Deferred listing expenses	–	–	3,331
	55,721	55,834	78,251
Allowance for expected credit loss	(554)	(621)	(1,463)
Subtotal	***55,167***	***55,213***	***76,788***

	As of December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Prepayments for property, plant and equipment	1,950	91	34,750
Total	**57,117**	**55,304**	**111,538**

Our prepayments, deposits and other receivables decreased from RMB57.1 million as of December 31, 2021 to RMB55.3 million as of December 31, 2022 primarily due to a decrease in value-added tax recoverable. This decrease was attributable to our slightly slower expansion in 2022, resulting in a lower deductible input tax amount. Our prepayments, deposits, and other receivables increased from RMB55.3 million as of December 31, 2022 to RMB111.5 million as of December 31, 2023, primarily due to (i) an increase in prepayments to external vendors for the procurement of certain third-party media resources to ensure supply stability and promptness, (ii) an increase in prepayments for property, plant and equipment related to our vending machines, and (iii) deferred listing expenses in relation to the Global Offering.

The table below sets forth a breakdown of our current prepayments by nature as of the dates indicated:

	As of December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Site fees	14,514	11,568	8,273
Inventory purchase	1,984	4,811	1,570
Service purchase	2,975	6,095	57,510
Others	220	78	404
Total	**19,693**	**22,552**	**67,756**

By nature, our prepayments can be categorized into (i) prepayment for site fees, which represents the prepayments we made to cover the charges for using specific sites or premises to place our vending machines. As of December 31, 2021, 2022 and 2023, our prepayments for site fees fluctuated in line with the size of our vending machine network due to the payment requirements that we needed to fulfill for using the sites or premises; (ii) prepayments for inventory purchase, which was used in the procurement of FMCGs such as food, beverages, cosmetics and daily necessities sold through our vending machines. During the Track Record Period, our prepayments for inventory purchase arose from our provision of merchandise sales.

As of December 31, 2021, 2022 and 2023, our prepayments for inventory purchase fluctuated in line with the fluctuation in our inventories; (iii) prepayments for service purchase, which correspond to prepayments associated with our marketing efforts and our information technology service purchases. Such prepayments increased from December 31, 2021 to December 31, 2022, primarily due to increased prepayments to deliver technology development services. The increase in our prepayments for information technology service purchase from December 31, 2022 to December 31, 2023 was primarily due to our strategic enhancement of our capability of utilizing social media platforms for standard marketing service delivery, which attracted and retained more quality customers and simultaneously increased our procurement of third-party media resources. Such procurements typically required prepayments per industry convention.

The following table sets forth an aging analysis of our current prepayments as of the dates indicated presented based on payment date:

	As at December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within 180 days	19,507	21,864	65,090
180 – 365 days	186	688	2,666
Total	**19,693**	**22,552**	**67,756**

The following table sets forth an aging analysis of the subsequent utilization of our prepayments as of the dates indicated:

	As of December 31, 2023	**Utilized amount as of March 31, 2024***	**% of prepayments utilized as of December 31, 2023**
	RMB'000	*RMB'000*	*%*
Within 180 days	65,090	55,108	84.7
180 – 365 days	2,666	219	8.2
Total	**67,756**	**55,326**	**81.7**

Note:

* Only including the portion of prepayments that was utilized from our prepayments as of December 31, 2023, i.e., not taking into account the utilization of new prepayments made from December 31, 2023 to March 31, 2024.

In 2021, 2022 and 2023, our service purchase prepayment turnover days were 29.8, 51.6 and 44.1 days, respectively. Such turnover days are calculated as the average of opening and closing balance of service purchase prepayment for the relevant year, divided by the information technology service fees for the same year, and multiplied by 365 days in 2021, 2022 and 2023.

As of March 31, 2024, RMB55.8 million, or 72.7%, of our prepayments, deposits and other receivables as of December 31, 2023 had been subsequently settled.

Cash and Bank Balance

Our cash and bank balance consist of (i) cash and cash equivalents and (ii) time deposits with a maturity over three months. Our bank balances and cash decreased from RMB191.8 million as of December 31, 2021 to RMB87.3 million as of December 31, 2022, primarily as a result of repayment of bank loans. In addition, the decrease in cash and bank balance was also attributable to the deterioration of working capital as a result of COVID-19. Our cash and bank balance increased to RMB299.0 million as of December 31, 2023, primarily due to our increased trade receivables collected from our customers and the working capital loans that we obtained from certain banks.

Trade Payables

Our trade payables mainly represent payable marketing expenses, payable vending machine site expansion costs, payable outsourcing research and development fees, and payables to our suppliers for our vending machines and merchandise. Our trade payables decreased from RMB50.9 million as of December 31, 2021 to RMB20.8 million as of December 31, 2022, primarily due to (i) a decrease in payables of outsourcing research and development as we focused on enhancing our in-house research and development capabilities and (ii) a decrease in payables to purchase vending machines. Our trade payables further decreased to RMB11.5 million as of December 31, 2023, primarily because of the change of composition of our suppliers and of payment terms required by one of our major standard marketing service suppliers.

Our trade payables are typically non-interest-bearing liabilities that are settled within a customary payment period ranging from 30 to 60 days. The following table sets forth an aging analysis of our trade payables as of the dates indicated based on the invoice date:

	As of December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	50,827	20,792	11,481
1 to 2 years	6	–	–
Over 2 years	41	–	–
Total	**50,874**	**20,792**	**11,451**

The following table sets forth the number of our trade payables turnover days for the years indicated:

	For the year ended December 31,		
	2021	2022	2023
Trade payables turnover days*	48.3	31.4	7.6

Note:

* *Trade payables turnover days was calculated based on the average of opening and closing balance of trade payables for the relevant year, divided by the total of cost of sales, selling and distribution expenses, and research and development expenses for the same year, and multiplied by 365 days in 2021, 2022 and 2023.*

Our trade payables turnover days decreased from 48.3 days in 2021 to 31.4 days in 2022, primarily due to a shift in our procurement. In 2022, we transitioned from procuring primarily vending machines, which previously constituted a major part of our trade payables in 2021, to purchasing other services and inventories that have shorter credit terms. In 2023, as we strategically enhanced our capability of utilizing social media platforms for standard marketing service delivery, we increased our procurement of third-party media resources, which typically required prepayments per industry convention. As a result, our trade payables turnover days further decreased to 7.6 days for 2023.

As of March 31, 2024, approximately RMB7.9 million, or 69.2%, of our trade payables as of December 31, 2023 had been settled.

Other Payables and Accruals

Our other payables and accruals primarily consist of salary payables, encompassing salaries and bonuses payable to our employees. The following table sets forth the details of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Salary payables	4,431	4,524	3,668
Other tax payables	205	29	194
Outsourcing service fee payables	2,358	2,026	997
Professional service fee payables	2,000	20	–
Other payables and accruals	447	585	847
Accrual for listing expenses	–	–	3,698
Total	**9,441**	**7,184**	**9,404**

Our other payables and accruals decreased from RMB9.4 million as of December 31, 2021 to RMB7.2 million as of December 31, 2022, primarily due to a decrease in professional service fee payables. Our other payables and accruals increased from RMB7.2 million as of December 31, 2022 to RMB9.4 million as of December 31, 2023, primarily due to accrual for listing expenses.

Contract Liabilities

Our contract liabilities primarily represent sporadic advance payments received for contracts towards the end of each fiscal year. During the Track Record Period, these liabilities remained relatively minimal, with amounts of RMB0.7 million, RMB0.2 million and RMB2.8 million as of December 31, 2021, 2022 and 2023, respectively. Our contract liabilities increased from RMB0.2 million in 2022 to RMB2.8 million as of December 31, 2023, primarily due to increased advances from our customers primarily due to our increase in business scale.

Income Tax Payable

Our income tax payable represents the amount of taxes owed to the tax authorities at the end of each year. We had an income tax payable of nil as of December 31, 2021, RMB13.9 million as of December 31, 2022 and RMB21.4 million as of December 31, 2023, due to the increase in our taxable income attributable to our increase in revenue.

Convertible Redeemable Preferred Shares and Convertible Bonds

Our liabilities of convertible redeemable preferred shares and convertible bonds were primarily related to convertible redeemable preferred shares and convertible bonds issued in our equity financings, which will be re-designated as equity upon the Listing. We had current and non-current liabilities of convertible redeemable preferred shares and convertible bonds of RMB976.7 million, RMB1,310.9 million and RMB1,254.0 million as of December 31, 2021, 2022 and 2023, respectively. See Note 25 to the Accountants' Report in Appendix I to this prospectus for details.

Such convertible redeemable preferred shares were also the primary contributor to our accumulated losses of RMB309.6 million as of January 1, 2021 as we recorded fair value loss of the convertible redeemable preferred shares as of January 1, 2021 due to the increase in our valuation in the preceding years, resulting in losses of our reserves. We continued recording fair value losses of the convertible redeemable preferred shares in 2021, 2022 and 2023 for the same reason.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our principal use of cash during the Track Record Period was primarily for working capital purposes. Our main source of liquidity has been generated from financing activities and operations. As of December 31, 2023, we had cash and bank balance of RMB299.0 million. Our Directors are of the view that, and the Sole Sponsor concurs that, we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this prospectus, taking into account our financial resources, including internally generated funds, the proceeds from the Global Offering, and available facilities from bank borrowings. We base this confidence on the following factors:

- ***Cash Flow Generated From Operations***: Despite experiencing negative cash flow during the Track Record period, this was primarily attributable to the increase in trade receivables. The temporary impact of COVID-19 resulted in decreased cash flow, but we anticipate a positive shift as the effects diminish. We have confidence in our ability to generate cash from our core business operations, especially as we continue to grow. Our aim is to achieve steady cash flows from operating activities, which will ultimately contribute to our overall liquidity.

- ***Bank Borrowings***: As of March 31, 2024, we had unutilized facilities for bank borrowings of RMB86.7 million, providing us with additional financial resources. Historically, we have been able to obtain bank borrowings when needed, and we believe that our strong relationships with banks and financial institutions will continue to support our borrowing needs in the future. We are committed to negotiating favorable terms and interest rates while maintaining a cautious approach to obtaining additional borrowings. Managing our indebtedness and maintaining a healthy financial position are key priorities for us.

- ***Proceeds From the Global Offering***: We expect to receive net proceeds from the Global Offering of approximately HK$465.0 million, after deducting underwriting commissions, fees, and estimated expenses payable by us in connection with the Global Offering. These proceeds will further strengthen our financial position and support our business development initiatives.

- ***Stringent Cash Management***: We closely monitor and manage our cash position and requirements to ensure that we have sufficient working capital for our operations. Our finance department is responsible for managing our working capital and the collection of our receivables settlement. We review our cash position and requirements on a weekly basis to determine the usage and allocation of cash in our operations, optimize our capital structure, and meet our working capital needs.

Cash Flows

The following table sets forth our consolidated statements of cash flows for the years indicated:

	For the year ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Cash generated from operations before movements in working capital	123,128	190,178	262,772
Changes in working capital	(182,898)	(298,420)	(56,070)
Cash generated from/(used in) operating activities	(59,770)	(108,242)	206,702
Income tax paid	(9,455)	(1,665)	(15,228)
Interest received	338	977	238
Net cash flows (used in)/generated from operating activities	(68,887)	(108,930)	191,712
Net cash flows used in investing activities	(96,689)	(416)	(39,261)
Net cash flows generated financing activities	295,145	4,936	59,225
Net (decrease)/increase in cash and cash equivalents	129,569	(104,410)	211,676
Cash and cash equivalents at beginning of the year	62,183	191,752	87,342
Cash and cash equivalents at end of the year	**191,752**	**87,342**	**299,018**

Net Cash (Used in)/Generated From Operating Activities

In 2023, we had RMB191.7 million net cash flows generated from operating activities. The difference with RMB156.8 million of profit before income tax on accrual basis was mainly the result of adding back non-cash items such as RMB55.5 million in depreciation of property, plant, and equipment and RMB24.1 million in fair value losses on financial liabilities at FVTPL. In addition, a total of RMB56.1 million of cash was used in our working capital primarily due to (i) our trade receivables increased by RMB31.1 million, (ii) our prepayments and other receivables and other assets increased by RMB19.1 million and (iii) our trade payables decreased by RMB9.3 million.

In 2022, we had RMB108.9 million net cash flows used in operating activities. The difference with RMB105.2 million of loss before income tax on accrual basis was mainly the result of adding back non-cash items such as RMB191.5 million in fair value losses on financial liabilities at FVTPL, RMB59.7 million in depreciation of property, plant, and equipment and RMB25.6 million in provision for impairment of trade receivables, net of reversal. In addition, a total of RMB298.4 million of cash was used in our working capital as (i) our trade receivables increased by RMB244.4 million, (ii) our trade and bill payables decreased by RMB30.1 million and (iii) our inventories increased by RMB21.1 million.

In 2021, we had RMB68.9 million net cash used in operating activities. The difference with RMB136.7 million of loss before income tax on accrual basis was mainly the result of adding back non-cash items such as RMB189.4 million in fair value losses on financial liabilities at FVTPL, RMB42.1 million in depreciation of property, plant, and equipment and RMB16.0 million in provision for impairment of trade receivables, net of reversal. In addition, a total of RMB182.9 million of cash was used in our working capital as (i) our trade receivables increased by RMB135.0 million; (ii) our increase in prepayments and other receivables and other assets by RMB24.5 million; (iii) our decrease in trade payables by RMB15.6 million; and (iv) our inventories increased by RMB12.6 million.

Net Cash Used in Investing Activities

For 2023, our net cash used in investing activities was RMB39.3 million, primarily due to our purchases of property, plant and equipment related to vending machines, and also due to our purchase of equity investments in Shandong Sofine Food Technology Co., Ltd (山東頌飯食品科技有限公司) ("**Sofine**") designated purchases of financial assets at fair value through profit or loss.

Our investment in Sofine, a company that engages in catering management consulting services, was attributable to the expected synergies that may arise therefrom. As they primarily use their digitally enabled store network to cook and deliver their flash frozen dumplings to a young customer base located in tier one and new tier one cities, we seek to leverage our investment in Sofine to expand our expertise in developing new service offerings by making inroads into the flash frozen food category, which is witnessing growing customer demand. In addition, we intend to utilize their existing customer base and develop multi-dimensional "dine and experience" marketing contents, which could further enhance our competitiveness.

During the Track Record Period, our provision of marketing service to Sofine had been conducted on an arm's length basis, and the terms of our transactions were substantially identical with similar transactions with other customers that are not in any way related to us. To the best of our knowledge, except from being one of our customers in 2022 and having contributed 3.0% of our revenue for the same year, Sofine does not have any other past or present relationship (including, without limitation, family, business, financing, employment or otherwise) with us, our subsidiaries, our shareholders, Directors, senior management or any of our respective associates.

In 2021 and 2022, our net cash used in investing activities was RMB96.7 million and RMB0.4 million, respectively, primarily as a result of purchase of property, plant and equipment.

Net Cash Generated From Financing Activities

For 2023, our net cash generated from financing activities was RMB59.2 million, primarily as a result of (i) new bank loans raised of RMB119.9 million and (ii) proceeds from issue of preferred shares of RMB60 million, which was partially offset by (i) consideration paid for acquisition of 5.19% equity interest in Shanghai Quna of RMB80.0 million; (ii) repayment of bank loans of RMB27.7 million and (iii) capital deduction by employee shareholding platform of RMB6.7 million.

In 2022, our net cash from financing activities was RMB4.9 million, primarily as a result of (i) proceeds from issue of preferred shares of RMB142.8 million and (ii) new bank loans of RMB132.9 million, which was partially offset by (i) repayment of bank loans of RMB183.7 million; (ii) decrease in amount due to a shareholder of RMB80.0 million; and (iii) payments of lease liabilities of RMB3.8 million.

In 2021, our net cash from financing activities was RMB295.1 million, primarily as a result of (i) proceeds from issue of preferred shares of RMB185.8 million; (ii) new bank loans of RMB173.9 million and (iii) increase in amount due to a shareholder of RMB80.0 million, which was partially offset by (i) repayment of bank loans of RMB144.3 million and (ii) capital deduction by the Controlling Shareholders of RMB27.7 million.

Net Current Assets/Liabilities

	As of December 31,			As of March 31,
	2021	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*
Current assets				
Inventories	20,426	32,690	27,785	19,059
Trade receivables	243,181	461,903	493,999	478,953
Prepayments, deposits and other receivables	55,167	55,213	76,788	117,710
Amount due from shareholders	1,188	1,188	7	–
Cash and bank balance	191,752	87,342	299,018	386,781
Total current assets	**511,714**	**638,336**	**897,597**	**1,002,503**

	As of December 31,			As of March 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current liabilities				
Trade payables	50,874	20,792	11,451	16,498
Other payables and accruals	9,441	7,184	9,404	14,682
Contract liabilities	711	182	2,762	6,279
Income tax payable	–	13,892	21,365	23,647
Lease liabilities	3,489	1,752	1,659	1,082
Interest-bearing bank borrowings	59,800	26,247	119,940	199,840
Amount due to a shareholder	80,000	–	–	–
Convertible bonds	40,574	–	–	–
Deferred income	320	320	320	320
Convertible redeemable preferred shares	–	–	–	1,253,988
Total current liabilities	**245,209**	**70,369**	**166,901**	**1,516,335**
Net current assets/liabilities	**266,505**	**567,967**	**730,696**	**(513,832)**

INDEBTEDNESS

Our indebtedness mainly included bank borrowings, lease liabilities, and amount due to a shareholder (non-trade in nature) during the Track Record Period. Except as disclosed in the table below, we did not have any material mortgages, borrowing or similar indebtedness, charges, debentures, loan capital issued and outstanding or agreed to be issued, debt securities, bank loans and other loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of March 31, 2024. After due and careful consideration, our Directors confirm that there had been no material change in our indebtedness since the Latest Practicable Date and up to the date of this prospectus. Our Directors have confirmed that, as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and there was no breach of any covenants during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up the Latest Practicable Date, to the best knowledge of our Directors, we did not experience any difficulty in obtaining bank loans.

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of March 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current				
Interest-bearing bank borrowings	59,800	26,247	119,940	199,840
Lease liabilities	3,489	1,752	1,659	1,082
Amount due to a shareholder (non-trade in nature)	80,000	–	–	–
Non-current				
Interest-bearing bank borrowings	32,202	15,000	13,500	13,500
Lease liabilities	1,729	215	528	369
Total	**177,220**	**43,214**	**135,627**	**214,791**

Interest-Bearing Bank Borrowings

Our interest-bearing bank borrowings during the Track Record Period were primarily used for business operations. Our interest-bearing bank borrowings bore interest at a rate equivalent to 3.20% to 5.75% per year. For more details of these pledges, see Note 24 to the Accountants' Report in Appendix I to this prospectus. Our Directors confirm that we have not defaulted in the repayment of the bank loans during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

The following table sets forth our lease liabilities as of the dates indicated:

	As of December 31,			As of March 31,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current	3,489	1,752	1,659	1,082
Non-current	1,729	215	528	369
Total	**5,218**	**1,967**	**2,187**	**1,451**

Our lease liabilities decreased from RMB5.2 million as of December 31, 2021 to RMB2.0 million as of December 31, 2022, primarily due to the expiration of certain leases. Our lease liabilities increased to RMB2.2 million as of December 31, 2023 primarily due to our renewal of leases for our office space that were at the early stage of amortization, and decreased to RMB1.5 million as of March 31, 2024, primarily due to the payment of lease obligations.

CAPITAL EXPENDITURES

We regularly incur capital expenditures to expand our business operations and vending machine network. Our capital expenditures represented payment for purchases of property, plant and equipment during the Track Record Period. In 2021, 2022 and 2023, we incurred capital expenditure of RMB107.6 million, RMB0.4 million and RMB35.5 million, respectively.

CONTRACTUAL OBLIGATIONS

Capital Commitments

As of December 31, 2021, 2022 and 2023, we had capital commitments of nil, RMB0.9 million and RMB16.8 million, respectively, primarily in connection with the fixed asset procurement in relation to vending machines.

Lease Commitments

As of December 31, 2021, 2022 and 2023, the outstanding lease commitment relating to our warehouse premises was RMB0.6 million, RMB0.9 million and RMB0.8 million, respectively. Our lease commitments increased from 2021 to 2022 primarily due to the addition of warehouse leases in subsequent years in line with business expansion. Our outstanding lease commitments decreased in 2023 because of the expiration of certain leases in 2023.

CONTINGENT LIABILITIES

As of December 31, 2021, 2022 and 2023, we did not have any material contingent liabilities. We confirm that as of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

KEY FINANCIAL RATIOS

The table below sets forth the key financial ratios for the years or as of the dates indicated:

	As of/For the year ended December 31,		
	2021	2022	2023
Current ratio(1)	2.1	9.1(5)	5.4
Gross profit margin(2)	68.8%	60.4%	53.2%
Adjusted profit margin (A non-IFRS measure)(3)	10.4%	14.1%	19.9%
Adjusted EBITDA margin (A non-IFRS measure)(4)	21.3%	27.9%	27.8%

Notes:

(1) equals current assets divided by current liabilities as of the same date.

(2) equals gross profit for the year divided by revenue for the year and multiplied by 100%.

(3) equals adjusted profit (a non-IFRS measure) for the year divided by revenue for the year and multiplied by 100%.

(4) equals adjusted EBITDA (a non-IFRS measure) for the year divided by revenue for the year and multiplied by 100%.

(5) our current ratio increased from 2.1 as of December 31, 2021 to 9.1 as of December 31, 2022, primarily due to a significant decrease in total current liabilities from RMB245.2 million to RMB70.4 million as of the respective dates. Such a decrease is primarily attributable to (i) a decrease of amount due to a shareholder from RMB80.0 million to nil as of the respective dates because of our settlement in January 2022 of amounts due to Nanjing Siyue, an affiliate of Banyan Pacific, for Nanjing Siyue's advance payment to Shanghai Quna and (ii) a decrease of convertible bonds from RMB40.6 million to nil as of the respective dates because of the conversion of such convertible bonds into Series E Preferred Shares in 2022 pursuant to the Series E Preference Share Purchase Agreement dated September 22, 2021. The current ratio subsequently decreased to 5.4 as of December 31, 2023, primarily due to a significant increase in total current liabilities from RMB70.4 million as of December 31, 2022 to RMB166.9 million as of December 31, 2023. Such an increase is primarily attributable to an increase in interest-bearing bank borrowings from RMB26.2 million to RMB119.9 million as of the respective dates.

RELATED PARTY TRANSACTIONS

As of December 31, 2021, we had RMB80.0 million related party transaction in relation to amount due to a shareholder, which was fully settled in January 2022. As of December 31, 2021 and 2022, we had RMB1.2 million outstanding balance of amount due from shareholders related to reorganization, who repaid the balance subsequently in July 2023. As of December 31, 2023, we had RMB7 thousand outstanding balances of amount due from shareholders related to reorganization. The balances with related parties are all non-trade in nature and has been settled prior to Listing. For details, see Note 31 to the Accountant's Report in Appendix I to this prospectus. Our Directors confirm that all material related party transactions during the Track Record Period were conducted on an arm's length basis, and would not distort our results of operations over the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance.

MARKET RISK DISCLOSURE

We are exposed to a variety of financial risks and market risk, including market risk, credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. For more details, see Note 35 to the Accountants' Report in Appendix I to this prospectus.

Interest Rate Risk

We are exposed to interest rate risk on our floating-rate bank borrowings.

Credit Risk

We trade only with recognized and creditworthy third parties, and there is no requirement for collateral. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, we monitor receivable balances on an ongoing basis, and our exposure to bad debts is not significant. We manage concentrations of credit risk based on customer/counterparty and industry sector.

Liquidity Risk

We monitor our exposure to liquidity risk by assessing the current ratio, which is determined by comparing our current assets with our current liabilities. Our liquidity is primarily dependent on our ability to generate adequate cash inflows from operations to fulfill our debt obligations as they come due. Additionally, we consider our ability to secure external financing to meet our committed future capital expenditure. For more details, see Note 35 to the Accountants' Report in Appendix I to this prospectus.

DIVIDENDS

No dividend has been paid or declared by us during the Track Record Period. Currently, we do not have a formal dividend policy or a fixed dividend payout ratio. Our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Companies Act. In addition, our Directors may from time to time pay such interim dividends as our Board considers to be justified by our profits and overall financial requirements, or special dividends of such amounts and on such dates as they deem appropriate. Under the Cayman Companies Act, a Cayman Islands company may pay a dividend out of its profits or the credit standing to its share premium account, provided that immediately after the date on which the dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business. As advised by our Cayman Islands legal adviser, a position of accumulated losses does not necessarily restrict us from declaring and paying dividends to our Shareholders, as dividends may still be declared and paid out of our share premium account, provided that, immediately after payment of the dividend, we are able to pay our debts as they fall due in the ordinary course of business.

DISTRIBUTABLE RESERVES

As of December 31, 2023, we had nil distributable reserves.

LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately RMB67.1 million (HK$73.9 million) at the Offer Price of HK$27.35 per Share, representing 13.7% of the total gross proceeds from the Global Offering of approximately HK$538.9 million. We estimate the listing expenses to consist of approximately RMB19.6 million (HK$21.6 million) in underwriting fees and RMB47.5 million (HK$52.3 million) in non-underwriting fees (which consist of fees and expenses of legal advisors and our Reporting Accountant of approximately RMB29.3 million (HK$32.2 million) and other fees and expenses of approximately RMB18.2 million (HK$20.1 million)). As of December 31, 2023, we incurred listing expenses of RMB28.6 million (HK$31.5 million), of which (i) RMB25.3 million (HK$27.8 million) was charged to the consolidated statements of profit or loss for the year ended December 31, 2023 and (ii) RMB3.3 million (HK$3.7 million) was directly attributable to the offering and listing of our Offer Shares and recognized as deferred listing expenses and will be deducted from equity upon the Listing.

We estimate that additional listing expenses of approximately RMB38.5 million (HK$42.4 million) (based on the Offer Price of HK$27.35 per Offer Share) will be incurred by our Company, approximately RMB17.6 million (HK$19.4 million) of which is expected to be charged to our consolidated statements of profit or loss, and approximately RMB20.9 million (HK$23.0 million) of which is directly attributable to the offering and listing of our Offer Shares and expected to be recognized as a deduction in equity directly upon the Listing. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effects of (i) the Global Offering and (ii) conversion of Series Seed-1, Seed-2, Angel, A, B, C, D, E, E+ and F Preference Shares into ordinary shares upon completion of Global Offering on the consolidated net tangible assets attributable to ordinary shareholders of our Company as of December 31, 2023 as if the Global Offering had taken place on December 31, 2023.

The unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets attributable to ordinary shareholders of our Company had the Global Offering been completed as of December 31, 2023 or as at any future dates.

The unaudited pro forma statement of adjusted consolidated net tangible assets is prepared based on the consolidated net tangible assets attributable to ordinary shareholders of our Company as of December 31, 2023 as set out in the Accountants' Report in Appendix I to this Prospectus and is adjusted for the effects described below.

	Consolidated net tangible liabilities of our Group attributable to owners of our Company as of December 31, 2023	Estimated net Proceeds from the Global Offering	Estimated impact to the consolidated net tangible liabilities upon the conversion of preferred shares	Unaudited pro forma adjusted consolidated net tangible assets as of December 31, 2023	Unaudited pro forma adjusted consolidated net tangible assets per Share as of December 31, 2023	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(Note 1)	*(Note 2)*	*(Note 3)*		*(Note 4)*	*(Note 5)*
Based on an Offer Price of HK$25.00 per Share	(387,825)	407,133	1,253,988	1,273,296	4.85	5.34
Based on an Offer Price of HK$27.35 per Share	(387,825)	447,494	1,253,988	1,313,657	5.00	5.51
Based on an Offer Price of HK$29.70 per Share	(387,825)	487,856	1,253,988	1,354,019	5.15	5.68

Notes:

(1) The consolidated net tangible liabilities of our Group attributable to equity holders of our Company as of December 31, 2023 was equal to the consolidated net liabilities attributable to owners of our Company as of December 31, 2023 of RMB387,825,000 set out in the Accountants' Report in Appendix I to this Prospectus.

(2) The estimated net proceeds from the Global Offering are based on estimated low end, mid-point and high end offer prices of HK$25.00, HK$27.35 and HK$29.70 per Share after deduction of underwriting fees and commissions and other related expenses payable by our Company (excluding the listing expenses that have been charged to profit and loss account during the Track Record Period).

(3) Upon the completion of the Global Offering, all preferred shares will be automatically converted into ordinary shares. The conversion of Series Seed-1, Seed-2, Angel, A, B, C, D, E, E+ and F Preference Shares would have reclassified such preferred shares amounting to RMB1,253,988,000 from liabilities to equity and accordingly increased the unaudited pro forma adjusted consolidated net tangible liabilities of our Group at December 31, 2023 by RMB1,253,988,000.

(4) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company per Share is arrived at by dividing the unaudited pro forma adjusted net tangible assets by 262,705,446 shares, being the number of shares in issue assuming that the Global Offering had been completed on December 31, 2023.

(5) *For the purpose of this unaudited pro forma statement of adjusted net tangible assets, the balances stated in RMB are converted into HK$ at the rate of RMB1.0000 to HK$1.1012.*

(6) *No other adjustment has been made to the unaudited pro forma adjusted consolidated net tangible asset of our Group to reflect any trading result or other transactions entered into subsequent to December 31, 2023.*

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that up to the date of this prospectus, other than as disclosed under "Summary – Recent Developments" in this prospectus, there had been no material adverse change in our financial, operational or prospects since December 31, 2023, being the latest balance sheet date of our consolidated financial statements as set out in the Accountants' Report in Appendix I to this prospectus.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, (i) Ms. Yin, through Jovie Trust and its holding vehicles Jovie Holding Limited and Beyond Branding, is able to exercise 29.75% voting rights in our Company; (ii) Ms. YIN Juelian (殷珏蓮), through Helena Trust and its holding vehicles Helenatest Holding Limited and Q-robot, is able to exercise 3.63% voting rights in our Company; (iii) Mr. CAO Liwen (曹理文), through Liwen Trust and its holding vehicles Iwan Holding Limited and Kiosk Joy, is able to exercise 3.63% voting rights in our Company; (iv) Mr. WU Wenhong (吳文洪), through his holding vehicle INSIGMA, is able to exercise 1.81% voting rights in our Company; (v) Mr. HUANG Aihua (黃愛華), through his holding vehicles NeoWay Holding Limited and NeoBox, is able to exercise 1.81% voting rights in our Company; and (vi) Mr. QIAN Jun (錢俊), through his holding vehicle Q-robot shop, is able to exercise 1.81% voting rights in our Company.

On June 27, 2023, the Concert Parties (namely Ms. Yin, Ms. YIN Juelian (殷珏蓮), Mr. CAO Liwen (曹理文), Mr. WU Wenhong (吳文洪), Mr. HUANG Aihua (黃愛華) and Mr. QIAN Jun (錢俊)) entered into an acting-in-concert agreement to confirm that they have been acting in concert by aligning their votes and following Ms. Yin's directions when exercising their voting rights at the shareholders' meetings in our Group since they became interested in Shanghai Quna, respectively, and they also acknowledged and agreed that they had and would continue to, for so long as they remain interested in the Shares, defer their voting powers through their respective holding vehicles and family trusts to Ms. Yin. For details, please refer to the paragraph headed "History, Reorganization and Corporate Structure – Acting-in-Concert Agreement" in this prospectus. As of the Latest Practicable Date, the Concert Parties were entitled to exercise approximately 42.45% of the voting power at general meeting of our Company. Immediately upon completion of the Global Offering (assuming the options granted under the Stock Incentive Plan are not exercised), the Concert Parties will be entitled to exercise approximately 39.27% of the voting power at general meetings of our Company. Therefore, the Concert Parties together with the relevant holding vehicles (i.e. Jovie Holding Limited, Beyond Branding, Helenatest Holding Limited, Q-robot, Iwan Holding Limited, Kiosk Joy, INSIGMA, NeoWay Holding Limited, NeoBox and Q-robot shop), are considered as a group of our Controlling Shareholders upon Listing.

For further details relating to each of the Concert Parties, please refer to the sections headed "History, Reorganization and Corporate Structure" and "Directors and Senior Management" in this prospectus.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Each of our Controlling Shareholders confirms that she/he/it does not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

Our Directors consider that we are capable of carrying on our business independently of our Controlling Shareholders and their close associates after the Listing, taking into consideration of the factors below.

Management Independence

Our Board comprises eight Directors, including three executive Directors, two non-executive Directors and three independent non-executive Directors. Please refer to the section headed "Directors and Senior Management" in this prospectus for more details of our Directors. The daily operation of our Group is carried out by an independent experienced management team, and we have capabilities and personnel to perform all essential administrative functions, including finance, accounting, human resources and business management on a standalone basis.

Each Director is aware of his/her fiduciary duties as a Director which require, among others, that he/she must acts for the benefits and in the best interest of our Company and our Shareholders as a whole and does not allow any conflict between his/her duties as a Director and his/her personal interests. Further, we believe our independent non-executive Directors bring independent judgment to the decision-making process of our Board. In addition, our Directors shall not vote in any Board resolution approving any contract or arrangement or any other proposal in which he or any of his close associates has a material interest and shall not be counted in the quorum present at the particular Board meeting.

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management team are able to perform the managerial role in our Group independently.

Operational Independence

We hold all requisite licenses and intellectual properties that are material to the operation of our business. Please refer to the paragraph headed "Business – Licenses, Permits and Regulatory Approvals" in this prospectus and the paragraph headed "Statutory and General Information – B. Further Information about our Business – 2. Intellectual Property Rights" in Appendix IV to this prospectus for details. We have independent access to distributors, suppliers and customers and have sufficient capital, facilities and employees to operate our business independently from our Controlling Shareholders. We have established our own sales and marketing, finance, legal and general administrative functions which operate independently from our Controlling Shareholders.

Based on the above, our Directors believe that our business is operationally independent of our Controlling Shareholders.

Financial Independence

We have an independent financial system. We make financial decisions according to our own business needs. We have an independent internal control and accounting system and also have an independent finance department with a team of financial staffs and an independent audit, accounting and financial management system.

In addition, we have been and are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Controlling Shareholders or their respective close associates. As of the Latest Practicable Date, there was no loan, advance or guarantee provided by our Controlling Shareholders or their respective close associates.

Based on the above, our Directors believe that our business is financially independent of our Controlling Shareholders.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted/will adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders:

(a) where a Shareholders' meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their close associates has a material interest, our Controlling Shareholders or their close associates shall not vote on the relevant resolutions and shall not be counted in the quorum for the voting;

(b) our Company has established internal control mechanisms to identify connected transactions. Upon Listing, if our Company enters into connected transactions with our Controlling Shareholders or any of their close associates, our Company will comply with the applicable Listing Rules;

(c) our independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between our Group and our Controlling Shareholders (the "**Annual Review**") and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) our Controlling Shareholders will undertake to provide all information necessary or requested by the independent non-executive Directors for the Annual Review, including all relevant financial, operational and market information;

(e) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and

(f) we have appointed Innovax Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws and regulations and the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors believe that sufficient corporate governance measures have been/will be put in place to manage conflict of interests that may arise between our Group and our Controlling Shareholders and to protect our Shareholders' interests as a whole after the Listing.

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid as of the date of this prospectus and immediately following completion of the Global Offering:

Authorized share capital		**Aggregate par value** *US$*
5,000,000,000	Shares of par value of US$0.00001 each as of the Latest Practicable Date	50,000

Issued and to be issued, fully paid or credited as fully paid immediately upon completion of the Global Offering

243,001,446	Shares in issue as of the date of this prospectus (assuming all Preferred Shares are converted into Shares on a 1:1 basis)	2,430.01446
19,704,000	Shares to be issued under the Global Offering	197.04000
262,705,446	**Total**	**2,627.05446**

The above tables assume that the Global Offering becomes unconditional and the Shares are issued pursuant to the Global Offering, and do not take into account any Shares which may be allotted and issued under the Stock Incentive Plan or any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

RANKING

The Offer Shares are Shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued and, in particular, will rank equally for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Pursuant to the Cayman Companies Act and the terms of the Articles of Association, our Company may from time to time by ordinary resolution of Shareholders: (i) increase its share capital; (ii) consolidate and divide its share capital into shares of larger amount; (iii) divide its shares into several classes; and (iv) cancel any Shares which have not been taken or agreed to be taken. In addition, our Company may, subject to the provisions of the Cayman Companies Act, reduce its share capital or capital redemption reserve by its Shareholders passing a special resolution. For further details, please refer to the paragraph headed "Summary of the Constitution of the Company and Cayman Islands Company Law – Summary of the Constitution of the Company – 2. Articles of Association – 2.4. Alteration of Capital" in Appendix III to this prospectus.

STOCK INCENTIVE PLAN

Our Company adopted the Stock Incentive Plan. For further details, please refer to the paragraph headed "Statutory and General Information – D. Stock Incentive Plan" in Appendix IV to this prospectus.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted general unconditional mandates to issue and repurchase our Shares.

For further details of the general mandates, please refer to the paragraphs headed "Statutory and General Information – A. Further Information about Our Group – 4. Resolutions of our Shareholders" and "Statutory and General Information – A. Further Information about Our Group – 5. Repurchase of Our Own Securities" in Appendix IV to this prospectus.

THE CORNERSTONE PLACING

We have entered into a cornerstone investment agreement (the "**Cornerstone Investment Agreement**") with Golden Future LPF (金利富通有限合夥基金) ("**Golden Future**"), pursuant to which Golden Future has agreed to, subject to certain conditions, subscribe, or cause its designated entities to subscribe, at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 200 Shares) as may be purchased for an aggregate amount of US$10.0 million (equivalent to approximately HK$78.2 million, calculated based on the currency translation of US$1.00 to HK$7.81909) (the "**Cornerstone Placing**").

Assuming an Offer Price of HK$25.00 per Share (being the low-end of the indicative Offer Price range), the number of Offer Shares to be subscribed for by Golden Future would be 3,127,600 Offer Shares, representing approximately 15.87% of the Offer Shares to be issued pursuant to the Global Offering and approximately 1.19% of our total issued share capital immediately upon completion of the Global Offering (assuming the options granted under the Stock Incentive Plan are not exercised).

Assuming an Offer Price of HK$27.35 per Share (being the mid-point of the indicative Offer Price range), the number of Offer Shares to be subscribed for by Golden Future would be 2,858,800 Offer Shares, representing approximately 14.51% of the Offer Shares to be issued pursuant to the Global Offering and approximately 1.09% of our total issued share capital immediately upon completion of the Global Offering (assuming the options granted under the Stock Incentive Plan are not exercised).

Assuming an Offer Price of HK$29.70 per Share (being the high-end of the indicative Offer Price range), the number of Offer Shares to be subscribed for by Golden Future would be 2,632,600 Offer Shares, representing approximately 13.36% of the Offer Shares to be issued pursuant to the Global Offering and approximately 1.00% of our total issued share capital immediately upon completion of the Global Offering (assuming the options granted under the Stock Incentive Plan are not exercised).

Our Company is of the view that the Cornerstone Placing will help to raise the profile of our Company and to signify that such investor has confidence in our business and prospects.

The Cornerstone Placing will form part of the International Offering and Golden Future will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreement). The Offer Shares to be subscribed for by Golden Future will rank *pari passu* in all respects with the other fully paid Shares in issue following the completion of the Global Offering, and will be counted towards the public float of our Company under Rule 8.08 of the Listing Rules. Immediately following the completion of the Global Offering, Golden Future will not become a substantial Shareholder of our Company and will not have any Board representation in our Company. Other than a guaranteed allocation of the relevant Offer Shares at the Offer Price, Golden Future does not have any preferential rights in the Cornerstone Investment Agreement compared with other public Shareholders.

To the best knowledge of our Company, (i) Golden Future is an Independent Third Party which is independent of the Company, its connected persons and their respective associate; (ii) Golden Future is not accustomed to take instructions in relation to the acquisition, disposal, voting or other disposition of Shares registered in its name or otherwise held by it from our Company, our Directors, chief executive, Controlling Shareholders, substantial Shareholders, existing Shareholders or any of our subsidiaries or their respective close associates; and (iii) the subscription of the relevant Offer Shares by Golden Future is not financed directly or indirectly by our Company, our Directors, chief executive, Controlling Shareholders, substantial Shareholders, existing Shareholders or any of our subsidiaries or any of their respective close associates.

As confirmed by Golden Future, its subscription under the Cornerstone Placing would be financed by its own internal resources. None of Golden Future and its controlling entities is listed on any stock exchange. Golden Future has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing. There is no side arrangement or agreement between our Company and Golden Future, nor benefit, direct or indirect, conferred on Golden Future by virtue of or in relation to the Cornerstone Placing, other than a guaranteed allocation of the relevant Offer Shares at the Offer Price.

The number of Offer Shares to be subscribed for by Golden Future may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the paragraph headed "Structure of the Global Offering – The Hong Kong Public Offering – Reallocation" in this prospectus. The Cornerstone Investor has agreed that, in the event that the requirement pursuant to Rule 8.08(3) of the Listing Rules (providing that no more than 50% of our Shares in public hands on the Listing Date can be beneficially owned by the three largest public Shareholders) cannot be satisfied, the Company and the Sole Overall Coordinator have the right to adjust the allocation of the number of Offer Shares to be purchased by the Cornerstone Investor in their sole and absolute discretion to satisfy the requirement under Rule 8.08(3) of the Listing Rules. Details of the actual number of Offer Shares to be allocated to Golden Future will be disclosed in the allotment results announcement of our Company to be published on or around May 24, 2024.

There will be no delayed delivery or deferred settlement of the Offer Shares to be subscribed for by Golden Future pursuant to the Cornerstone Investment Agreement, and the payment for the Offer Shares to be subscribed for by Golden Future will be settled and paid in full before the Listing.

The following table sets forth details of the Cornerstone Placing:

Based on the Offering Price of HK$25.00 (being the low-end of the indicative Offer Price range)

Cornerstone Investor	Total Investment Amount *(US$ in million)*	Number of Offer Shares[(1)]	Without taking into account any Shares to be issued pursuant to the Stock Incentive Plan Approximate % of the Offer Shares	Approximate % of the total issued share capital
Golden Future	10.0	3,127,600	15.87%	1.19%
Total	**10.0**	**3,127,600**	**15.87%**	**1.19%**

Based on the Offering Price of HK$27.35 (being the mid-point of the indicative Offer Price range)

Cornerstone Investor	Total Investment Amount *(US$ in million)*	Number of Offer Shares[(1)]	Without taking into account any Shares to be issued pursuant to the Stock Incentive Plan Approximate % of the Offer Shares	Approximate % of the total issued share capital
Golden Future	10.0	2,858,800	14.51%	1.09%
Total	**10.0**	**2,858,800**	**14.51%**	**1.09%**

Based on the Offering Price of HK$29.70 (being the high-end of the indicative Offer Price range)

			Without taking into account any Shares to be issued pursuant to the Stock Incentive Plan	
Cornerstone Investor	**Total Investment Amount** *(US$ in million)*	**Number of Offer Shares**[(1)]	**Approximate % of the Offer Shares**	**Approximate % of the total issued share capital**
Golden Future	10.0	2,632,600	13.36%	1.00%
Total	**10.0**	**2,632,600**	**13.36%**	**1.00%**

Note:

(1) Rounded down to the nearest whole board lot of 200 Shares. Calculated based on the exchange rate set out in the paragraph headed "Information about this Prospectus and the Global Offering – Exchange Rate Conversion" in this prospectus.

THE CORNERSTONE INVESTOR

The information about Golden Future set forth below has been provided by Golden Future in connection with the Cornerstone Placing.

Golden Future is a limited partnership fund registered in Hong Kong on November 10, 2023 under the Limited Partnership Fund Ordinance (Chapter 637 of the Laws of Hong Kong) and is principally engaged in equity investment.

The sole general partner of Golden Future is CNI Securities Group Limited (中國北方證券集團有限公司), which is licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in future contracts) and Type 4 (advising on securities) of the regulated activities as defined under the SFO, is held as to 98.75% by Ms. BAO Quan (包全), an Independent Third Party, and as to 1.25% by the other two Independent Third Parties, respectively. The sole investment manager and fund administrator of Golden Future is CNI Global Assets Management Limited (中國北方環球資產管理有限公司), which is licensed to conduct Type 9 (asset management) of the regulated activities as defined under the SFO, and is wholly owned by Ms. BAO Quan (包全). To the best knowledge of our Directors, Golden Future has one limited partner, MK Tech Investment Holding Limited, a limited liability company incorporated in the BVI wholly owned by Mr. MEI Kai (梅開). As of the Latest Practicable Date, Mr. MEI Kai (梅開) owned 70.0% of the equity interest and was the chairman of the board and the general manager of Customer F, one of our five largest customers during the Track Record Period.

Our Company became acquainted with Golden Future through the introduction by Mr. MEI Kai (梅開), who became acquainted with our Company through business network.

CLOSING CONDITIONS

The obligation of Golden Future to subscribe for the Offer Shares under the Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

(i) the underwriting agreements for the Hong Kong Public Offering and the International Offering being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in these underwriting agreements, and neither of the aforesaid underwriting agreements having been terminated;

(ii) the Offer Price having been agreed upon between our Company and the Sole Overall Coordinator (for itself and on behalf of the Underwriters);

(iii) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Shares (including the Shares to be subscribed for by the Cornerstone Investor) as well as other applicable approvals and waivers, and such approvals, permissions or waivers having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(iv) that no law shall have been enacted or promulgated by any governmental authority prohibiting the consummation of the transactions contemplated in the Global Offering or in the Cornerstone Investment Agreement, and there shall be no order or injunction from a court of competent jurisdiction in effect precluding or prohibiting the consummation of such transactions; and

(v) that the representations, warranties, undertakings, acknowledgements and confirmations of Golden Future under the Cornerstone Investment Agreement are accurate and true in all respects and not misleading, and there is no material breach of the Cornerstone Investment Agreement on the part of Golden Future.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTOR

Golden Future has agreed that it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the "**Lock-up Period**"), dispose of any of the Offer Shares it has subscribed for pursuant to the Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries which will be bound by the same obligations of Golden Future, including the Lock-up Period restrictions.

So far as our Directors are aware, immediately following the completion of the Global Offering (assuming the options granted under the Stock Incentive Plan are not exercised), the following persons will have an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, 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 our Company or any other member of our Group:

		As of the Latest Practicable Date		Immediately following completion of the Global Offering	
Name of Shareholder	**Capacity/nature of interest**	**Number of Shares held**	**Approximate percentage of interest** *(%)*	**Number of Shares held**	**Approximate percentage of interest** *(%)*
Beyond Branding[1]	Beneficial owner	72,294,252	29.75	72,294,252	27.52
	Interest held jointly with another person[13]	30,867,144	12.70	30,867,144	11.75
Jovie Holding Limited[1]	Interest of controlled corporation	72,294,252	29.75	72,294,252	27.52
	Interest held jointly with another person[13]	30,867,144	12.70	30,867,144	11.75
Ms. Yin[1]	Founder of a trust who can influence how the trustee exercise her discretion	72,294,252	29.75	72,294,252	27.52
	Beneficiary of a trust (other than a discretionary interest)	72,294,252	29.75	72,294,252	27.52
	Interest held jointly with another person[13]	30,867,144	12.70	30,867,144	11.75
	Beneficial owner[2]	2,500,000	1.03	2,500,000	0.95
Q-robot[3]	Beneficial owner	8,819,184	3.63	8,819,184	3.36
	Interest held jointly with another person[13]	94,342,212	38.82	94,342,212	35.91

Name of Shareholder	Capacity/nature of interest	As of the Latest Practicable Date		Immediately following completion of the Global Offering	
		Number of Shares held	Approximate percentage of interest (%)	Number of Shares held	Approximate percentage of interest (%)
Helenatest Holding Limited[3]	Interest of controlled corporation	8,819,184	3.63	8,819,184	3.36
	Interest held jointly with another person[13]	94,342,212	38.82	94,342,212	35.91
Ms. YIN Juelian (殷珏蓮)[3]	Founder of a trust who can influence how the trustee exercise her discretion	8,819,184	3.63	8,819,184	3.36
	Beneficiary of a trust (other than a discretionary interest)	8,819,184	3.63	8,819,184	3.36
	Interest held jointly with another person[13]	94,342,212	38.82	94,342,212	35.91
	Beneficial owner[4]	2,516,224	1.04	2,516,224	0.96
Kiosk Joy[5]	Beneficial owner	8,819,184	3.63	8,819,184	3.36
	Interest held jointly with another person[13]	94,342,212	38.82	94,342,212	35.91
Iwan Holding Limited[5]	Interest of controlled corporation	8,819,184	3.63	8,819,184	3.36
	Interest held jointly with another person[13]	94,342,212	38.82	94,342,212	35.91

Name of Shareholder	Capacity/nature of interest	As of the Latest Practicable Date Number of Shares held	As of the Latest Practicable Date Approximate percentage of interest (%)	Immediately following completion of the Global Offering Number of Shares held	Immediately following completion of the Global Offering Approximate percentage of interest (%)
Mr. CAO Liwen (曹理文)[5]	Founder of a trust who can influence how the trustee exercise his discretion	8,819,184	3.63	8,819,184	3.36
	Beneficiary of a trust (other than a discretionary interest)	8,819,184	3.63	8,819,184	3.36
	Interest held jointly with another person[13]	94,342,212	38.82	94,342,212	35.91
	Beneficial owner[6]	2,500,000	1.03	2,500,000	0.95
INSIGMA[7]	Beneficial owner	4,409,592	1.81	4,409,592	1.68
	Interest held jointly with another person[13]	98,751,804	40.64	98,751,804	37.59
Mr. WU Wenhong (吳文洪)[7]	Interest of controlled corporation	4,409,592	1.81	4,409,592	1.68
	Interest held jointly with another person[13]	98,751,804	40.64	98,751,804	37.59
	Beneficial owner[8]	1,000,000	0.41	1,000,000	0.38
NeoBox[9]	Beneficial owner	4,409,592	1.81	4,409,592	1.68
	Interest held jointly with another person[13]	98,751,804	40.64	98,751,804	37.59
NeoWay Holding Limited[9]	Interest of controlled corporation	4,409,592	1.81	4,409,592	1.68
	Interest held jointly with another person[13]	98,751,804	40.64	98,751,804	37.59

Name of Shareholder	Capacity/nature of interest	As of the Latest Practicable Date — Number of Shares held	As of the Latest Practicable Date — Approximate percentage of interest (%)	Immediately following completion of the Global Offering — Number of Shares held	Immediately following completion of the Global Offering — Approximate percentage of interest (%)
Mr. HUANG Aihua (黃愛華)(9)	Interest of controlled corporation	4,409,592	1.81	4,409,592	1.68
	Interest held jointly with another person(13)	98,751,804	40.64	98,751,804	37.59
	Beneficial owner(10)	4,000,000	1.65	4,000,000	1.52
Q-robot shop(11)	Beneficial owner	4,409,592	1.81	4,409,592	1.68
	Interest held jointly with another person(13)	98,751,804	40.64	98,751,804	37.59
Mr. QIAN Jun (錢俊)(11)	Interest of controlled corporation	4,409,592	1.81	4,409,592	1.68
	Interest held jointly with another person(13)	98,751,804	40.64	98,751,804	37.59
	Beneficial owner(12)	2,500,000	1.03	2,500,000	0.95
Trident Trust Company (HK) Limited	Trustee(1)	72,294,252	29.75	72,294,252	27.52
	Trustee(3)	8,819,184	3.63	8,819,184	3.36
	Trustee(5)	8,819,184	3.63	8,819,184	3.36
Shanghai Yuanjizhi(14)	Beneficial owner	4,000,020	1.65	4,000,020	1.52
	Interest held jointly with another person	28,301,790	11.65	28,301,790	10.77
Wuxi Ferry Phase II Investment Co., Ltd. (無錫源渡二期投資有限公司) ("**Ferry Phase II Investment**")(14)	Interest of controlled corporation	4,000,020	1.65	4,000,020	1.52
	Interest held jointly with another person	28,301,790	11.65	28,301,790	10.77
Shanghai Chuiying Enterprise Management Partnership (上海垂穎企業管理合夥企業(有限合夥)) ("**Shanghai Chuiying**")(14)	Interest of controlled corporation	4,000,020	1.65	4,000,020	1.52
	Interest of controlled corporation	6,999,965	2.88	6,999,965	2.66
	Interest held jointly with another person	21,301,836	8.77	21,301,836	8.11

		As of the Latest Practicable Date		Immediately following completion of the Global Offering	
Name of Shareholder	Capacity/nature of interest	Number of Shares held	Approximate percentage of interest (%)	Number of Shares held	Approximate percentage of interest (%)
Wuxi Ferry Phase II Venture Capital Investment Partnership (Limited Partnership) (無錫源渡二期創業投資合夥企業(有限合夥)) ("**Ferry Phase II**")[14]	Interest of controlled corporation	4,000,020	1.65	4,000,020	1.52
	Interest held jointly with another person	28,301,790	11.65	28,301,790	10.77
Shanghai Yuanyuqu[14]	Beneficial owner	21,301,836	8.77	21,301,836	8.11
	Interest held jointly with another person	10,999,974	4.53	10,999,974	4.19
Wuxi Ferry Venture Capital Investment Management Limited (無錫源渡股權投資管理有限公司) ("**Wuxi Ferry**")[14]	Interest of controlled corporation	21,301,836	8.77	21,301,836	8.11
	Interest held jointly with another person	10,999,974	4.53	10,999,974	4.19
Wuxi Ferry Phase I Venture Capital Investment Partnership (Limited Partnership) (無錫源渡一期創業投資合夥企業(有限合夥)) ("**Ferry Phase I**")[14]	Interest of controlled corporation	21,301,836	8.77	21,301,836	8.11
	Interest held jointly with another person	10,999,974	4.53	10,999,974	4.19
JIN Yong (金勇)[14]	Interest of controlled corporation	21,301,836	8.77	21,301,836	8.11
	Interest held jointly with another person	10,999,974	4.53	10,999,974	4.19
Ferry Phase III[14]	Beneficial owner	6,999,954	2.88	6,999,954	2.66
	Interest held jointly with another person	25,301,856	10.41	25,301,856	9.63

Name of Shareholder	Capacity/nature of interest	As of the Latest Practicable Date Number of Shares held	Approximate percentage of interest (%)	Immediately following completion of the Global Offering Number of Shares held	Approximate percentage of interest (%)
Wuxi Ferry Weilun Enterprise Management Partnership (Limited Partnership) (無錫源渡偉倫企業管理合夥企業(有限合夥)) ("**Ferry Weilun**")(14)	Interest of controlled corporation	6,999,954	2.88	6,999,954	2.66
	Interest held jointly with another person	25,301,856	10.41	25,301,856	9.63
Suzhou Ferry Growth Investment Partnership (Limited Partnership) (蘇州源渡成長投資合夥企業(有限合夥)) ("**Suzhou Ferry**")(14)	Interest of controlled corporation	6,999,954	2.88	6,999,954	2.66
	Interest held jointly with another person	25,301,856	10.41	25,301,856	9.63
Mr. WANG Xuefeng (王學峰)(14)	Interest of controlled corporation	32,301,810	13.29	32,301,810	12.30
Shanghai Junna(15)	Beneficial owner	21,999,948	9.05	21,999,948	8.37
Lasa Junqi Enterprise Management Co., Ltd. (拉薩君祺企業管理有限公司) ("**Lasa Junqi**")(15)	Interest of controlled corporation	21,999,948	9.05	21,999,948	8.37
Legend Capital Co., Ltd. (君聯資本管理股份有限公司) ("**Legend Capital**")(15)	Interest in controlled corporation	21,999,948	9.05	21,999,948	8.37
Beijing Juncheng Hezhong Investment Management Partnership (Limited Partnership) (北京君誠合眾投資管理合夥企業(有限合夥)) ("**Juncheng Hehzong**")(15)	Interest in controlled corporation	21,999,948	9.05	21,999,948	8.37

Name of Shareholder	Capacity/nature of interest	As of the Latest Practicable Date Number of Shares held	As of the Latest Practicable Date Approximate percentage of interest (%)	Immediately following completion of the Global Offering Number of Shares held	Immediately following completion of the Global Offering Approximate percentage of interest (%)
Beijing Junqi Jiarui Enterprise Management Co., Ltd. (北京君祺嘉睿企業管理有限公司) ("**Junqi Jiarui**")	Interest in controlled corporation	21,999,948	9.05	21,999,948	8.37
Tianjin Huizhi No. 1 Enterprise Management Consulting Partnership (Limited Partnership) (天津匯智壹號企業管理諮詢合夥企業(有限合夥)) ("**Tianjin Huizhi No. 1**")[15]	Interest in controlled corporation	21,999,948	9.05	21,999,948	8.37
Tianjin Junlian Jieyou Enterprise Management Consulting Partnership (Limited Partnership) (天津君聯傑佑企業管理諮詢合夥企業(有限合夥)) ("**Junlian Jieyou**")[15]	Interest in controlled corporation	21,999,948	9.05	21,999,948	8.37
Mr. ZHU Linan (朱立南)[15]	Interest of controlled corporation	21,999,948	9.05	21,999,948	8.37
Mr. CHEN Hao (陳浩)[15]	Interest of controlled corporation	21,999,948	9.05	21,999,948	8.37
Beijing Junlian Huicheng Equity Investment Partnership (Limited Partnership) (北京君聯慧誠股權投資合夥企業(有限合夥)) ("**Beijing Legend**")[15]	Interest in controlled corporation	21,999,948	9.05	21,999,948	8.37
Xiamen C&D[16]	Beneficial owner	18,000,036	7.41	18,000,036	6.85

Name of Shareholder	Capacity/nature of interest	As of the Latest Practicable Date Number of Shares held	As of the Latest Practicable Date Approximate percentage of interest (%)	Immediately following completion of the Global Offering Number of Shares held	Immediately following completion of the Global Offering Approximate percentage of interest (%)
Xiamen Jianxin Investment Co., Ltd. (廈門建鑫投資有限公司) ("**Xiamen Jianxin**")(16)	Interest of controlled corporation	18,000,036	7.41	18,000,036	6.85
Xiamen Jianxing Capital Enterprise Management Consulting Co., Ltd. (廈門建興資本企業管理諮詢有限公司) ("**Xiamen Jianxing**")	Interest of controlled corporation	18,000,036	7.41	18,000,036	6.85
Xiamen C&D Emerging Venture Capital Co., Ltd. (廈門建發新興創業投資有限公司) ("**Xiamen C&D VC**")(16)	Interest of controlled corporation	18,000,036	7.41	18,000,036	6.85
Mr. CAI Xiaofan (蔡曉帆)(16)	Interest of controlled corporation	18,000,036	7.41	18,000,036	6.85
Xiamen C&D Emerging Industry Equity Investment Co., Ltd. (廈門建發新興產業股權投資有限責任公司) ("**Xiamen C&D Equity Investment**")(16)	Interest of controlled corporation	18,000,036	7.41	18,000,036	6.85
Xiamen C&D Group Co., Ltd. (廈門建發集團有限公司) ("**Xiamen C&D Group**")(16)	Interest of controlled corporation	18,000,036	7.41	18,000,036	6.85
Banyan Pacific(17)	Beneficial owner	22,610,668	9.30	22,610,668	8.61
Yeung Man(17)	Interest of controlled corporation	30,299,118	12.47	30,299,118	11.53

Notes:

*(1) Beyond Branding was wholly owned by Jovie Holding Limited, which is turn wholly owned by Trident Trust Company (HK) Limited ("**Trident Trust**"), being the trustee of Jovie Trust which is a trust established by Ms. Yin as the settlor and one of the beneficiaries. As such, each of Jovie Holding Limited, Trident Trust and Ms. Yin is deemed to be interested in the Shares held by Beyond Branding under the SFO.*

(2) These Shares represent Ms. Yin's entitlement to receive up to 2,500,000 Shares pursuant to the exercise of options granted to her under the Stock Incentive Plan, subject to the terms and conditions of these options.

(3) Q-robot was wholly owned by Helenatest Holding Limited, which is in turn wholly owned by Trident Trust, being the trustee of Helena Trust which is a trust established by Ms. YIN Juelian (殷珏蓮) as settlor and one of the beneficiaries. As such, each of Helenatest Holding Limited, Trident Trust and Ms. YIN Juelian (殷珏蓮) is deemed to be interested in the Shares held by Q-robot under the SFO.

(4) These Shares represent Ms. YIN Juelian (殷珏蓮)'s entitlement to receive up to 2,516,224 Shares pursuant to the exercise of options granted to her under the Stock Incentive Plan, subject to the terms and conditions of these options.

(5) Kiosk Joy was wholly owned by Iwan Holding Limited, which is in turn wholly owned by Trident Trust, being the trustee of Liwen Trust which is a trust established by Mr. CAO Liwen (曹理文) as settlor and beneficiary. As such, each of Iwan Holding Limited, Trident Trust and Mr. CAO Liwen (曹理文) is deemed to be interested in the Shares held by Kiosk Joy under the SFO.

(6) These Shares represent Mr. CAO Liwen (曹理文)'s entitlement to receive up to 2,500,000 Shares pursuant to the exercise of options granted to him under the Stock Incentive Plan, subject to the terms and conditions of these options.

(7) INSIGMA was wholly owned by Mr. WU Wenhong (吳文洪). As such, Mr. WU Wenhong (吳文洪) is deemed to be interested in the Shares held by INSIGMA under the SFO.

(8) These Shares represent Mr. WU Wenhong (吳文洪)'s entitlement to receive up to 1,000,000 Shares pursuant to the exercise of options granted to him under the Stock Incentive Plan, subject to the terms and conditions of these options.

(9) NeoBox was wholly owned by NeoWay Holding Limited, which is in turn wholly owned by Mr. HUANG Aihua (黃愛華). As such, each of NeoWay Holding Limited and Mr. HUANG Aihua (黃愛華) is deemed to be interested the Shares held by NeoBox under the SFO.

(10) These Shares represent Mr. HUANG Aihua (黃愛華)'s entitlement to receive up to 4,000,000 Shares pursuant to the exercise of options granted to him under the Stock Incentive Plan, subject to the terms and conditions of these options.

(11) Q-robot shop was wholly owned by Mr. QIAN Jun (錢俊). As such, Mr. QIAN Jun (錢俊) is deemed to be interested in the Shares held by Q-robot shop under the SFO.

(12) These Shares represent Mr. QIAN Jun (錢俊)'s entitlement to receive up to 2,500,000 Shares pursuant to the exercise of options granted to him under the Stock Incentive Plan, subject to the terms and conditions of these options.

(13) On June 27, 2023, Ms. Yin, Ms. YIN Juelian (殷珏蓮), Mr. CAO Liwen (曹理文), Mr. WU Wenhong (吳文洪), Mr. HUANG Aihua (黃愛華) and Mr. QIAN Jun (錢俊) entered into an acting-in-concert agreement, pursuant to which the signing parties have confirmed that they had been acting in concert by aligning their votes and following Ms. Yin's directions when exercising their voting rights at the shareholders' meetings in our Group since our establishment. As such, each of the Concert Parties and their respective holding vehicles are deemed to be interested in the Shares each other is interested in under the SFO.

(14) Shanghai Yuanjizhi is a limited partnership established in the PRC on November 1, 2021 and it is owned as to approximately 0.1% by Ferry Phase II Investment as its general partner and as to approximately 99.9% by Ferry Phase II. Ferry Phase II Investment is owned as to 86.50% by Shanghai Chuiying Enterprise Management Partnership (Limited Partnership) (上海垂穎企業管理合夥企業(有限合夥)), which is owned as to 33.0% by Mr. WANG Xuefeng (王學峰) as its general partner. Ferry Phase II is owned as to 0.98% by Ferry Phase II Investment.

Shanghai Yuanyuqu is a limited partnership established in the PRC on November 1, 2021 and it is owned as to approximately 0.09% by Wuxi Ferry as its general partner and as to 99.91% by Ferry Phase I as its limited partner. The general partner of Ferry Phase I is Wuxi Ferry and Ferry Phase I has five limited partners, including Mr. JIN Yong (金勇) being the largest limited partner with 39.60% partnership interest and the remaining four limited partners each holding less than one-third partnership interest.

Ferry Phase III is a limited partnership established in the PRC on October 25, 2021 and it is owned as to approximately 0.03% by Ferry Weilun as its general partner and as to approximately 99.97% by Suzhou Ferry as its limited partner. Ferry Weilun is owned as to approximately 7.02% by Wuxi Ferry Growth Enterprise Management Co., Ltd. (無錫源渡成長企業管理有限公司) as its general partner and approximately 92.98% by Shanghai Chuiying as its limited partner. The general partner of Suzhou Ferry is Ferry Weilun and Suzhou Ferry has 12 limited partners, each holding less than one-third partnership interest.

As such, each of Ferry Phase II Investment, Shanghai Chuiying, Ferry Phase II, Wuxi Ferry, Ferry Phase I, Ferry Weilun, Suzhou Ferry, Mr. JIN Yong and Mr. WANG Xuefeng is deemed to be interested in the Shares held by Shanghai Yuanjizhi, Shanghai Yuanyuqi and Ferry Phase III.

(15) Shanghai Junna is a limited partnership established in the PRC on October 20, 2021 and it is owned as to approximately 0.02% by Lasa Junqi as its general partner and as to approximately 99.98% by Beijing Legend as its limited partner. Lasa Junqi is wholly owned by Legend Capital, which is owned as to 80% by Juncheng Hezhong. Juncheng Hezhong is owned as to 0.01% by Junqi Jiarui as its general partner, 58.12% by Tianjin Huizhi No. 1 as its limited partner and 41.87% by Junlian Jieyou as its limited partner. Tianjin Huizhi No. 1 is owned as to 1.20% by Junqi Jiarui as its general partner, as to 34.68% by Mr. ZHU Linan (朱立南) as its largest limited partner, and the remaining 64.12% by the other 14 limited partners, each holding less than one-third partnership interest. Junqi Jiarui is owned as to 40% by Mr. CHEN Hao (陳浩) and three other individual shareholders which respectively holds 20% equity interest, each an Independent Third Party. The general partner of Junlian Jieyou is also Junqi Jiarui. Junlian Jieyou has 18 limited partners, each holding less than one-third partnership interest. The general partner of Beijing Legend is Lasa Junqi. Beijing Legend has 21 limited partners, with National Council for Social Security Fund of The People's Republic of China (全國社會保障基金理事會) being its largest limited partner holding 33.33% partnership interest and the remaining 20 limited partners each holding less than one-third partnership interest. As such, each of Lasa Junqi, Beijing Legend, Mr. Zhu Linan and Mr. CHEN Hao is deemed to be interested in the Shares held by Shanghai Junna under the SFO.

(16) Xiamen C&D is a limited partnership established in the PRC on June 27, 2016 and it is owned as to approximately 1.52% by Xiamen Jianxin as its general partner, as to approximately 49.09% by Xiamen C&D VC as the largest limited partner and as to the remaining 49.39% by the other five limited partners. Xiamen Jianxin is owned as to 51.0% by Xiamen Jianxing and 49.0% by Xiamen C&D VC. Xiamen Jianxing is owned as to 51.0% by CAI Xiaofan (蔡曉帆), an Independent Third Party. Xiamen C&D VC is wholly owned by Xiamen C&D Equity Investment. Xiamen C&D Equity Investment is wholly owned by Xiamen C&D Group, which is in turn wholly owned by the State-owned Assets Supervision And Administration Commission of Xiamen People's Government (廈門市人民政府國有資產監督管理委員會).

(17) Banyan Pacific is a limited liability company incorporated in the BVI on December 12, 2013 and is wholly owned by Mr. Yeung Man. BPC is a limited liability company incorporated in the BVI on April 4, 2022 and it is owned as to 95.0% by Mr. Yeung Man. As such, Mr. Yeung Man is deemed to be interested in the Shares held by Banyan Pacific and BPC.

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following completion of the Global Offering (assuming the options granted under the Stock Incentive Plan are not exercised), without taking into account the Offer Shares that may be taken up under the Global Offering, have any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, 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 our Company or any other member of our Group.

BOARD OF DIRECTORS

Our Board of Directors consists of eight Directors, with three executive Directors, two non-executive Directors and three independent non-executive Directors. Our Board of Directors serves a term of three years and is responsible and has general powers for the management and conduct of our business.

The table below sets out certain information of our Directors.

Name	Age	Position(s)	Date of appointment as Director	Date of founding/ joining our Group	Role and responsibilities	Relationship with other Directors or senior management
Ms. YIN Juehui (殷珏輝)	48	Executive Director, chairwoman of the Board and chief executive officer	June 15, 2021	July 2013	Responsible for supervising and providing overall management, operation and strategies of our Group	Sister of Ms. YIN Juelian (殷珏蓮)
Mr. CAO Liwen (曹理文)	50	Executive Director and vice president of sales	September 22, 2021	July 2013	Responsible for daily operations, sales business, sales strategies and sales team management in our Group	None
Mr. HUANG Aihua (黃愛華)	47	Executive Director and chief technology officer	September 22, 2021	April 2015	Responsible for technology R&D for our products, and day-to-day management of our R&D department	None
Mr. DAI Jianchun (戴建春)	47	Non-executive Director	September 22, 2021	March 2014	Providing professional opinion to the Board	None
Mr. CHEN Rui (陳瑞)	50	Non-executive Director	September 22, 2021	October 2016	Providing professional opinion to the Board	None
Dr. CHE Lufeng (車錄鋒)	53	Independent non-executive Director	August 23, 2023	Listing Date	Responsible for providing independent advice and judgment to the Board	None
Mr. ZHU Lin (朱霖)	50	Independent non-executive Director	August 23, 2023	Listing Date	Responsible for providing independent advice and judgment to the Board	None
Dr. YANG Bo (楊波)	48	Independent non-executive Director	August 23, 2023	Listing Date	Responsible for providing independent advice and judgment to the Board	None

The following sets forth the biographies of our Directors:

Executive Directors

Ms. YIN Juehui (殷珏輝), aged 48, is an executive Director, chairwoman of the Board and chief executive officer of our Group. She founded our Group in July 2013 and has been serving as a director, chief executive officer and chairwoman of the board of directors of Shanghai Quna since then. She was appointed as chairwoman of the Board since March 2014, chief executive officer in June 2021, and was redesignated as an executive Director on August 23, 2023. Ms. Yin has also served as the legal representative of Shanghai Quzhi and Shanghai Quxuan since December 2021 and March 2018 respectively. She served as an executive director and the general manager of Quzhi Xiamen from May 2015 to October 2021. She is responsible for supervising and providing overall management, operation and strategies of our Group.

Ms. Yin has more than 24 years of experience in the telecommunications and technology-related industry. From October 2003 to June 2013, she served as the general manager of Shanghai Suteng Information Technology Co., Ltd. (上海蘇騰信息科技有限公司). From March 1998 to March 2002, she worked as a manager at Jiangsu Telecom Company Limited (江蘇省電信有限公司).

Ms. Yin obtained her bachelor's degree in economics from Nanjing University (南京大學) in the PRC in June 1998. She further completed the EMBA program of the Cheung Kong Graduate School of Business (長江商學院) in the PRC in October 2023.

Ms. Yin is the sister of Ms. YIN Juelian (殷珏蓮), the chief financial officer of our Group.

Quzhi Xiamen is our former subsidiary which was dissolved on a voluntary basis by way of deregistration on April 24, 2022 due to cessation of its business. Ms. Yin confirmed that, to the best of her knowledge and belief, there was no wrongful act on her part leading to the deregistration of Quzhi Xiamen and as of the Latest Practicable Date, no claims had been made against her and she was not aware of any threatened or potential claims made against her and there are no outstanding claims and/or liabilities as a result of the deregistration of Quzhi Xiamen.

Mr. CAO Liwen (曹理文), aged 50, is an executive Director and a vice president of sales of our Group. He joined our Group in July 2013 as a vice president of sales and was appointed as our Director in September 2021. He was redesignated as an executive Director on August 23, 2023. He is responsible for daily operations, sales business, sales strategies and sales team management in our Group.

Mr. Cao has more than 22 years of sales experience. From November 2007 to September 2013, he served as a vice president of sales at Shanghai Suteng Information Technology Co., Ltd. Beijing Chaoyang Branch Company (上海蘇騰信息科技有限公司北京朝陽分公司) ("**Suteng Technology**"). From July 2001 to November 2007, he worked as a sales manager and then a sales director at Motorola Systems (China) Co., Ltd. Beijing Branch (摩托羅拉系統(中國)有限公司北京分公司).

Mr. Cao obtained his bachelor's degree in computer science and engineering from Beihang University (北京航空航天大學) in the PRC in July 1996.

Suteng Technology is a company dissolved on a voluntary basis by way of deregistration on April 7, 2015 due to cessation of its business. Mr. Cao confirmed that, to the best of his knowledge and belief, there was no wrongful act on his part leading to the deregistration of Suteng Technology and as of the Latest Practicable Date, no claims had been made against him and he was not aware of any threatened or potential claims made against him and there are no outstanding claims and/or liabilities as a result of the deregistration of Suteng Technology.

Mr. HUANG Aihua (黃愛華), aged 47, is an executive Director and the chief technology officer of our Group. He joined our Group in April 2015 as the chief technology officer and was appointed as our Director in September 2021. He was redesignated as an executive Director on August 23, 2023. He is responsible for technology R&D for our products and day-to-day management of our R&D department.

Mr. Huang has more than 17 years of experience in computer programming and software development. From March 2010 to April 2015, he served as a director and chief technology officer of Guangzhou Jiubang Digital Technology Co., Ltd. (廣州市久邦數碼科技有限公司). From 2007 to 2010, he worked at AT&T Mobile, responsible for mobile communication platform architecture design and software development.

Mr. Huang obtained his bachelor's degree in science majoring in microelectronics from Peking University (北京大學) in the PRC in July 1998. He further obtained his master's degree in microelectronics and solid state electronics from Peking University in June 2001. He obtained his second master's degree in science from North Carolina State University in the United States in December 2003.

Non-executive Directors

Mr. DAI Jianchun (戴建春), aged 47, is a non-executive Director. He joined our Group as a director of Shanghai Quna in March 2014. He was appointed as our Director in September 2021, and was redesignated as a non-executive Director on August 23, 2023.

Mr. Dai has more than 18 years of experience in capital markets and equity investment management. Since January 2020, he has served as a deputy general manager at Ferry Equity Investment Management (Shanghai) Co., Ltd. (源渡股權投資管理(上海)有限公司). Since February 2017, he has served as the representative of the executive partner of Suzhou Ferry

Growth Investment Partnership (Limited Partnership) (蘇州源渡成長投資合夥企業(有限合夥)). From August 2013 to December 2019, he worked as an investment director at Wuxi Ferry Equity Investment Management Limited (無錫源渡股權投資管理有限公司). From April 2011 to July 2013, he worked as an investment director at Wuxi Ferry VC Consulting Limited (無錫沅渡創業諮詢有限公司). From April 2010 to March 2011, he worked as an investment director at Wuxi Ferry VC Consulting Co., Ltd. (無錫沅渡投資諮詢有限公司). From August 2002 to September 2006, he worked in the capital markets department at China Citic Bank Corporation Limited (中信銀行股份有限公司).

Mr. Dai obtained his bachelor's degree in management information systems from Tsinghua University (清華大學) in the PRC in July 2000. He further obtained his master's degree in quantitative economics from Tsinghua University in the PRC in July 2002.

Mr. CHEN Rui (陳瑞), aged 50, is a non-executive Director. He joined our Group as a director of Shanghai Quna in October 2016. He was appointed as our Director in September 2021 and was redesignated as a non-executive Director on August 23, 2023.

Mr. Chen has more than 23 years of experience in investment and management. Since February 2005, he has held multiple positions at Legend Capital Management Co., Ltd. (君聯資本管理股份有限公司), including co-chief investment officer since April 2021, managing director from April 2015 to March 2021, executive director from October 2013 to March 2015, director from October 2010 to September 2013, vice president of the investment team from April 2008 to September 2010 and associate from February 2005 to March 2008. Since October 2023, he has served as a non-executive director of Gambol Pet Group Co., Ltd. (乖寶寵物食品集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 301498). Since December 2019, he has served as a non-executive director of Renrui Human Resources Technology Holdings Limited (人瑞人才科技控股有限公司), a company listed on the Stock Exchange (stock code: 6919). From June 1999 to November 2002, he successively worked as an engineer, manager of the engineering technology department and then deputy general manager at Shenzhen Linker Industrial Co., Ltd (深圳市菱科實業有限公司).

Mr. Chen obtained his bachelor's degree in science majoring in electronics and information systems from Shanxi University (山西大學) in the PRC in July 1997. He further obtained his master's degree in business administration from Fordham University in the United States in February 2005.ep

Independent Non-executive Directors

Dr. CHE Lufeng (車錄鋒), aged 53, is our independent non-executive Director. From November 2018 to June 2021, he served as an independent non-executive director of Shanghai Quna. He was appointed as our independent non-executive Director on August 23, 2023 with effect from the Listing Date. He is responsible for providing independent advice and judgment to the Board.

Dr. Che has more than 24 years of experience in scientific research. Since April 2016, he has worked as a professor at Zhejiang University (浙江大學). From November 1999 to April 2016, he worked as a postdoctoral fellow and then a researcher at the Shanghai Institute of Microsystem and Information Technology, Chinese Academy of Sciences (中國科學院上海微系統與信息技術研究所).

Dr. Che obtained his bachelor's degree in engineering majoring in machinery manufacturing process and equipment from the Changchun College of Optics and Fine Mechanics (長春光學精密機械學院) (currently known as Changchun University of Science and Technology (長春理工大學)) in the PRC in July 1993. He further obtained his master's degree in electromechanical control and automation from the Changchun Institute of Optics, Fine Mechanics and Physics, China Academy of Sciences (中國科學院長春光學精密機械研究所) in the PRC in May 1996. He further obtained his doctor's degree in mechanical engineering from Zhejiang University (浙江大學) in the PRC in October 1999. Dr. Che has been certified by the Zhejiang Province Human Resources and Social Security Department (浙江省人力資源和社會保障廳) as a professor since December 2016.

Mr. ZHU Lin (朱霖), formerly known as Mr. Zhu Xiaolin (朱小林), aged 50, is our independent non-executive Director. From November 2018 to June 2021, he served as an independent non-executive director of Shanghai Quna. He was appointed as an independent non-executive Director on August 23, 2023 with effect from the Listing Date. He is responsible for providing independent advice and judgment to the Board.

Mr. Zhu has approximately 28 years of experience in accounting and consulting. Since March 2006, he has served as an executive director of Beijing Legendhouse Consulting Co. Ltd. (北京潤勤諮詢有限公司). Since December 2005, he has served as a partner of Beijing Legendhouse Certified Public Accountants (General Partnership) (北京潤衡會計師事務所(普通合夥)). From October 2003 to September 2005, he worked at PricewaterhouseCoopers Consulting (Shenzhen) Co., Ltd. (普華永道諮詢(深圳)有限公司北京分公司) with his last position being a senior manager of mergers and acquisitions. From July 1995 to September 2003, he worked at PricewaterhouseCoopers Zhong Tian Co., Ltd. (普華永道中天會計師事務所(特殊普通合夥)) with his last position being a senior manager of the audit department.

Mr. Zhu has also held directorships in certain listed companies. Since October 2020, he has served as a non-executive director of Jiangsu Changshu Automotive Trim Group Co., Ltd. (江蘇常熟汽飾集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603035). Since June 2020, he has served as an independent non-executive director of Archosaur Games Inc. (祖龍娛樂有限公司), a company listed on the Stock Exchange (stock code: 9990). Since March 2015, he has served as an independent non-executive director of Tsaker New Energy Tech Co., Limited (彩客新能源科技有限公司) (formerly known as Tsaker Chemical Group Limited (彩客化學集團有限公司)), a company listed on the Stock Exchange (stock code: 1986). From November 2020 to August 2022, he served as an independent non-executive director of Sino-Ocean Service Holding Limited (遠洋服務控股有限公司), a company listed on the Stock Exchange (stock code: 6677). From September 2017 to May 2021, he served as an independent director of Sinostar Cable CO., LTD. (中辰電纜股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300933).

Mr. Zhu obtained his bachelor's degree in overseas financial accounting from the Central College of Fiscal and Finance (中央財政金融學院) (currently known as the Central University of Finance and Economics (中央財經大學)) in the PRC in June 1995. He has been certified by The Chinese Institute of Certified Public Accounts (中國註冊會計師協會) as a certified public accountant since February 2000.

Dr. YANG Bo (楊波), aged 48, is our independent non-executive Director. He was appointed as an independent non-executive Director on August 23, 2023 with effect from the Listing Date. He is responsible for providing independent advice and judgment to the Board.

Dr. Yang has more than 25 years of experience in education. Since April 2023, he has served as an independent director of Suning.com Co., LTD. (蘇寧易購集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002024). Since June 1998, he has worked at Nanjing University Business School (南京大學商學院), with his current position being an associate professor.

Dr. Yang obtained his bachelor's degree in economics majoring in business management from Nanjing University (南京大學) in the PRC in June 1998. He further obtained his master's degree in business administration from the Maastricht School of Management in the Netherlands in August 2002. He obtained another master's degree in economics majoring in finance from Nanjing University in June 2003. He further obtained his doctor's degree in finance from Nanjing University in June 2009. Dr. Yang obtained his teaching qualification for higher education from the Jiangsu Education Department (江蘇省教育廳) in November 2010.

General

Our Directors have confirmed that:

(1) he/she has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on June 25, 2023 and understood his/her obligations as a director of a listed issuer;

(2) save as disclosed in the paragraph headed "Statutory and General Information – C. Further Information about Our Directors – 2. Particulars of Directors' Service Contracts and Appointment Letters" in Appendix IV to this prospectus, none of our Directors has any existing or proposed service contract with our Group other than contracts expiring or determinable by the relevant member of our Group within one year without payment of compensation (other than statutory compensation);

(3) save as disclosed in the paragraph headed "Statutory and General Information – C. Further Information about Our Directors – 1. Disclosure of Interests" in Appendix IV to this prospectus and above, each of our Directors has no interest in the Shares within the meaning of Part XV of the SFO;

(4) save as disclosed above, each of our Directors does not hold and has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date and as of the Latest Practicable Date;

(5) save as disclosed above and in this prospectus, other than being a Director of our Group, none of our Directors has any relationship with any other Directors, senior management or substantial shareholders of our Group; and

(6) save as disclosed in this prospectus, none of our Directors completed his/her respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

Except as disclosed in this prospectus, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries:

(1) there is no other matter with respect to the appointment of our Directors that needs to be brought to the attention to the Shareholders as of the Latest Practicable Date; and

(2) there is no other information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as of the Latest Practicable Date.

Each of our independent non-executive Directors has confirmed:

(1) his independence after taking into consideration each of the factors referred to under Rules 3.13(1) to 3.13(8) of the Listing Rules;

(2) that he does not have any past or present financial or other interest in the business of our Company or our subsidiaries, or any connection with any core connected person of our Company; and

(3) that there are no other factors which may affect his independence at the time of his appointment as our independent non-executive Director.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of our business. The table below sets out certain information in respect of the senior management of our Group.

Name	Age	Position(s)	Date of appointment as senior management	Date of founding/joining our Group	Role and responsibilities	Relationship with other Directors or senior management
Ms. YIN Juehui (殷珏輝)	48	Executive Director, chairwoman of the Board and chief executive officer	July 18, 2013	July 2013	Responsible for supervising and providing overall management, operation and strategies of our Group	Sister of Ms. YIN Juelian (殷珏蓮)
Mr. CAO Liwen (曹理文)	50	Executive Director and vice president of sales	July 18, 2013	July 2013	Responsible for daily operations sales business, sales strategies and sales team management in our Group	None
Mr. HUANG Aihua (黃愛華)	47	Executive Director and chief technology officer	April 7, 2015	April 2015	Responsible for technology R&D for our products and day-to-day management of our R&D department	None
Ms. YIN Juelian (殷珏蓮)	46	Chief financial officer	August 23, 2023	July 2013	Responsible for overseeing financial operations and capital management of our Group	Sister of Ms. YIN Juehui (殷珏輝)

The following sets forth the biographies of our senior management:

Ms. YIN Juehui (殷珏輝) is an executive Director, chairwoman of the Board and chief executive officer of our Group. Please refer to her biography in the paragraph headed "– Board of Directors – Executive Directors" in this section.

Mr. CAO Liwen (曹理文) is an executive Director and a vice president of sales of our Group. Please refer to his biography in the paragraph headed "– Board of Directors – Executive Directors" in this section.

Mr. HUANG Aihua (黃愛華) is an executive Director and the chief technology officer of our Group. Please refer to his biography in the paragraph headed "– Board of Directors – Executive Directors" in this section.

Ms. YIN Juelian (殷珏蓮), aged 46, is the chief financial officer of our Group. She joined our Group in July 2013 as a deputy general manager of Shanghai Quna and was appointed as our chief financial officer on August 23, 2023. She has also served as the legal representative of Shanghai Quleduo since August 2021 and a director of our Company from September 2021 to June 2023.

Ms. YIN Juelian has more than 24 years of experience in trade management. From September 2004 to June 2013, she worked as a deputy general manager at Nanjing Lingyi New Technology Co., Ltd. (南京靈翼新科技有限公司). From August 1999 to August 2003, she worked as an export manager at Jiangsu Holly Corporation (江蘇弘業股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600128).

Ms. YIN Juelian obtained her bachelor's degree in engineering majoring in industrial foreign trade from the Nanjing University of Science and Technology (南京理工大學) in the PRC in July 1999.

Ms. YIN Juelian is the sister of Ms. Yin, an executive Director, chairwoman of the Board and chief executive officer of our Group.

General

Save as disclosed above, each of our senior management members has confirmed that:

(1) he/she does not hold any other positions in our Group as of the Latest Practicable Date;

(2) save as disclosed above and in this prospectus, other than being a Director and/or a member of our Group's senior management and a selected participant of the Stock Incentive Plan, he/she does not have any other relationship with any Directors, other members of senior management or substantial shareholders of our Group as of the Latest Practicable Date;

(3) he/she does not hold and has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date and as of the Latest Practicable Date; and

(4) he/she has not completed his/her respective education programs as disclosed in this section by way of attendance of long distance learning or online courses.

JOINT COMPANY SECRETARIES

Mr. CHENG Xing (程幸) was appointed as a joint company secretary of our Company on August 23, 2023. He has also been serving as our legal director and the assistant to the chairwoman of our Board since April 2023. He is responsible for assisting the chairwoman and supporting our Board.

Mr. Cheng has more than six years of experience in investment management. From April 2020 to April 2023, he worked as a deputy general manager at Zhejiang Changyi Investment Co., Ltd. (浙江昌益投資有限公司). From July 2019 to March 2020, he worked as a deputy director of investment at Jiangmen Sugarcane Chemical Factory (Group) Co., Ltd. (江門甘蔗化工廠(集團)股份有限公司). From January 2018 to July 2019, he worked as an investment manager at Shanghai Wuniu Equity Investment Fund Management Co., Ltd. (上海五牛股權投資基金管理有限公司). From July 2017 to January 2018, he worked as an investment manager at Shanghai Ronseal Venture Capital Management Co., Ltd. (上海融璽創業投資管理有限公司).

Mr. Cheng obtained his bachelor's degree in social work and accounting from the Zhejiang University of Finance & Economics (浙江財經大學) in the PRC in June 2013. He further obtained his master's degree in law from Beijing Normal University (北京師範大學) in the PRC in June 2017. He has been certified by The Chinese Institute of Certified Public Accountants (中國註冊會計師協會) as a certified public accountant since March 2020. He obtained his legal professional qualification from the Ministry of Justice of the PRC (中華人民共和國司法部) in August 2013, and obtained his board secretary qualification from the Shenzhen Stock Exchange in July 2022.

Ms. FUNG Po Ting (馮寶婷) was appointed as a joint company secretary of our Company on August 23, 2023. She currently serves as a manager in the listing services department at TMF Hong Kong Limited. She is responsible for providing corporate secretarial and compliance services to listed companies.

Ms. Fung has more than 12 years of experience in the corporate secretarial field. She obtained her bachelor's degree of business administration in corporate administration and her master's degree in corporate governance from Hong Kong Metropolitan University (香港都會大學) (formerly known as The Open University of Hong Kong (香港公開大學)) in Hong Kong in 2016 and 2020, respectively. Ms. Fung is an associate member with the designation of Chartered Secretary and Chartered Governance Professional of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

BOARD COMMITTEES

We have established the following committees on our Board: the Audit Committee, the Remuneration Committee and the Nomination Committee. The committees operate in accordance with the terms of reference established by our Board.

Audit Committee

Our Company has established an Audit Committee (effective from the Listing Date) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"). The Audit Committee consists of Dr. CHE Lufeng (車錄鋒), Mr. ZHU Lin (朱霖) and Dr. YANG Bo (楊波), with Mr. ZHU Lin (朱霖) serving as the chairperson. Mr. ZHU Lin (朱霖) holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee are to assist our Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group, overseeing the audit process, and performing other duties and responsibilities as assigned by our Board.

Remuneration Committee

Our Company has established a Remuneration Committee (effective from the Listing Date) with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of part 2 of the Corporate Governance Code. The Remuneration Committee consists of Ms. Yin, Mr. ZHU Lin (朱霖) and Dr. YANG Bo (楊波), with Dr. YANG Bo (楊波) serving as the chairperson. The primary duties of the Remuneration Committee include, but are not limited to, the following: (i) making recommendations to our Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Board from time to time; and (iv) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

Nomination Committee

Our Company has established a Nomination Committee (effective from the Listing Date) with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of part 2 of the Corporate Governance Code. The Nomination Committee consists of Ms. Yin, Dr. CHE Lufeng (車錄鋒) and Dr. YANG Bo (楊波), with Ms. Yin serving as the chairperson. The primary functions of the Nomination Committee include, but are not limited to, reviewing the structure, size and composition of our Board, assessing the independence of independent non-executive Directors and making recommendations to our Board on matters relating to the appointment of Directors.

CORPORATE GOVERNANCE

Code Provision C.2.1 of Part 2 of the Corporate Governance Code

Under paragraph C.2.1 of part 2 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Ms. Yin is the chairwoman of our Board and chief executive officer of our Company. With experience in the telecommunications industry and having served in our Company since its establishment, Ms. Yin is in charge of supervising and providing overall management, operation and strategies of our Group. Despite the fact that the roles of the chairwoman of our Board and chief executive officer of our Company are both performed by Ms. Yin which constitutes a deviation from paragraph C.2.1 of part 2 of the Corporate Governance Code, our Board considers that vesting the roles of both the chairwoman of the Board and chief executive officer all in Ms. Yin has the benefit of ensuring consistent leadership and more effective and efficient overall strategic planning of our Company. The balance of power and authority is ensured by the operation of our Board and our senior management, each of which comprises experienced and diverse individuals. Our Board currently comprises three executive Directors, two non-executive Directors and three independent non-executive Directors. Therefore, our Board possesses a strong independence element in its composition. Save as disclosed above, our Company intends to comply with all code provisions under the Corporate Governance Code after the Listing.

Board Diversity

We have adopted a board diversity policy (the "**Board Diversity Policy**") to enhance the effectiveness of our Board and to maintain a high standard of corporate governance. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a range of diversity perspectives with reference to our Company's business model and specific needs, including but not limited to gender, age, language, cultural and educational background, professional qualifications, skills, knowledge, industry and regional experience and/or length of service.

Our Directors have a balanced mix of knowledge and skills, including but not limited to engineering, computer programming, equity investment management, real estate development and human resource management. They obtained degrees in various majors including economics, computer science, engineering and business administration, etc. Furthermore, our Board has a relatively wide range of ages, ranging from 47 years old to 53 years old, and consists of seven male members and one female member. Our Board is of the view that our Board satisfies the Board Diversity Policy. The Nomination Committee is responsible for reviewing the diversity of the Board, reviewing the Board Diversity Policy from time to time, developing and reviewing measurable objectives for implementing the Board Diversity Policy, and monitoring the progress on achieving these measurable objectives in order to ensure that the policy remains effective. Our Company will (i) disclose the biographical details of each Director and (ii) report on the implementation of the Board Diversity Policy (including whether we have achieved board diversity) in its annual corporate governance report. In particular, our

Group will take opportunities to increase the proportion of female members of the Board when selecting and recommending suitable candidates for Board appointments to help enhance gender diversity in accordance with stakeholder expectations and recommended best practices. Our Group also intends to promote gender diversity when recruiting staff at the mid to senior level so that our Company will have a pipeline of female senior management and potential successors to the Board. We believe that such merit-based selection process with reference to our Board Diversity Policy and the nature of our business will be in the best interests of our Group and our Shareholders as a whole.

COMPETITION

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

STOCK INCENTIVE PLAN

We have adopted the Stock Incentive Plan, details and principal terms of which are set out in the paragraph headed "Statutory and General Information – D. Stock Incentive Plan" in Appendix IV to this prospectus.

COMPENSATION OF DIRECTORS AND MANAGEMENT

Our Directors receive compensation in the form of fees, salaries, allowances and benefits in kind, performance related bonuses, our Company's contribution to the pension scheme on their behalves and share incentive plan expenses. Our Directors' remuneration is determined with reference to the relevant Director's experience and qualifications, level of responsibility, performance and the time devoted to our business, and the prevailing market conditions.

The aggregate amounts of remuneration which were paid to our Directors (including fees, salaries, allowances and benefits in kind, discretionary bonuses, pension scheme contributions, and equity-settled share award expenses) for the three financial years ended December 31, 2021, 2022 and 2023 were approximately RMB2.6 million, RMB2.4 million and RMB2.4 million, respectively.

It is estimated that the aggregate amount of remuneration payable to our Directors for the financial year ending December 31, 2024 will be approximately RMB2.3 million under arrangements in force as of the date of this prospectus.

For the three financial years ended December 31, 2021, 2022 and 2023, there were three, three and three Directors among the five highest paid individuals, respectively. The aggregate amounts of remuneration which were paid by our Group to the five highest paid individuals (excluding Directors) for the three financial years ended December 31, 2021, 2022 and 2023 were RMB1.4 million, RMB1.4 million and RMB1.4 million, respectively.

During the Track Record Period, (i) no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining our Group, (ii) no compensation was paid to, or receivable by, our Directors or past Directors or the five highest paid individuals for the loss of office as a director of any member of our Group or any other office in connection with the management of the affairs of any member of our Group, and (iii) none of our Directors waived or agreed to waive any emoluments.

Except as disclosed above, no other payment has been paid, or is payable, by our Group to our Directors or the five highest paid individuals of our Group during the Track Record Period.

For additional information on Directors' remuneration during the Track Record Period as well as information on the five highest paid individuals, please refer to Notes 8 and 9 of the Accountants' Report as set out in Appendix I to this prospectus.

COMPLIANCE ADVISER

We have appointed Innovax Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following circumstances:

- before the publication of any announcements, circulars or financial reports required by regulatory authorities or applicable laws;
- where a transaction, which might be a notifiable or connected transaction under Chapters 14 and 14A of the Listing Rules, is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of us regarding unusual price movement and trading volume or other issues under Rule 13.10 of the Listing Rules.

The terms of the appointment shall commence on the Listing Date and end on the date which we distribute our annual report of our financial results for the first full financial year commencing after the Listing Date.

FUTURE PLANS AND PROSPECTS

See "Business – Our Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$465.0 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering and assuming an Offer Price of HK$27.35 per Share, which is the mid-point of the indicative Offer Price range stated in this prospectus. If the Offer Price is set at HK$29.70 per Share, which is the high end of the indicative Offer Price range, the net proceeds from the Global Offering will increase by approximately HK$44.4 million. If the Offer Price is set at HK$25.00 per Share, which is the low end of the indicative Offer Price range, the net proceeds from the Global Offering will decrease by approximately HK$44.4 million.

Assuming an Offer Price at the mid-point of the Offer Price range, we currently intend to apply these net proceeds for the following purposes:

➢ 32.0%, or approximately HK$148.8 million, will be allocated to expand our vending machine network and increase market penetration over the next four years. Specifically:

- 24.0%, or approximately HK$111.6 million, will be allocated towards the expansion of our vending machine network across tier one and new tier one cities in China. We plan to extend our coverage and penetration by targeting various locations including shopping malls, office premises, and rental apartments. The selection of these locations will be based on a detailed assessment process, taking into account factors such as local consumer behavior and characteristics of the locations. Currently, we intend to purchase and put into use 1,000 new vending machines per year over the next two years, 800 new vending machines in the third year and 580 new vending machines in the fourth year by using the net proceeds to keep pace with evolving customer preferences and expected recovery in customer demand due to the lifting of COVID-19-related restrictions after late 2022 and the abatement of the COVID-19 pandemic. Our plan to expand our vending machine network corresponds to our projection on the growth of future market demand. Such projection was based on the following factors that give rise to our business needs:

(i) ***Industry Tailwinds***. The overall market demand for FMCG outdoor marketing service has experienced and is expected to accelerate its stable growth. Capitalizing on the continuous growth of FMCG industry in China and leveraging FMCG outdoor marketing service' technological advantages and ability to effectively address the unsolved needs from

FMCG brands, FMCG outdoor marketing market in China has experienced steady growth in recent years at a CAGR of 3.0% from 2019 to 2023, which is expected to keep growing with a CAGR of 10.2% from 2023 to 2028. For more details regarding the expected sufficiency of market demand, see "Industry Overview – China's FMCG Outdoor Marketing Market – Market Size of FMCG Outdoor Marketing" and "Industry Overview – China's FMCG Outdoor Marketing Market – Trends of FMCG Outdoor Marketing Market in China"; and

(ii) ***Endogenous Growth***. The robust demand for our marketing service has been evidenced by our market position, and we expect it to continue its growth basing on our operational and financial performance during and subsequent to the Track Record Period. According to CIC, FMCG outdoor marketing market accounts for 6.4% market share of the FMCG marketing market in 2023, and we are the fourth largest FMCG outdoor marketing service provider in China in terms of revenue in 2023, with a market share of approximately 1.2%, while the largest market player had a market share of 14.3%, and we experienced rapid growth in revenue throughout the Track Record Period. Especially, we have observed the revitalization of offline shopping and consumption activities, as well as increase in outdoor social and tourism activities since early 2023. To fully harness the business opportunities therein, we need to expand and upgrade our vending machine network to improve its capabilities that could further enhance our competitiveness. Furthermore, considering (i) the number of vending machines that will be decommissioned typically due to the expiration of their service life, and (ii) the necessity to maintain a vending machine redundancy rate[(1)] of 10-15%, estimated based on our redundancy rates during the Track Record Period, which were approximately 14.0%, 14.2%, and 14.7%, in 2021, 2022 and 2023, respectively, to allow us to rapidly reallocate vending machines across different cities and locations, we have the business need to procure additional vending machines to maintain our vending machine network.

Overall, leveraging our competitive strengths that laid the foundation of our historical strong growth during the Track Record Period, the gradual recovery of utilization of vending machines and through the implementation of our strategies, we plan to seize the trend of industry consolidation, replacement needs and industry upgrade in China, so that we can continue to achieve above-average growth and further capture market share.

1 The redundancy rate for a year = 1 – (the average of the number of vending machines on site at the beginning and end of a year)/(the average of the number of total vending machines at the beginning and end of a year).

- 8.0%, or approximately HK$37.2 million, will be allocated to cover the placement costs of new locations intended for the installation of additional vending machines. The placement costs primarily comprises site fees and site expansion fees. As we currently intend to use the net proceeds to purchase and put into use 1,000 new vending machines per year over the next two years, 800 new vending machines in the third year and 580 new vending machines in the fourth year, we expect the sum of such site fees and site expansion fees per vending machine to fluctuate between RMB6,000 to RMB7,000 per year depending on the sites and locations for vending machines. In addition, we plan to acquire additional operations and maintenance personnel to support our vending machine network expansion. Commensurate with the expected increase in our number of vending machines, we currently intend to use the net proceeds to engage on average around 18 operations and maintenance personnel per year with an average annual remuneration package of approximately RMB0.2 million. These personnel will be primarily responsible for equipment maintenance and replenishment, as well as other operational tasks related to site management. For the years subsequent to the first one in which such fees and personnel expenses are incurred, we plan to pay for such fees and expenses using our operating cashflow.

We expect our expanded vending machine network and increased market penetration to increase our revenue while incurring additional fixed costs primarily related to depreciation and amortization charges and site fees and also increasing expenses. Through effectively shortening the radius to reach target consumers, minimizing their cost to experience products, and further improving consumer access, we believe such measures will further enhance our profitability. However, if the revenue generated from these new vending machines could not sufficiently cover the increase in our corresponding costs, our gross profit margin and cash flow may be adversely affected. See "Business – Our Strategies – Further Optimize and Expand our Vending Machine Network Layout and Improve Effective Consumer Reach" for further details. For risks related to the plan, please see "Risk Factors – If the FMCG outdoor marketing market in our primary operating regions grows more slowly than expected or fails to grow, it could adversely affect the demand for our services", "Risk Factors – We may not be able to find suitable sites for our vending machines on commercially acceptable terms, if at all. Any substantial increase in occupancy fee and/or utilization cost, non-renewal, or unexpected early termination of cooperation agreements may affect our business" and "Risk Factors – If we fail to achieve our vending machine network expansion plan as expected, our business, financial condition and results of operations may be materially and adversely affected."

➢ 13.0%, or approximately HK$60.5 million, will be allocated to provide enhanced marketing service over the next four years, with a focus on improving user operations and enhancing our service offerings. Specifically:

- 10.0%, or approximately HK$46.5 million, will be allocated to expand our user pool and continue to enhance our membership system. Our digital strategies, including online marketing and social media promotions, aim to attract a broader audience and encourage them to become our users. We plan to continue to enhance our membership system. We aim to strengthen our marketing strategies related to our members by implementing the following initiatives: (i) hosting regular promotional events like exclusive discount days and limited-time offers to encourage more frequent shopping among our members, (ii) implementing a points and rewards system to allow our members to earn points through purchases and participation, with features including points redemption for goods, coupons, and discounts, and (iii) considering the introduction of a subscription-based premium membership program, offering additional benefits to our premium members such as extra coupons, exclusive pricing on products, complimentary trials of new products, and free shipping. We may consider to charge fixed membership fees to our premium members for the premium membership program.

  Additionally, we will continue operating various content platforms, such as social media, and producing compelling content to foster user interaction and engagement. By collaborating with venue operators, we plan to leverage our vending machines to execute innovative offline marketing activities, including utilizing their sensory interaction modules to encourage interaction between users and our vending machines, holding in-store promotions, anniversary events, and holiday campaigns. These online content platform operations and offline marketing activities are estimated to incur an average total cost of approximately RMB2.3 million per year over the next four years.

  In addition, our user pool expansion plan and membership system enhancement will witness moderate increases in average user acquisition and premium member operation costs to encourage users' conversion and retention. Due to such efforts, we currently expect to expand our user pool by approximately 350,000 annually on average at a user acquisition cost of around RMB19 per user. Upon our launch of the premium membership program when we deem appropriate, we expect 10% of such expanded users may convert to our premium members in our membership system and incur an operating cost of around RMB45 per premium member over the next four years.

Such user acquisition and premium member operating costs and conversion rate are in line with the industry standard. As our premium members in our membership system increase in number, we expect to benefit from their strong loyalty via increased FMCG product promotion and their product feedbacks that could serve our marketing efforts.

- 3.0%, or approximately HK$14.0 million, will be allocated to recruit additional marketing planning personnel with more than five years of relevant industry experience. We plan to hire marketing planners with extensive experience in digital marketing, business planning, and media relationship management to further enhance our overall service offerings. To keep pace with our expected increase in marketing activities brought about by our growth in scale, we currently intend to use the net proceeds to hire on average around 7 such marketing planners each year over the next four years with an average annual remuneration package of approximately RMB0.4 million, which is in line with the industry standard. In addition, we expect to incur training costs for our marketing personnel averaging around RMB0.3 million per year, which could further enhance their ability to effectively conduct marketing activities. For the years subsequent to the first one in which personnel expenses are incurred, we plan to pay for such expenses using our operating cashflow.

We expect to leverage our enhanced marketing service to better support user operations and customer needs, which could increase our competitiveness and foster opportunities for additional sales and cross-selling among different business segments at a cost of increased selling and distribution expenses, which would further enhance our profitability. See "Business – Our Strategies – Focus on User Operation and Customer Needs to Broaden and Enrich Marketing Service Offerings" for further details. For risks related to the plan, please see "Risk Factors – If we fail to innovate as well as adapt and respond timely and effectively to rapidly changing technologies, brand customers' preferences and new marketing trends, our business may become less competitive or obsolete."

➢ 15.0%, or approximately HK$69.7 million, will be allocated to further expand our brand customer base over the next three years by enhancing our brand awareness. Specifically:

- 10.0%, or approximately HK$46.5 million, will be allocated to expand our brand customer base and promote the "Quna (趣拿)" brand. Our initiatives aim to increase market influence and attract additional brand customers. These efforts include offline promotional events like the "99 Quna Festival" (99趣拿節) and industry trade shows. Currently, we expect to use the net proceeds to host one offline promotional event and one industry trade show per year at an aggregated average annual cost of around RMB5.5 million over the next three years. We will also utilize our self-operated online platforms, including our App and mini-programs, as well as strategically leverage third-party online media and promotion platforms to promote, increase awareness, and retain brand customers for our marketing service. To that end, we expect to use the net proceeds to gradually increase our investment in this field, averaging around RMB8.6 million annually over the next three years.

- 5.0%, or approximately HK$23.2 million, will be allocated to recruit business development personnel with more than three years of relevant industry experience. Their role will involve seizing new product launch opportunities, identifying potential market demands, and actively promoting our marketing service. Our goal is to continuously attract brand customers from diverse industries, including cosmetics and other sectors, to expand our customer base and increase market penetration among our target customers. Furthermore, we plan to provide professional training to our team members to enhance their ability to effectively serve our customers. We will seek experienced business development personnel with expertise in external market resource development and maintenance, public relations, and business channel expansion. Therefore, we currently plan to use the net proceeds to hire an average of around 24 business development personnel per year with an average annual total remuneration package of approximately RMB0.3 million, which is in line with the industry standard. In addition, we expect to incur training costs for our business development personnel averaging around RMB1.0 million per year, which could further enhance their ability to effectively conduct business development activities. For the years subsequent to the first one in which personnel expenses are incurred, we plan to pay for such expenses using our operating cashflow.

We expect the measures that aim to expand brand customer base to help us further solidify user retention, enhance repeat purchase and reinforce our market position at a cost of increased selling and distribution expenses. We believe our profitability will increase as a result of the virtuous cycle of exposure and marketing of new products. See “Business – Our Strategies – Continue to Expand Brand Customer Base and Create Benchmark Marketing Cases in Various Industry Segments” for further details. For risks related to the plan, please see “Risk Factors – We may fail to provide services that cater to the preferences of our brand customers, or our marketing service business may not be successful in achieving the desired outcomes.”

➢ 20.0%, or approximately HK$93.0 million, will be allocated to enhance our technological capabilities and research and development efforts over the next four years, with the goal of improving operational efficiency. Specifically:

- 10.0%, or approximately HK$46.5 million, will be allocated to further enhance our R&D investments. This will involve developing and customizing innovative functionalities for operations of our vending machines to ensure our long-term sustained growth. We intend to intensify our R&D investment as some of our R&D projects were paused or delayed in 2022 due to the resurgence of COVID-19. Specifically, we will focus on expanding our capabilities in areas like AIGC content generation to efficiently cater to creative customer demands, automated work orders for enhanced vending machine data analytics, AI-enhanced predictive maintenance, AI-aided visual assistance in inventory management, supply chain system for dynamic operational planning, and an NLP-enabled consumer feedback analysis algorithm that could elevate our overall operating efficiency through automation. Such increased investments are expected to allow us to equip ourselves with cutting-edge hardware devices and software, which will enable us to resume and speed up these and our new projects, which could in turn facilitate our efforts to cement and widen our lead in our industry. We plan to invest in high-performance servers, enterprise-level storage devices, and other hardware devices. Additionally, we will optimize software algorithms, conduct system upgrades, and enhance data analysis capabilities to further increase our operating efficiency. Therefore, we currently expect to use the net proceeds to procure around 18 hardware devices per year with an average price of approximately RMB100,000, and our software operating and upgrading expenses are expected to average around RMB2.0 million annually in the next four years. Such expenses are required for hard- and software that are in line with our intended development needs. To enhance our cloud capabilities, we also intend to incur around RMB1.1 million annually on cloud services in the next four years. Furthermore, while we focus on continuously enhancing our in-house R&D capabilities, we expect to continue investing around RMB5.7 million of our net proceeds annually in outsourced R&D in the next four years so that we can continue focusing on our core research and development activities.

- 5.0%, or approximately HK$23.25 million, will be allocated to strengthening the construction of digital systems within our internal operations. This includes improving system compatibility and establishing a unified middle and back-end system for integrating business and finance operations, which is expected to streamline our operations and increase our operating efficiency, as such systems have shown such capabilities in some other FMCG marketing companies. Furthermore, we will enhance IT operations management and maintenance to ensure the reliability and security of our services. We currently estimate the average development and operating expenses for such a unified middle and back-end system to reach RMB6.6 million per year, and we plan to rent around 53 new servers annually to host this new system in the next three years.

- 5.0%, or approximately HK$23.25 million, will be allocated to recruiting experienced technical and R&D personnel with three to ten years of relevant industry experience. This includes individuals with expertise in software and hardware development, data engineering, AI engineering, product planning, product growth, visual design, and more. These additions will enhance our capabilities in digital business operations and effective marketing service. Moreover, we plan to provide training to our employees for technical skills, soft skills, and industry-specific training opportunities. As such, we currently intend to use the net proceeds to hire on average around 11 such experienced technical and R&D personnel each year over the next four years with an average annual remuneration package of approximately RMB0.5 million, which is in line with the industry standard. In addition, we currently expect to incur training costs for our technical and R&D personnel averaging around RMB0.5 million per year, which could further enhance their ability to effectively conduct R&D activities. For the years subsequent to the first one in which personnel expenses are incurred, we plan to pay for such expenses using our operating cashflow.

We expect that our strengthened technological capabilities and research and development will empower us to develop more interactive marketing service, enlarge our user base, and achieve better marketing effects at the cost of increased depreciation and amortization of procured hardware and elevated R&D expenses. As we expect to benefit from increased revenue derived from marketing service that are attractive to a larger user base, increased operation efficiency and lower labor costs, we believe our profitability will increase. See "Business – Our Strategies – Further Invest in Technology Research and Development to Improve User Experience and Operation Efficiency" for further details. For risks related to the plan, please see "Risk Factors – Our business may be adversely affected if we fail to anticipate consumer preferences, or adjust the functionality, performance, reliability, design and security of our technology in a manner that responds to our brand customers' evolving needs."

➢ 10.0%, or approximately HK$46.5 million, will be allocated to pursuing strategic alliances and acquisitions. Over the next four years, we will actively seek opportunities that contribute to increasing our overall value proposition. Our primary focus will be on obtaining majority stakes in upstream/downstream enterprises in China that have synergistic effects with our business, including but not limited to expanding our service offerings, enhancing marketing content creation capabilities, expanding our customer base, strengthening our technological capabilities, and consolidating our market position. In screening candidates, we currently will consider companies that have generated a revenue of more than RMB10 million in the most recent fiscal year, and we may prioritize emerging FMCG brands that have outstanding test run results for its new products and a low price-to-sales ratio, and upstream/downstream service providers that have strong synergistic effects and exhibit great performance. We would also prioritize private, China-located and domestically controlled targets that (i) have their principal business located in East, South, or Central China, especially in first or second-tier cities with a permanent urban population of more than 10 million; (ii) have a registered capital of more than RMB1 million, an asset-to-liability ratio of less than 70%, and a substantial operating history of over three years to demonstrate stability and experience in its field; (iii) a clear equity structure and no significant changes in key management personnel in the past two years, ensuring leadership stability and consistency. Our investment plans will be evaluated based on multiple factors, including the target company's competitive advantage, market position, historical financial performance, the expected returns, and the risks involved. Our Directors, as advised by CIC, are of the view that there are sufficient number of potential targets as there are well over 100 synergistic upstream and downstream companies that meet our criteria.

Through leveraging cash for investing activities, we expect to benefit from the synergies that the targets have with us, including, but not limited to broadened service offerings, enhanced content production capabilities, expanded customer base, strengthened technical capabilities and reinforced market position. In acquiring upstream enterprises, we may become better able to assist in our brand customers' sales and operation through e.g. enhanced private domain operations, live streaming, and operation consulting, where we help them achieve better positioning and strategic planning. In acquiring downstream enterprises, we aspire to invest in brands that already have or are able to co-develop potentially popular products with us so that we can incubate high-quality brands that benefit our future growth. See "Business – Our Strategies – Selectively Pursue Strategic Alliances, Investments and Acquisitions for Long-Term Growth" for further details. For risks related to the plan, please see "Risk Factors – Our investments, strategic alliances or acquisitions may fail and have a material and adverse effect on our business, reputation and results of operations."

As of the Latest Practicable Date, we had no specific acquisition plans, nor had we identified any specific targets. We expect to seek such collaboration opportunities in a sustainable and prudent manner after the Listing.

➢ 10.0%, or approximately HK$46.5 million, will be allocated to our general working capital and general corporate purposes.

The above allocation of the net proceeds from the Global Offering will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the indicative Offer Price range stated in this prospectus.

To the extent that the net proceeds from the Global Offering are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, so long as it is deemed to be in the best interests of the Company, we will only hold such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance) in Hong Kong. We will issue an appropriate announcement if there is any material change to the above use of proceeds.

IMPLEMENTATION TIMELINE

The table below sets forth the expected implementation timetable of our planned use of proceeds. Any discrepancies between totals and sums of amounts are due to rounding.

	For the Year ending December 31,					
	2024	2025	2026	2027	Total	% of Total
	(HK$ in millions, except for percentages)					
Expand vending machine network and increase market penetration	44.3	43.9	35.2	25.3	148.8	32.0%
Expansion of vending machine network across tier one and new tier one cities	33.0	33.0	26.4	19.1	111.6	24.0%
Placement costs of new locations	11.3	10.9	8.8	6.2	37.2	8.0%
Provide enhanced marketing service	11.5	12.4	17.5	19.0	60.5	13.0%
Expand our user pool and continue to enhance our membership system	8.8	9.6	13.7	14.4	46.5	10.0%
Recruit additional marketing planning personnel	2.7	2.8	3.8	4.6	14.0	3.0%
Expand our brand customer base by enhancing our brand awareness	19.9	23.1	26.7	N/A	69.7	15.0%
Expand our brand customer base and promote the "Quna (趣拿)" brand	13.8	15.4	17.3	N/A	46.5	10.0%
Recruit business development personnel	6.2	7.7	9.4	N/A	23.2	5.0%

	For the Year ending December 31,					
	2024	2025	2026	2027	Total	% of Total
	(HK$ in millions, except for percentages)					
Enhance our technological capabilities and R&D efforts	19.8	23.4	27.8	21.9	93.0	20.0%
Further enhance our R&D investments	9.7	10.5	13.1	13.2	46.5	10.0%
Strengthening the construction of digital systems within our internal operations	5.9	8.2	9.1	N/A	23.25	5.0%
Recruiting experienced technical and R&D personnel	4.1	4.8	5.6	8.7	23.25	5.0%
Pursuing strategic alliances and acquisitions	11.0	11.0	11.0	13.5	46.5	10.0%
General working capital and general corporate purposes	46.5	N/A	N/A	N/A	46.5	10.0%
Total	**153.1**	**113.9**	**118.3**	**79.7**	**465.0**	**100.0%**

HONG KONG UNDERWRITERS

Haitong International Securities Company Limited
Zhongtai International Securities Limited
CCB International Capital Limited
ABCI Securities Company Limited
SPDB International Capital Limited
Fosun International Securities Limited
BOCOM International Securities Limited
Quam Securities Limited
Futu Securities International (Hong Kong) Limited
Livermore Holdings Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The Company expects the International Offering to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 1,970,400 Hong Kong Offer Shares and the International Offering of initially 17,733,600 International Offer Shares, subject, in each case, to reallocation on the basis as described in "Structure of the Global Offering" in this prospectus.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, the Company is offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (i) the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued or sold pursuant to the Global Offering and the Shares to be issued pursuant to the Stock Incentive Plan, on the Main Board of the Stock Exchange and such approval not having been withdrawn and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The Sole Sponsor and the Sole Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) may in their sole and absolute discretion and upon giving notice in writing to the Company, terminate the Hong Kong Underwriting Agreement with immediate effect if at any time prior to 8:00 a.m. on the Listing Date:

(i) there develops, occurs, exists or comes into force:

(a) any event/circumstance, or series of events/circumstances, in the nature of force majeure (including, without limitation, any acts of government, declaration of a local, national, regional or international emergency or war, calamity, crisis, epidemic, pandemic, outbreaks, escalation, mutation or aggravation of diseases, economic sanctions, withdrawal of trading status or privileges, strikes, labour disputes, lock-outs, other industrial actions, fire, explosion, flooding, earthquake, tsunami, volcanic eruption, civil commotion, riots, rebellion, civil commotion, calamity, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed), economic sanctions, paralysis in government operations, interruptions or delay in transportation) in or affecting the Cayman Islands, Hong Kong, the PRC, the United States, and Singapore or any other jurisdiction relevant to the Group (each a "**Relevant Jurisdiction**" and collectively, the "**Relevant Jurisdictions**");

(b) any change or development involving a prospective change, or any event or circumstances or series of events likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market matters or conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets), in or affecting any of the Relevant Jurisdictions;

(c) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Singapore Stock Exchange;

(d) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at the U.S. Federal or New York State level or by any other competent authority), Singapore, the PRC or any of the other Relevant Jurisdictions (declared by the relevant authorities) or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of the Relevant Jurisdictions;

(e) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or any competent authority in or affecting any of the Relevant Jurisdictions;

(f) the imposition of economic sanctions, or the withdrawal of trading privileges which existed on the date of the Hong Kong Underwriting Agreement, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions;

(g) any change or development involving a prospective change or amendment in or affecting taxation or foreign exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a devaluation of the United States dollar, the Hong Kong dollar, RMB, Euro, British pound against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or RMB is linked to any foreign currency or currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions or affecting an investment in the Offer Shares;

(h) other than with the prior written consent of the Sole Sponsor and the Sole Overall Coordinator, the issue or requirement to issue by the Company of a supplement or amendment to this prospectus, the preliminary offering circular, the final offering circular or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules, the CSRC Rules or upon any requirement or request of the Stock Exchange, the CSRC and/or the SFC;

(i) any valid demand by creditors for repayment of indebtedness or an order or petition for the winding up or liquidation of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group;

(j) any litigation, dispute, legal action or claim or regulatory or administrative investigation or action being threatened, instigated or announced against any member of the Group, any of the individual Controlling Shareholders or any Director;

(k) any contravention by any member of the Group or any Director of any applicable laws and regulations or the Listing Rules;

(l) any non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws and regulations; or

(m) any executive Director or any member of senior management of the Company is vacating his or her office;

(n) any executive Director or member of senior management of the Company is being charged with an indictable offence or is prohibited by operation of law or otherwise disqualified from taking part in the management of a company or there is the commencement by any governmental, political or regulatory body or organisation (including but not limited to the CSRC and its local branches and representative offices) of any investigation or other action against any executive Director or member of senior management of the Company in his or her capacity as such or any member of the Group or an announcement by any governmental, political or regulatory body or organisation that it intends to commence any such investigation or take any such action;

(o) a valid demand by any creditor for repayment or payment of any of the Group's indebtedness in respect of which the Company or any member of the Group is liable prior to its stated maturity; or

(p) any change or prospective change or development, or a materialization of, any of the risks set out in section headed "Risk Factors" in this prospectus,

which, individually or in the aggregate, in the sole and absolute opinion of the Sole Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters):

(a) has or will or may have a material adverse effect on the assets, liabilities, general affairs, business, management, prospects, shareholder's equity, profit, losses, earnings, results of operations, performance, position or condition, financial or otherwise, of the Group as a whole or to any present or prospective shareholder of the Company in its capacity as such;

(b) has or will have or may have a material adverse effect on the success or marketability of the Global Offering or the level of applications or the distribution of the Offer Shares under the Hong Kong Public Offering or the level of interest under the International Offering;

(c) makes or will make or is likely to make it inadvisable, inexpedient, impracticable or incapable for the Hong Kong Public Offering and/or the International Offering to proceed or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offering Documents (as defined in the Hong Kong Underwriting Agreement); or

(d) has or will or may have the effect of making any material part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(ii) there has come to the notice of the Sole Sponsor and/or the Sole Overall Coordinator that:

(a) any statement contained in any of the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement) and/or any notices, announcements, advertisements, communications or other documents (including any announcement, circular, document or other communication pursuant to the Hong Kong Underwriting Agreement) issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto but excluding information relating to the Underwriters) was, when it was issued, or has become, untrue, incorrect, inaccurate, incomplete in any material respects or misleading or deceptive, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of such documents is not fair and honest and based on reasonable grounds or reasonable assumptions;

(b) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from, or misstatement in, any of the Offering Documents (as defined in the Hong Kong Underwriting Agreement);

(c) there is a breach of, or any event or circumstance rendering untrue, incorrect, incomplete or misleading in any respect, any of the warranties given by the Company or any of the Controlling Shareholders in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (including any supplement or amendment thereto), as applicable;

(d) there is a material breach of any of the obligations imposed upon the Company or any of the Controlling Shareholders under the Hong Kong Underwriting Agreement or the International Underwriting Agreement (including any supplement or amendment thereto) or the cornerstone investment agreement, as applicable;

(e) there is an event, act or omission which gives or is likely to give rise to any liability of the Company or any of the Controlling Shareholders pursuant to the indemnities given by any of them under the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable;

(f) there is any material adverse change;

(g) the approval of the Listing Committee the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering is refused or not granted, other than subject to customary conditions, on or before the date of the Listing, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld;

(h) any person (other than any of the Sole Sponsor) has withdrawn its consent to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears;

(i) the Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering;

(j) there is a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Shares pursuant to the terms of the Global Offering;

(k) there is any order or petition for the winding-up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group; or

(l) the investment commitment made by the cornerstone investor under the agreement signed with such cornerstone investor, has been withdrawn, terminated or cancelled.

Undertakings to the Stock Exchange Pursuant to the Listing Rules

Undertakings by the Company

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange that it will not, at any time within six months from the Listing Date, issue any further Shares or other securities convertible into equity securities (whether or not of a class already listed) or enter into any agreement or arrangement to issue any Shares or such other securities (whether or not such issue of the Shares or such other securities will be completed within six months from the Listing Date), except pursuant to the Global Offering and/or under any of the circumstances permitted under Rule 10.08 of the Listing Rules.

Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to the Company that, except pursuant to the Global Offering, she, he or it will not (and will procure that the relevant registered holder(s) will not):

(i) at any time during the period commencing on the date by reference to which disclosure of her, his or its shareholding in the Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which she, he or it is shown by this prospectus to be the beneficial owner; or

(ii) at any time during the period of six months commencing on the date on which the period referred to in the above paragraph (i) expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (i) above, if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, she, he or it will, directly or indirectly cease to be a Controlling Shareholder.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to the Company that, within the period commencing on the date by reference to which disclosure of her, his or its shareholding in the Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, she, he or it will:

(i) when she, he or it pledges or charges any Shares or other securities beneficially owned by her, him or it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules for a bona fide commercial loan, immediately inform the Company of such pledge or charge together with the number of the Shares or securities so pledged or charged; and

(ii) when she, he or it receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares or securities will be disposed of, immediately inform the Company of such indications.

The Company will inform the Stock Exchange as soon as it has been informed of the matters referred to in paragraphs (i) and (ii) above (if any) by any of the Controlling Shareholders and, subject to the then requirements of the Listing Rules, disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

Undertakings by the Company

The Company has undertaken to the Sole Sponsor, the Sole Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Hong Kong Underwriters and each of them not to, and to procure each other member of the Group not to (save for (a) the issue, offer or sale of the Offer Shares by the Company pursuant to the Global Offering, or (b) the issue of Shares by the Company pursuant to the Stock Incentive Plan), without the prior written consent of the Sole Sponsor and the Sole Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules, at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the last date of the six months after the Listing Date (the "**First Six-Month Period**"):

(i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, assign, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in the Shares or any other securities of the Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any Shares or other securities of the Company), or deposit any Shares or other securities of the Company, with a depositary in connection with the issue of depositary receipts; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of any Shares or other securities of the Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company, as applicable, or any interest in any of the foregoing); or

(iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or

(iv) offer to or contract to or agree to announce, or publicly disclose that the Company will or may enter into any such transaction described in paragraphs (i), (ii) or (iii) above,

in each case, whether any such transaction described in paragraphs (i), (ii) or (iii) above is to be settled by delivery of the Shares or such other securities of the Company, in cash or otherwise (whether or not the issue of such Shares or other securities of the Company will be completed within the First Six-Month Period).

In the event that, at any time during the period of six months immediately following the expiration of the First Six-Month Period (the "**Second Six-Month Period**"), the Company enters into any of the transactions specified above or offers or agrees or contracts to, or announces, or publicly discloses, any intention to, enter into any such transactions, the Company will take all reasonable steps to ensure that it will not create a disorderly or false market in the Shares or other securities of the Company. Each of the Controlling Shareholders has undertaken to each of the Sole Sponsor, the Sole Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters to procure the Company to comply with the undertakings.

Undertakings by the Controlling Shareholders

Each of the Controlling Shareholders has jointly and severally undertaken to the Company, the Sole Sponsor, the Sole Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters that, except as pursuant to the Global Offering, without the prior written consent of the Sole Sponsor and the Sole Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules:

(i) during the First Six-Month Period, none of them will, and each of them will procure that the relevant registered holder(s), any nominee or trustee holding on trust for her, him or it and the companies controlled by her, him or it and/or entities which entrusted her, him or it to exercise their voting rights will not:

(a) sell, offer to sell, agree to sell, mortgage, charge, pledge, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise dispose of or create an encumbrance over, or agree to dispose of or create an encumbrance over, any Shares or other securities of the Company or any interest therein (including any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other securities, as applicable) beneficially owned by it as at the Listing Date (the "**Locked-up Securities**"); or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, any Locked-up Securities; or

(c) enter into any transaction with the same economic effect as any transaction described in paragraphs (a) or (b),

in each case, whether any such transaction described in paragraphs (i)(a), (i)(b) or (i)(c) above is to be settled by delivery of such Shares or other securities of the Company, in cash or otherwise (whether or not the settlement or delivery of such Shares or other securities will be completed within the First Six-Month Period);

(ii) during the Second Six-Month Period, none of the Controlling Shareholders will enter into any transaction described in paragraphs (i)(a), (i)(b) or (i)(c) above or offer, agree or contract to or announce any intention to enter into any such transaction, if, immediately following such transaction, the Controlling Shareholders will cease to be a controlling shareholder (as the term is defined in the Listing Rules) of the Company;

(iii) at any time from the date of the Hong Kong Underwriting Agreement up to and including the date falling 12 months after the Listing Date, each of the Controlling Shareholders will:

(a) when it/she/he pledges or charges any Shares or other securities of the Company beneficially owned by her, him or it, immediately inform the Company, the Sole Sponsor and the Sole Overall Coordinator of such pledge or charge together with the number of Shares or other securities (or interests therein) of the Company so pledged or charged; and

(b) when she, he or it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or other securities (or interests therein) of the Company will be disposed of, immediately inform the Company, the Sole Sponsor and the Sole Overall Coordinator in writing of such indications.

The Company has undertaken to the Sole Sponsor, the Sole Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters that upon receiving such information in writing from any of the Controlling Shareholders, it will, as soon as practicable and if required pursuant to the Listing Rules, notify the Stock Exchange and make a public disclosure in relation to such information by way of an announcement.

The restrictions in the lock-up undertakings by the Controlling Shareholders will not prevent a Controlling Shareholder from using securities of the Company beneficially owned by him/her/it as security (including a charge or a pledge) in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan. The Company has undertaken to the Sole Sponsor, the Sole Overall Coordinator and the Hong Kong Underwriters that upon receiving such information in writing from any of the Controlling Shareholders, it will, as soon as practicable and if required pursuant to the Listing Rules, notify the Stock Exchange and make a public disclosure in relation to such information by way of an announcement. Any Share(s) that may be acquired by any of the Controlling Shareholders from the secondary market after Listing will not fall within the remit of the restrictions in the lock-up undertakings by the Controlling Shareholders.

Hong Kong Underwriters' Interests in the Company

Save for their respective obligations under the Hong Kong Underwriting Agreement, as at the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any Shares or any securities of any member of the Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares or any securities of any member of the Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, the Company expects to enter into the International Underwriting Agreement with, among others, the International Underwriters on or around the Price Determination Date. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the International Offer Shares initially being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. See "Structure of the Global Offering – The International Offering."

Commissions and Expenses

An aggregate of the fees of up to 4% of gross proceeds to be raised from the subscription tranche and the placing tranche of the Global Offering is payable by the Company to all syndicate members participating in the Global Offering, among which the syndicate members (i) will receive a fixed underwriting commission which is equal to 3% of the aggregate gross proceeds to be raised from the Global Offering (the "**Fixed Fee**"), out of which they will pay any sub-underwriting commissions and other fees, and (ii) may receive a discretionary fee of up to 1% of the aggregate gross proceeds to be raised from the Global Offering (the "**Discretionary Fee**").

The ratio of the Fixed Fee and Discretionary Fee payable by the Company to all syndicate members is expected to be approximately 75:25 (assuming the Discretionary Fee will be paid in full).

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the Fixed Fee will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The Fixed Fee and Discretionary Fee together with the Stock Exchange listing fees, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be up to approximately HK$73.9 million (assuming an indicative offer price of HK$27.35 per Offer Share (which is the mid-point of the Offer Price range as stated in this prospectus)) and will be paid by the Company.

Indemnity

Each of the Company and the Controlling Shareholders has agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any material breach by the Company of the Hong Kong Underwriting Agreement.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to our assets, securities and/or instruments and/or persons and entities with relationships with us and may also include swaps and other financial instruments entered into for hedging purposes in connection with our loans and other debt.

In relation to the Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares, which may have a negative impact on the trading price of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(i) the Syndicate Members must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(ii) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to us and certain of our affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of the Offer Shares in the Global Offering.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. Haitong International Securities Company Limited is the Sole Overall Coordinator of the Global Offering.

The listing of the Shares on the Main Board of the Stock Exchange is sponsored by the Sole Sponsor. The Sole Sponsor has made an application on behalf of the Company to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued or sold pursuant to the Global Offering and the Shares to be issued pursuant to the Stock Incentive Plan.

19,704,000 Offer Shares will initially be made available under the Global Offering comprising:

- the Hong Kong Public Offering of 1,970,400 Shares (subject to reallocation) in Hong Kong as described in "– The Hong Kong Public Offering" below; and

- the International Offering of 17,733,600 Shares (subject to reallocation) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in "– The International Offering" below.

Investors may either (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or (ii) apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 7.5% of the total Shares in issue immediately following the completion of the Global Offering, without taking into account any Shares to be issued pursuant to the Stock Incentive Plan.

References in this prospectus to applications, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

The Company is initially offering 1,970,400 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 0.8% of the total Shares in issue immediately following the completion of the Global Offering (without taking into account any Shares to be issued pursuant to the Stock Incentive Plan).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in "– Conditions of the Global Offering" below.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally (to the nearest board lot) into two pools (with any odd lots being allocated to pool A): pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the "price" for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 985,200 Hong Kong Offer Shares (being approximately 50% of the 1,970,400 Offer Shares initially available under the Hong Kong Public Offering) is liable to be rejected.

Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached.

(i) In the event that the International Offer Shares are fully subscribed or oversubscribed under the International Offering:

(a) if the Hong Kong Offer Shares are undersubscribed, the Sole Overall Coordinator (for itself and on behalf of the Underwriters), at their sole and absolute discretion (but shall not be under any obligation), may reallocate all or any of the unsubscribed Shares from the Hong Kong Public Offering to the International Offering;

(b) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 3,940,800 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will increase to up to 5,911,200 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;

(c) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 5,911,200 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will increase to up to 7,881,600 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering; and

(d) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 7,881,600 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will increase to up to 9,852,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

(ii) In the event that (a) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times; or (b) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed as to less than 15 times of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering **provided that** the Offer Price would be set at the bottom end of the indicative Offer Price range, being HK$25.00, up to 1,970,400 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 3,940,800 Offer Shares, representing twice of the number of the Offer Shares initially available under the Hong Kong Public Offering, in accordance with Chapter 4.14 of the Guide for New Listing Applicants.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Overall Coordinator. If either the Hong Kong Public Offering or the International Offering is not fully subscribed for, the Sole Overall Coordinator has the authority to reallocate all or any unsubscribed Offer Shares from such offering to the other, in such proportion as the Sole Overall Coordinator deems appropriate.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the allotment results announcement, which is expected to be published on Friday, May 24, 2024.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him/her that he/she and any person(s) for whose benefit he/she is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or if he/she has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application (subject to application channel), the maximum Offer Price in addition to the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK$5,999.91 for one board lot of 200 Offer Shares. If the Offer Price, as finally determined in the manner described in "– Pricing and Allocation" below, is less than the maximum Offer Price, appropriate refund payments (including the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. See "How to Apply for Hong Kong Offer Shares."

THE INTERNATIONAL OFFERING

Number of Offer Shares Offered

The International Offering will consist of 17,733,600 Shares (subject to reallocation), representing 90.0% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 6.8% of the total Shares in issue immediately following the completion of the Global Offering (without taking into account any Shares to be issued pursuant to the Stock Incentive Plan).

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in "– Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Group and the Shareholders as a whole.

The Sole Overall Coordinator (for itself and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Sole Overall Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the clawback arrangement described in "– The Hong Kong Public Offering – Reallocation" above and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

PRICING AND ALLOCATION

Determining the Pricing of the Offer Shares

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be determined on the Price Determination Date, which is expected to be on or before Thursday, May 23, 2024 and, in any event, not later than 12:00 noon on Thursday, May 23, 2024, by agreement between the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and the Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$29.70 per Offer Share and is expected to be not less than HK$25.00 per Offer Share, unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering are required to pay, on application (subject to application channel), the maximum Offer Price plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%, amounting to a total of HK$5,999.91 for one board lot of 200 Offer Shares. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the minimum Offer Price stated in this prospectus**.

The International Underwriters will be soliciting from prospective investors' indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Sole Overall Coordinator (for itself and on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of the Company, reduce the number of Offer Shares offered below and/or the Offer Price range as stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of the Company and the Stock Exchange at **www.zzss.com** and **www.hkexnews.hk**, respectively, an announcement, cancel the offer and relaunch the offer at the revised number of Offer Shares and/or the revised Offer Price range and the requirements under Rule 11.13 of the Listing Rules (which include the issue of a supplemental prospectus or a new prospectus (as appropriate)). Upon issue of such announcement or supplemental prospectus (as appropriate), the number of the Offer Shares offered in the Global Offering and/or the revised Offer Price range will be final and conclusive, and the Offer Price, if agreed upon by the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and the Company, will be fixed within such revised Offer Price range. The Global Offering must first be canceled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement or supplemental prospectus (as appropriate) of a reduction in the number of Offer Shares and/or the Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. In the absence of any such announcement or cancellation and relaunch of offer, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and the Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

In the event of a reduction in the number of Offer Shares, the Sole Overall Coordinator (for itself and on behalf of the Underwriters) may, at its discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering in accordance with Chapter 4.14 of the Guide for New Listing Applicants and paragraph 4.2 of Practice Note 18 of the Listing Rules, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. Subject to the foregoing paragraph, the Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Sole Overall Coordinator (for itself and on behalf of the Underwriters).

Announcement of Final Pricing of the Offer Shares

The final pricing of the Offer Shares, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in "How to Apply for Hong Kong Offer Shares – B. Publication of Results."

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to, among other things, the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and the Company agreeing on the Offer Price.

The Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarized in "Underwriting."

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

- the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued or sold pursuant to the Global Offering and the Shares to be issued pursuant to the Stock Incentive Plan, on the Main Board of the Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the Listing Date;

- the pricing of the Offer Shares having been agreed between the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and the Company;

- the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

- the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between the Sole Overall Coordinator (for itself and on behalf of the Underwriters) and the Company by 12:00 noon on Thursday, May 23, 2024, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by the Company on the websites of the Company and the Stock Exchange at **www.zzss.com** and **www.hkexnews.hk**, respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in "How to Apply for Hong Kong Offer Shares – D. Despatch/Collection of Share Certificates and Refund of Application Monies." In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares will only become valid evidence of title at 8:00 a.m. on Monday, May 27, 2024, provided that the Global Offering has become unconditional in all respects at or before that time.

DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, May 27, 2024, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Monday, May 27, 2024.

The Shares will be traded in board lots of 200 Shares each and the stock code of the Shares will be 0917.

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "HKEXnews > New Listings > New Listing Information" section, and our website at www.zzss.com.

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address *(for the* **White Form eIPO** *service only)*; and
- are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S.

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to us, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying:

– are an existing Shareholder or close associates; or

– are a Director or any of his/her close associates.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Friday, May 17, 2024 and end at 12:00 noon on Wednesday, May 22, 2024 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
White Form eIPO service	**www.eipo.com.hk**	Applicants who would like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Friday, May 17, 2024 to 11:30 a.m. on Wednesday, May 22, 2024, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Wednesday, May 22, 2024, Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction	Applicants who would not like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **White Form eIPO** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **White Form eIPO** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the electronic application instructions are given, you shall be deemed to have declared that only one set of electronic application instructions has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of electronic application instructions for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **White Form eIPO** service, you are deemed to have authorized the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the HKSCC EIPO channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

3. Information Required to Apply

You must provide the following information with your application:

For Individual/Joint Applicants

- Full name(s)[2] as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  i. HKID card; or
  ii. National identification document; or
  iii. Passport; and
- Identity document number

For Corporate Applicants

- Full name(s)[2] as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  i. LEI registration document; or
  ii. Certificate of incorporation; or
  iii. Business registration certificate; or
  iv. Other equivalent document; and
- Identity document number

Notes:

(1) *If you are applying through the **White Form eIPO** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card.*

(2) *The applicant's full name as shown on their identity document must be used. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card, the HKID number must be used when making an application to subscribe for shares in the Hong Kong Public Offering. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.*

(3) *If the applicant is a trustee, the client identification data ("CID") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.*

(4) *The maximum number of joint applicants on FINI is capped at 4 in accordance with market practice.*

(5) *If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.*

(6) If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

"Statutory control" means you:

- *control the composition of the board of directors of the company;*
- *control more than half of the voting power of the company; or*
- *hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).*

For those applying through **HKSCC EIPO** channel, and making an application under a power of attorney, we and the Sole Overall Coordinator, as our agent, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size	:	200 Offer Shares
Permitted number of Hong Kong Offer Shares for application and amount payable on application/ successful allotment	:	Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below. The maximum Offer Price is HK$29.70 per Offer Share. If you are applying through the **HKSCC EIPO** channel, you are required to pre-fund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the designated bank for your broker or custodian.

If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

No. of Hong Kong Offer Shares applied for	Maximum Amount payable[(2)] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable[(2)] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable[(2)] on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable[(2)] on application/ successful allotment
	HK$		*HK$*		*HK$*		*HK$*
200	5,999.91	4,000	119,998.10	20,000	599,990.49	160,000	4,799,923.92
400	11,999.81	5,000	149,997.62	30,000	899,985.74	180,000	5,399,914.41
600	17,999.72	6,000	179,997.15	40,000	1,199,980.98	200,000	5,999,904.90
800	23,999.62	7,000	209,996.67	50,000	1,499,976.23	300,000	8,999,857.36
1,000	29,999.52	8,000	239,996.20	60,000	1,799,971.46	400,000	11,999,809.80
1,200	35,999.42	9,000	269,995.72	70,000	2,099,966.71	500,000	14,999,762.26
1,400	41,999.33	10,000	299,995.25	80,000	2,399,961.95	600,000	17,999,714.70
1,600	47,999.23	12,000	359,994.29	90,000	2,699,957.20	700,000	20,999,667.16
1,800	53,999.14	14,000	419,993.34	100,000	2,999,952.46	800,000	23,999,619.60
2,000	59,999.05	16,000	479,992.39	120,000	3,599,942.95	985,200[(1)]	29,555,531.53
3,000	89,998.57	18,000	539,991.43	140,000	4,199,933.44		

(1) Maximum number of Hong Kong Offer Shares you may apply for.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the SFC and the AFRC respectively).

No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed "– *A. Applications for Hong Kong Offer Shares – 3. Information Required to Apply"* in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **White Form eIPO** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **White Form eIPO** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply for any Offer Shares.

6. Terms and Conditions of an Application

By applying for Hong Kong Offer Shares through the **White Form eIPO** service or **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

(i) undertake to execute all relevant documents and instruct and authorise us and/or the Sole Overall Coordinator, as our agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;

(ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **White Form eIPO** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;

(iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;

(iv) confirm that you are aware of the restrictions on offers and sales of shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;

(v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;

(vi) agree that the Relevant Persons[(1)], the Hong Kong Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;

(vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the Hong Kong Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed *"– G. Personal Data – 3. Purposes and 4. Transfer of personal data*" in this section;

(viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees' application) has been accepted) that you will not rescind it because of an innocent misrepresentation;

(ix) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the Hong Kong Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed "*– B. Publication of Results*" in this section;

(x) confirm that you are aware of the situations specified in the paragraph headed "*– C. Circumstances In Which You Will Not Be Allocated Hong Kong Offer Shares*" in this section;

(xi) agree that your application or HKSCC Nominees' application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(1) As defined in the Prospectus, Relevant Persons would include the Sole Sponsor, the Sole Overall Coordinator, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their or the Company's respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering.

(xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(xiii) represent, warrant and undertake that (a) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (b) you and the person(s) for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiv) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by the Company, any of the directors, chief executives, substantial Shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from the Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in your name or otherwise held by you;

(xv) warrant that the information you have provided is true and accurate;

(xvi) confirm that you understand that we and the Sole Overall Coordinator will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xvii) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

(xviii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xix) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving electronic application instructions to HKSCC directly or indirectly or through the application channel of the Hong Kong Share Registrar or by any one as your agent or by any other person; and

(xx) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving electronic application instructions to HKSCC and (2) you have due authority to give electronic application instructions on behalf of that other person as its agent.

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform		Date/Time
Applying through **White Form eIPO** service or **HKSCC EIPO** channel:		
Website	The designated results of allocation at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**) with a "search by ID" function.	24 hours, from 11:00 p.m. on Friday, May 24, 2024 to 12:00 midnight on Thursday, May 30, 2024 (Hong Kong time)
	The full list of (i) wholly or partially successful applicants using the **White Form eIPO** service and **HKSCC EIPO** channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed on the "Allotment Results" page of the **White Form eIPO** service at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**).	
	The Stock Exchange's website at **www.hkexnews.hk** and our website at **www.zzss.com** which will provide links to the above mentioned websites of the Hong Kong Share Registrar.	No later than 11:00 p.m. on Friday, May 24, 2024 (Hong Kong time).
Telephone	+852 2862 8555 – the allocation results telephone enquiry line provided by the Hong Kong Share Registrar	between 9:00 a.m. and 6:00 p.m., from Monday, May 27, 2024 to Thursday, May 30, 2024 (Hong Kong time)

For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Thursday, May 23, 2024 (Hong Kong time)

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Thursday, May 23, 2024 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce the results of the final Offer Price, the level of indications of interest in the Global Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.zzss.com** by no later than 11:00 p.m. on Friday, May 24, 2024 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If we or our agents exercise our discretion to reject your application:

We, the Sole Overall Coordinator, the Hong Kong Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed "– *A. Applications for Hong Kong Offer Shares – 5. Multiple Applications Prohibited*" in this section on what constitutes multiple applications;

- your application instruction is incomplete;

- your payment (or confirmation of funds, as the case may be) is not made correctly;

- the Underwriting Agreements do not become unconditional or are terminated;

- we or the Sole Overall Coordinator believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their designated bank before balloting. After balloting of Hong Kong Offer Shares, the receiving banks will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Offer Share allotment from their designated bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its designated bank), who is acting on your behalf in settling payment for your allotted shares, HKSCC will contact the defaulting HKSCC Participant and its designated bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the International Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the Hong Kong Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **HKSCC EIPO** channel where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

Share certificates will only become valid evidence of title at 8:00 a.m. on Monday, May 27, 2024 (Hong Kong time), provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	White Form eIPO service	**HKSCC EIPO channel**
Despatch/collection of Share certificate[(1)]		
For physical share certificates of equal or over 500,000 Offer Shares issued under your own name	Collection in person from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong **Time:** from 9:00 a.m. to 1:00 p.m. on Monday, May 27, 2024 (Hong Kong time)	Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account No action by you is required

(1) Except in the event of a tropical cyclone warning signal number 8 or above, a black rainstorm warning and/or an "extreme conditions" announcement issued after a super typhoon in force in Hong Kong in the morning on Friday, May 24, 2024 rendering it impossible for the relevant share certificates to be dispatched to HKSCC in a timely manner, the Company shall procure the Hong Kong Share Registrar to arrange for delivery of the supporting documents and share certificates in accordance with the contingency arrangements as agreed between them. You may refer to *"– E. Severe Weather Arrangements"* in this section.

	White Form eIPO service	**HKSCC EIPO channel**
	If you are an individual, you must not authorise any other person to collect for you. If you are a corporate applicant, your authorised representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar. **Note:** If you do not collect your Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk	
For physical share certificates of less than 500,000 Offer Shares issued under your own name	Your Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk **Time:** Friday, May 24, 2024	

	White Form eIPO service	HKSCC EIPO channel
Refund mechanism for surplus application monies paid by you		
Date	Monday, May 27, 2024	Subject to the arrangement between you and your broker or custodian
Responsible party	Hong Kong Share Registrar	Your broker or custodian
Application monies paid through single bank account	White Form e-Refund payment instructions to your designated bank account	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it
Application monies paid through multiple bank accounts	Refund cheque(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk	

E. SEVERE WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Wednesday, May 22, 2024 if, there is:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- **Extreme Conditions**,

(collectively, "**Severe Weather Signals**"),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, May 22, 2024.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have **Severe** Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made and published on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.zzss.com** of the revised timetable.

If a **Severe** Weather Signal is hoisted on Friday, May 24, 2024, the Hong Kong Share Registrar will make appropriate arrangements for the delivery of the share certificates to the CCASS Depository's service counter so that they would be available for trading on Monday, May 27, 2024.

If a **Severe** Weather Signal is hoisted on Monday, May 27, 2024, for physical Share Certificates of equal or over 500,000 Offer Shares issued under your own name, you may collect the physical Share Certificates from the Hong Kong Share Registrar's office after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Monday, May 27, 2024 or on Tuesday, May 28, 2024).

If a **Severe** Weather Signal is hoisted on Friday, May 24, 2024, for physical Share Certificates of less than 500,000 of Offer Shares issued under your own name, despatch will be made by ordinary post when the post office re-opens after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Friday, May 24, 2024 or on Monday, May 27, 2024).

Prospective investors should be aware that if they choose to receive physical Share Certificates issued in their own name, there may be a delay in receiving the share certificates.

F. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by the Company, the Hong Kong Share Registrar, the receiving banks and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the Hong Kong Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the Hong Kong Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the Hong Kong Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform the Company and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and White Form e-Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;

- compliance with applicable laws and regulations in Hong Kong and elsewhere;

- registering new issues or transfers into or out of the names of the holders of the Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of the Company;
- verifying identities of applicants for and holders of the Shares and identifying any duplicate applications for the Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the Hong Kong Share Registrar to discharge their obligations to applicants and holders of the Shares and/or regulators and/or any other purposes to which applicants and holders of the Shares may from time to time agree.

4. Transfer of personal data

Personal data held by the Company and the Hong Kong Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the Hong Kong Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving banks and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the Hong Kong Share Registrar for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);

- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the Hong Kong Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of personal data

The Company and the Hong Kong Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether the Company or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company and the Hong Kong Share Registrar, at their registered address disclosed in the section headed "Corporate information" in this prospectus or as notified from time to time, for the attention of the company secretary, or the Hong Kong Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report received from our Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in the prospectus.

EY 安永

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF QUNABOX GROUP LIMITED AND HAITONG INTERNATIONAL CAPITAL LIMITED

INTRODUCTION

We report on the historical financial information of Qunabox Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-69, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended December 31, 2021, 2022 and 2023 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2021, 2022 and 2023 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-69 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated May 17, 2024 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 and note 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 and note 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at December 31, 2021, 2022 and 2023, and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 and note 2.2 to the Historical Financial Information, respectively.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Ernst & Young
Certified Public Accountants
Hong Kong

May 17, 2024

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended December 31, 2021	2022	2023
		RMB'000	RMB'000	RMB'000
Revenue	5	502,368	553,617	1,006,697
Cost of sales		(156,877)	(218,977)	(471,430)
Gross profit		345,491	334,640	535,267
Other income and gains	5	6,729	6,126	6,260
Selling and distribution expenses		(189,458)	(167,229)	(239,282)
Administrative expenses		(28,474)	(26,780)	(54,538)
Research and development expenses		(59,010)	(30,113)	(63,250)
Fair value losses on financial liabilities at fair value through profit or loss ("**FVTPL**")	25	(189,422)	(191,467)	(24,088)
Other expenses and losses		(760)	(1,355)	(2,119)
Impairment losses under expected credit loss model, net of reversal		(16,177)	(25,704)	197
Finance costs	6	(5,597)	(3,285)	(1,611)
(LOSS)/PROFIT BEFORE TAX	7	(136,678)	(105,167)	156,836
Income tax expense	10	(2,800)	(10,890)	(20,134)
(LOSS)/PROFIT FOR THE YEAR		(139,478)	(116,057)	136,702
Attributable to:				
Owners of the parent		(139,465)	(116,025)	130,942
Non-controlling interests		(13)	(32)	5,760
		(139,478)	(116,057)	136,702
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR		(139,478)	(116,057)	136,702
Attributable to:				
Owners of the parent		(139,465)	(116,025)	130,942
Non-controlling interests		(13)	(32)	5,760
		(139,478)	(116,057)	136,702
(LOSS)/PROFIT PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT				
Basic:				
(Loss)/profit for the year (RMB)	12	(1.34)	(1.11)	1.25
Diluted:				
(Loss)/profit for the year (RMB)	12	(1.34)	(1.11)	0.56

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at December 31, 2021	2022	2023
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	233,408	174,623	117,652
Right-of-use assets	14	5,121	2,094	2,361
Financial assets at fair value through profit or loss	15	–	–	4,000
Deferred tax assets	16	3,764	8,447	11,014
Prepayments, deposits and other receivables	17	1,950	91	34,750
Total non-current assets		244,243	185,255	169,777
CURRENT ASSETS				
Inventories	18	20,426	32,690	27,785
Trade receivables	19	243,181	461,903	493,999
Prepayments, deposits and other receivables	17	55,167	55,213	76,788
Amount due from shareholders	31	1,188	1,188	7
Cash and bank balance	20	191,752	87,342	299,018
Total current assets		511,714	638,336	897,597
CURRENT LIABILITIES				
Trade payables	21	50,874	20,792	11,451
Other payables and accruals	22	9,441	7,184	9,404
Contract liabilities	23	711	182	2,762
Income tax payable		–	13,892	21,365
Lease liabilities	14	3,489	1,752	1,659
Interest-bearing bank borrowings	24	59,800	26,247	119,940
Amount due to a shareholder	31	80,000	–	–
Convertible bonds	25	40,574	–	–
Deferred income		320	320	320
Total current liabilities		245,209	70,369	166,901
NET CURRENT ASSETS		266,505	567,967	730,696
TOTAL ASSETS LESS CURRENT LIABILITIES		510,748	753,222	900,473
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	24	32,202	15,000	13,500
Lease liabilities	14	1,729	215	528
Deferred income		1,040	720	400
Convertible redeemable preferred shares	25	936,133	1,310,947	1,253,988
Total non-current liabilities		971,104	1,326,882	1,268,416
Net liabilities		(460,356)	(573,660)	(367,943)
EQUITY				
Share capital	26	7	7	7
Reserves	27	(460,550)	(573,822)	(387,832)
Equity attributable to owners of the parent		(460,543)	(573,815)	(387,825)
Non-controlling interests		187	155	19,882
Deficiency in equity		(460,356)	(573,660)	(367,943)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2021

	Attributable to owners of the parent						
	Paid-in capital	**Capital reserve***	**Share award reserve***	**Accumulated losses***	**Total**	**Non-controlling interests**	**Total deficits**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2021	–	1,000	12,904	(309,648)	(295,744)	–	(295,744)
Loss for the year	–	–	–	(139,465)	(139,465)	(13)	(139,478)
Total comprehensive expense for the year	–	–	–	(139,465)	(139,465)	(13)	(139,478)
Issuance of ordinary shares	7	–	–	–	7	–	7
Injection from non-controlling interests	–	–	–	–	–	200	200
Capital deduction by the Controlling Shareholders (as defined in note 1)**	–	(1,000)	–	(26,720)	(27,720)	–	(27,720)
Equity-settled share award plan	–	–	2,379	–	2,379	–	2,379
At December 31, 2021	7	–	15,283	(475,833)	(460,543)	187	(460,356)

**: In September 2021, pursuant to the reorganization framework agreement, the Controlling Shareholders (as defined in note 1) of the Company conduct a capital reduction from Shanghai Quna (as defined in note 1) in an aggregated amount of approximately RMB27,720,000.

Year ended December 31, 2022

	Attributable to owners of the parent						
	Paid-in capital	**Capital reserve***	**Share award reserve***	**Accumulated losses***	**Total**	**Non-controlling interests**	**Total deficits**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	7	–	15,283	(475,833)	(460,543)	187	(460,356)
Loss for the year	–	–	–	(116,025)	(116,025)	(32)	(116,057)
Total comprehensive expense for the year	–	–	–	(116,025)	(116,025)	(32)	(116,057)
Equity-settled share award plan	–	–	2,753	–	2,753	–	2,753
At December 31, 2022	7	–	18,036	(591,858)	(573,815)	155	(573,660)

Year ended December 31, 2023

	Attributable to owners of the parent							
	Paid-in capital	Capital reserve*	Share award reserve*	Other reserve*	Accumulated losses*	Total	Non-controlling interests	Total deficits
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	7	–	18,036	–	(591,858)	(573,815)	155	(573,660)
Profit for the year	–	–	–	–	130,942	130,942	5,760	136,702
Total comprehensive income for the year	–	–	–	–	130,942	130,942	5,760	136,702
Transfer from convertible redeemable preferred shares***	–	–	–	47,080	–	47,080	13,967	61,047
Capital deduction by Shanghai Yiqu (as defined below)****	–	–	–	–	(6,666)	(6,666)	–	(6,666)
Equity-settled share award plan	–	–	14,634	–	–	14,634	–	14,634
At December 31, 2023	7	–	32,670	47,080	(467,582)	(387,825)	19,882	(367,943)

*: These accounts comprise the deficiency in reserves of RMB460,550,000, RMB573,822,000 and RMB387,832,000 in the consolidated statements of financial position as at December 31, 2021, 2022 and 2023, respectively.

***: Details are set out in note (i) of note 25 to the Historical Financial Information.

****: In June 2023, pursuant to the reorganization framework agreement, Shanghai Yiqu Investment Development Center (Limited Partnership) (上海益趣投資發展中心(有限合夥) ("Shanghai Yiqu") conduct a capital reduction from Shanghai Quna (as defined in note 1) in an aggregated amount of approximately RMB6,666,000.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended December 31, 2021	2022	2023
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before tax		(136,678)	(105,167)	156,836
Adjustments for reconcile loss before tax to net cash flows:				
Finance costs	*6*	5,597	3,285	1,611
Loss on disposal of items of property, plant and equipment		33	1,352	2,040
Interest income	*5*	(338)	(977)	(238)
Fair value losses on financial liabilities at FVTPL	*25*	189,422	191,467	24,088
Equity-settled share-based payment	*7*	2,379	2,753	14,634
Depreciation of property, plant and equipment	*13*	42,099	59,708	55,515
Depreciation of right-of-use assets	*14*	4,677	3,573	2,512
Provision for/(reversal of) impairment of trade receivables, net	*19*	16,036	25,637	(1,039)
Provision for impairment of other receivables, net	*17*	141	67	842
Amortization of government grants	*5*	(240)	(320)	(320)
Write-down of inventories	*18*	–	8,800	6,291
		123,128	190,178	262,772
Increase in trade receivables		(134,977)	(244,359)	(31,057)
Increase in prepayments and other receivables and other assets		(24,499)	(129)	(19,086)
Increase in inventories		(12,565)	(21,064)	(1,386)
Decrease in trade payables		(15,609)	(30,082)	(9,341)
Increase/(decrease) in other payables and accruals		4,111	(2,257)	2,220
Increase/(decrease) in contract liabilities		641	(529)	2,580
Cash flows (used in)/generated from operating activities		(59,770)	(108,242)	206,702
Income tax paid		(9,455)	(1,665)	(15,228)
Interest received		338	977	238
Net cash flows (used in)/generated from operating activities		(68,887)	(108,930)	191,712

	Notes	Year ended December 31, 2021	2022	2023
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment		(107,592)	(416)	(35,464)
Proceeds from disposal of items of property, plant and equipment		2	–	203
Withdrawn of time deposits		10,101	–	–
Receipt of government grants for property, plant and equipment		800	–	–
Purchases of financial assets at fair value through profit or loss		–	–	(4,000)
Net cash flows used in investing activities		(96,689)	(416)	(39,261)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of lease liabilities		(6,033)	(3,797)	(2,541)
Proceeds from issue of preferred shares	*25*	185,840	142,773	60,000
Proceeds from issue of convertible bonds	*25*	40,000	–	–
Consideration paid for acquisition of 5.19% equity interest in Shanghai Quna*	*25*	–	–	(80,000)
New bank loans raised	*24*	173,912	132,900	119,940
Repayment of bank loans		(144,276)	(183,655)	(27,747)
Interest paid		(5,597)	(3,285)	(1,611)
Capital contribution from non-controlling interests		200	–	–
Capital deduction by the Controlling Shareholders		(27,720)	–	–
Capital deduction by Shanghai Yiqu		–	–	(6,666)
Listing expense paid		–	–	(3,331)
(Increase)/decrease in amount due from shareholders		(1,181)	–	1,181
Increase/(decrease) in amount due to a shareholder		80,000	(80,000)	–
Net cash flows generated from financing activities		295,145	4,936	59,225
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		129,569	(104,410)	211,676
Cash and cash equivalents at beginning of year		62,183	191,752	87,342
CASH AND CASH EQUIVALENTS AT END OF YEAR	*20*	191,752	87,342	299,018

*: Details are set out in note (i) of note 25 to the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		Year ended December 31,		
	Notes	**2021**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Investment in a subsidiary	*36*	108,688	488,088	589,492
Total non-current assets		108,688	488,088	589,492
CURRENT ASSETS				
Prepayments, deposits and other receivables		–	57	4,244
Amount due from shareholders	*31*	1,188	1,188	7
Amount due from a subsidiary	*31*	356,419	201,387	164,583
Cash and bank balances	*20*	79,052	9	318
Total current assets		436,659	202,641	169,152
CURRENT LIABILITIES				
Other payables and accruals	*22*	–	–	3,698
Convertible bonds	*25*	40,574	–	–
Total current liabilities		40,574	–	3,698
NET CURRENT ASSETS		396,085	202,641	165,454
TOTAL ASSETS LESS CURRENT LIABILITIES		504,773	690,729	754,946
NON-CURRENT LIABILITIES				
Convertible redeemable preferred shares	*25*	815,104	1,160,369	1,253,988
Total non-current liabilities		815,104	1,160,369	1,253,988
Net liabilities		(310,331)	(469,640)	(499,042)
EQUITY				
Share capital	*26*	7	7	7
Reserves	*27*	(310,338)	(469,647)	(499,049)
Deficiency in equity		(310,331)	(469,640)	(499,042)

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

Qunabox Group Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on June 15, 2021. The registered address of the Company is at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries now comprising the Group underwent the reorganization as more fully explained in the paragraph headed "Reorganization" in the section headed "History, Reorganization and Corporate Structure" in the Prospectus (the "Reorganization"). During the Relevant Periods, the Company's subsidiaries were principally engaged in marketing services, merchandise sales and other services in the People's Republic of China (the "**PRC**").

As a result of the acting-in-concert agreement, Ms. YIN Juehui (殷珏輝), Ms. YIN Juelian (殷珏蓮), Mr. CAO Liwen (曹理文), Mr. WU Wenhong (吳文洪), Mr. HUANG Aihua (黃愛華) and Mr. QIAN Jun (錢俊) (together, the "Controlling Shareholders") were entitled to exercise approximately 42.45% of the voting power at general meeting of our Company as of the date of this report.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	*Notes*	Place and date of incorporation	Registered paid-in capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Qunabox Group Hongkong Limited ("**Qunabox HK**")	*(a)*	Hong Kong, China July 12, 2021	HK$1.00	100%	–	Investment holding
Termi Smart Pte. Ltd. ("**Termi Smart**")		Singapore January 31, 2024	SGD200,000	100%	–	Provision of marketing services and merchandise sales services
Shanghai Quna Network Technology Co, Ltd.* ("上海趣致網絡科技有限公司") ("**Shanghai Quna**")	*(b)*	PRC/Mainland China July 18, 2013	RMB86,955,586	–	96.04%	Provision of marketing services and merchandise sales services
Shanghai Quzhi Network Technology Co, Ltd.* ("上海趣至網絡科技有限公司") ("**Shanghai Quzhi**")	*(c)*	PRC/Mainland China December 17, 2021	RMB10,000,000	–	96.04%	Provision of marketing services and merchandise sales services
Shanghai Zhiqu technology Co., Ltd.* ("知驅(上海)科技有限公司") ("**Shanghai Zhiqu**")	*(c), (d)*	PRC/Mainland China November 19, 2020	RMB19,600,000	–	49.00%	Provision of marketing services and merchandise sales services
Shanghai Quleduo Information Technology Co, Ltd.* ("上海趣樂多信息技術諮詢有限責任公司") ("**Shanghai Quleduo**")	*(c)*	PRC/Mainland China August 3, 2021	RMB5,000,000	–	57.62%	Provision of marketing services and merchandise sales services
Shanghai Quxuan e-commerce Co., Ltd.* ("上海趣選電子商務有限公司") ("**Shanghai Quxuan**")	*(c)*	PRC/Mainland China March 29, 2018	RMB5,000,000	–	96.04%	Provision of marketing services and merchandise sales services

Name	Notes	Place and date of incorporation	Registered paid-in capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Hainani Quzhi Network Technology Co., Ltd.* ("海南趣致網絡科技有限公司") ("**Hainan Quzhi**")	*(c)*	PRC/Mainland China June 12, 2023	RMB300,000,000	–	100%	Provision of marketing services and merchandise sales services
Zhejiang Quxiang Network Technology Co, Ltd.* ("浙江趣享網絡科技有限公司") ("**Zhejiang Quxiang**")	*(c)*	PRC/Mainland China June 12, 2023	RMB500,000,000	–	100%	Provision of marketing services and merchandise sales services
Shanghai Yunshang Meiji Network Technology Co, Ltd.* ("上海雲上美集網絡科技有限公司") ("**Yunshang Meiji**")	*(c), (d)*	PRC/Mainland China June 15, 2023	RMB1,000,000	–	48.98%	Provision of marketing services and merchandise sales services

(a) The statutory financial statements of the entity for the period from July 12, 2021 to December 31, 2022 prepared in accordance with accepted accounting principles and financial regulations in Hong Kong were audited by K.C.CHAN, certified public accountants registered in Hong Kong. As at the date of this report, no audited financial statements have been prepared for the year ended December 31, 2023.

(b) The statutory financial statements of the entity for the years ended December 31, 2021 and 2022 prepared in accordance with accepted accounting principles and financial regulations in the PRC were audited by Beijing Xinghua Certified Public Accountants LLP (北京興華會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC. As at the date of this report, no audited financial statements have been prepared for the year ended December 31, 2023.

(c) As at the date of this report, no audited financial statements have been prepared for these entities since the respective dates of incorporation as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdictions of their incorporation.

(d) Shanghai Quna directly holds 51.02% and 51.00% equity interests/voting rights of Shanghai Zhiqu and Yunshang Meiji respectively, besides, the Group holds 96.04% equity interests/voting rights of Shanghai Quna, thus, the Group indirectly hold 49.00% and 48.98% equity interests/voting rights of Shanghai Zhiqu and Yunshang Meiji respectively. The Group has ability to direct the relevant activities of these 2 entities through the majority of shareholding in Shanghai Quna. Therefore, Shanghai Zhiqu and Yunshang Meiji were considered as subsidiaries of the Group.

* The English names of the companies registered in PRC represent the best efforts made by management of the Company to translate the Chinese names of the companies as they do not have official English names.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganization, as more fully explained in the paragraph headed "Reorganization" in the section headed "History, Reorganization and Corporate Structure" in the Prospectus, the Company became the holding company of the companies now comprising the Group on September 22, 2021. As the Reorganization only involved inserting new holding companies at the top of an existing company and has not resulted in any changes of economic substance, the Historical Financial Information for the Relevant Periods has been presented as if the Reorganization had been completed at the beginning of the Relevant Periods.

Accordingly, the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods include the consolidated results and cash flows of all companies now comprising the Group as if the current group structure had been in existence throughout the Relevant Periods. The consolidated statements of financial position of the Group as at December 31, 2021, 2022 and 2023 include the consolidated assets and liabilities of all companies now comprising the Group as if the current group structure had been in existence throughout the Relevant Periods. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated on consolidation.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "**IASB**"). All IFRSs effective for the accounting period commencing from January 1, 2023, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for certain financial assets and financial liabilities which have been measured at fair value through profit or loss.

The Group incurred net loss of RMB139.5 million, RMB116.1 million, and net profit of RMB136.7 million for the years ended December 31, 2021, 2022 and 2023, respectively. The Group had net operating cash outflows of RMB68.9 million, RMB108.9 million, and net operating cash inflows of RMB191.7 million for the years ended December 31, 2021, 2022 and 2023, respectively. As at December 31, 2023, although the Group reported a net deficit of equity of RMB367.9 million, the Group's cash and cash equivalents and net current assets were RMB299.0 million and RMB730.7 million. In addition, the Group's financial liabilities as at December 31, 2023 included convertible redeemable preferred shares with an amount of RMB1,254.0 million that would not contractually become redeemable within the next 12 months.

Management has prepared a cash flow projection covering a period of not less than 12 months from December 31, 2023, based on which the directors of the Company believe that the Group will have sufficient working capital to fund its operations and to meet its financial obligations as and when they fall due within 12 months from December 31, 2023. Consequently, the Historical Financial Information has been prepared on a going concern basis.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Company and its subsidiaries for Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same relevant periods as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in this Historical Financial Information. The Group intends to adopt them, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[2]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[2]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[2, 3]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[2]
Amendments to IAS 21	*Lack of Exchange ability*[4]

1. No mandatory effective date yet determined but available for adoption.

2. Effective for annual periods beginning on or after January 1, 2024.

3. As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after January 1, 2024.

4. Effective for annual periods beginning on or after January 1, 2025.

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. Up to now, the Group considers that except for the amendment to IFRSs mentioned below, other new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognizes the option separately as an equity instrument applying IAS 32 *Financial Instruments: Presentation*.

As at the end of the reporting period, the Group's outstanding convertible redeemable preferred shares include counterparty conversion options that do not meet equity instruments classification by applying IAS 32 *Financial Instruments: Presentation*. The Group classified as current or non-current based on the earliest date in which the Group has the obligation to redeem these instruments through cash settlement. The convertible redeemable preferred shares were designated as at FVTPL and classified as non-current as set out in note 25 to the Historical Financial Information.

Upon the application of the amendments, in addition to the obligation to redeem through cash settlement, the transfer of equity instruments upon the exercise of the conversion options that do not meet equity instruments classification also constitute settlement of convertible redeemable preferred shares. Given that the conversion options are exercisable anytime, convertible redeemable preferred shares designated as at FVTPL as at the end of the reporting period would be reclassified to current liabilities as the holders have the option to convert within twelve months.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION

Business combinations under common control

An acquisition of a business which is a business combination under common control is accounted for in a manner similar to a uniting of interests whereby the assets and liabilities acquired are accounted for at carryover predecessor values to the other party to the business combination within all periods presented as if the operations of the Group and the business acquired had always been combined. The difference between the consideration paid by the Group and the net assets or liabilities of the business acquired is adjusted against equity.

Fair value measurement

The Group measures certain financial instruments at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, financial assets and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	50%
Experiential vending machines	19%
Electronic equipment	32%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Experiential vending machines	5 years
Buildings	2 – 4 years
Warehouse	1.5 – 4.5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables, which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each of the Relevant Periods. To measure the expected credit losses, trade receivables have been assessed on individual basis for debtors in severe financial difficulty, or collectively basis by using a provision matrix, estimated based on the financial quality of debtors and historical credit loss experience based on the aging of the trade receivables, adjusted as appropriate to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, amount due to a shareholder, interest-bearing bank borrowings, convertible redeemable preferred shares and convertible bonds.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial liabilities at FVTPL

Financial liabilities measured at FVTPL include convertible redeemable preferred shares and convertible bonds which are designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash and bank balances and time deposits, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including time deposits with a maturity within three months, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of Relevant Periods of the future expenditures expected to be required to settle the obligation.

The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Merchandise sales

Revenue from the merchandise sales primarily arises from the end customers buy the fast-moving consumer goods through experiential vending machines operated by the Group. Revenue is recognized when the control of the goods has been transferred by vending machines to the customers. There was no right of return for the sales to the end customers. The considerations of the goods are usually due immediately paid by the end customers through online payment platforms before the goods delivered.

(b) Marketing services

Revenue from the marketing services arises from providing integrated marketing promotion service for the new products of the customers. Revenue is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. The input method recognises revenue on the basis of the labour hours expended relative to the total expected labour hours to complete the service.

(c) Others services

Revenue from the other services arise from using own research and development capabilities to develop customized online systems. Revenue is recognised when a performance obligation is satisfied, when control of the goods underlying the particular performance obligation is transferred to the customer.

Other income

Interest income is recognised on an accrual basis using the effective interest rate method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract assets

A contract asset is the right to consideration in exchange for goods transferred or services provided to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates employee share plans for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a discounted cash flow model, further details of which are given in note 28 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the Relevant Periods until the vesting date reflects the extent to which the lock-up restricted period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Other employee benefits

Social pension plans

The Group has social pension plans for its employees arranged by local government labour and security authorities. The Group makes contributions on a monthly basis to the social pension plans. The contributions are charged to profit or loss as they become payable in accordance with the rules of the social pension plans. The Group's liability in respect of these funds is limited to the contributions payable in each of the Relevant Periods.

Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group's liability in respect of these funds is limited to the contributions payable in each of the Relevant Periods.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

These financial statements are presented in RMB, which is the Group's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

3. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing analysis of customers that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the distribution sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 19 to the Historical Financial Information.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Relevant Periods. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. No impairment was provided by the Group for non-financial assets as at December 31, 2021, 2022 and 2023.

Write-down of inventories

The Group's inventories are stated at the lower of cost and net realisable value. The Group writes down its inventories based on estimates of the realisable value with reference to the ageing and conditions of the inventories, together with the economic circumstances on the marketability of such inventories. Inventories will be reviewed annually for write-down, if appropriate. Further details of the inventories are set out in note 18 to the Historical Financial Information.

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the production and provision of services, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of each of the years based on changes in circumstances. Further details of the property, plant and equipment are set out in note 13 to the Historical Financial Information.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amounts of unrecognised tax losses and deductible temporary difference at December 31, 2021, 2022 and 2023 were RMB532,000, RMB708,000 and RMB828,000, respectively. Further details are contained in note 16 to the Historical Financial Information.

Fair value of share-based payments

The fair value of the options is determined at the grant dates. Significant estimates on assumptions, including the underlying equity value, discount rate, expected volatility, and dividend yield, are made by management. Further details are included in note 28 to the Historical Financial Information.

Fair value of financial instruments

The convertible redeemable preferred shares and convertible bonds issued by the Group are not traded in an active market and the respective fair values are determined by using valuation techniques, details of which are set out in note 25 to the Historical Financial Information.

The fair values of convertible redeemable preferred shares at December 31, 2021, 2022 and 2023 were RMB936,133,000, RMB1,310,947,000 and RMB1,253,988,000, respectively. Further details are set out in note 25 to the Historical Financial Information.

The fair values of convertible bonds at December 31, 2021, 2022 and 2023 were RMB40,574,000, nil and nil, respectively. Further details are set out in note 25 to the Historical Financial Information.

Incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiary that does not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is mainly engaged in marketing services, merchandise sales and other related services, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's management for purposes of resource allocation and performance assessment. Therefore, no further operating segment analysis thereof is presented.

Geographical information

(a) Revenue from external customers

	Year ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Mainland China	502,368	553,617	1,006,697

The revenue information above is based on the locations of the customers.

(b) As the Group's non-current assets were located in the PRC during the Relevant Periods, no geographical information is presented.

Information about major customers

No revenue amounting to 10% or more of the Group's total revenue was derived from sales to a single customer during the Relevant Periods.

Information about products and services have been disclosed under note 5 to the Historical Financial Information.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

Revenue from contracts with customers

(i) Disaggregated revenue information

	Year ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers			
Revenue from marketing services	376,653	404,809	807,971
Revenue from merchandise sales	104,962	111,333	144,320
Revenue from other related service	20,753	37,475	54,406
	502,368	553,617	1,006,697
Timing of revenue recognition			
Goods transferred at a point in time	104,962	111,333	144,320
Services satisfied at a point in time	20,753	37,475	54,406
Services satisfied over time	376,653	404,809	807,971
	502,368	553,617	1,006,697

The following table shows the amounts of revenue recognised in each of the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant Periods and recognised from performance obligations satisfied in previous years:

	Year ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Marketing services	70	711	182

All contracts are for periods of one year or less or are billed based on time incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Marketing services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 180 days from the date of completion of services and customer acceptance.

Merchandise sales

The performance obligation is satisfied when the control of the goods has been transferred by vending machines to the customers and payment upon delivery of goods is normally required.

Other related services

The performance obligation is satisfied at the point in time as services are completed and accepted by customers and payment is generally due within 90 days from the date of completion of services and customer acceptance.

Other income and gains

An analysis of other income and gains is as follows:

	Year ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Other income and gains			
Government grants	3,239	1,342	1,785
– Asset related	240	320	320
– Income related	2,999	1,022	1,465
Additional deduction of input value-added tax	3,135	2,236	4,135
Interest income	338	977	238
Exchange gains	–	1,570	84
Others	17	1	18
	6,729	6,126	6,260

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank borrowings	5,047	3,113	1,543
Interest on lease liabilities	550	172	68
	5,597	3,285	1,611

7. (LOSS)/PROFIT BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

		Year ended December 31,		
	Notes	2021	2022	2023
		RMB'000	*RMB'000*	*RMB'000*
Cost of inventories sold		74,398	87,711	118,789
Depreciation of property, plant and equipment	*13*	42,099	59,708	55,515
Depreciation of right-of-use assets	*14*	4,677	3,573	2,512
Research and development costs		59,010	30,113	63,250
Auditor's remuneration		68	100	47
Listing expenses		–	–	25,284
Employee benefit expense (including directors' and chief executive's remuneration):	*8*			
Wages and salaries		29,061	32,415	31,390
Share incentive plan expense		2,379	2,753	14,634
Pension scheme contributions		4,937	7,120	6,890
		36,377	42,288	52,914
Foreign exchange losses/(gains), net	*5*	724	(1,570)	(84)
Fair value losses on financial liabilities at FVTPL	*25*	189,422	191,467	24,088
Impairment losses on financial assets under ECL model	*17 & 19*	16,177	25,704	(197)
Write-down of inventories	*18*	–	8,800	6,291
Interest income	*5*	(338)	(977)	(238)
Loss on disposal of items of property, plant and equipment		33	1,352	2,040

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the Relevant Periods, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Fees	112	N/A	N/A
Other emoluments:			
Salaries, allowances and benefits in kind	1,470	1,459	1,443
Performance related bonuses	–	–	–
Pension scheme contributions	231	228	225
Share incentive plan expense	742	742	742
	2,555	2,429	2,410

During the years ended December 31, 2021, 2022 and 2023, certain directors were granted awarded shares, in respect of their services to the Group, further details of which are set out in note 28 to the Historical Financial Information. The fair value of such awarded shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the years ended December 31, 2021, 2022 and 2023 is included in the above directors' and chief executives' remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	Year ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Dr. CHE Lufeng	56	N/A	N/A
Mr. ZHU Lin	56	N/A	N/A
	112	N/A	N/A

On November 2018, Dr. CHE Lufeng and Mr. ZHU Lin were appointed as independent non-executive directors of Shanghai Quna. Both of them were appointed as independent non-executive directors of Shanghai Quna from November 2018 to June 2021.

There were no independent non-executive directors of the Company since July 2021.

(b) Executive directors, non-executive directors and the chief executive

The remuneration of each director and chief executive of the Company during the Relevant Periods is set out below:

2021

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share incentive plan expense	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors:					
Ms. YIN Juehui	543	–	77	182	802
Mr. CAO Liwen	446	–	77	182	705
Mr. HUANG Aihua	481	–	77	378	936
Non-executive directors:					
Mr. DAI Jianchun	–	–	–	–	–
Mr. CHEN Rui	–	–	–	–	–
	1,470	–	231	742	2,443

2022

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share incentive plan expense	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors:					
Ms. YIN Juehui	546	–	76	182	804
Mr. CAO Liwen	427	–	76	182	685
Mr. HUANG Aihua	486	–	76	378	940
Non-executive directors:					
Mr. DAI Jianchun	–	–	–	–	–
Mr. CHEN Rui	–	–	–	–	–
Ms. ZHOU Li *(note (vi))*	–	–	–	–	–
	1,459	–	228	742	2,429

2023

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share incentive plan expense	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors:					
Ms. YIN Juehui	540	–	75	182	797
Mr. CAO Liwen	423	–	75	182	680
Mr. HUANG Aihua	480	–	75	378	933
Non-executive directors:					
Mr. DAI Jianchun	–	–	–	–	–
Mr. CHEN Rui	–	–	–	–	–
Ms. ZHOU Li *(note (vi))*	–	–	–	–	–
	1,443	–	225	742	2,410

(i) Ms. YIN Juehui was appointed as a director of the Company with effect from June 2021. Ms. YIN Juehui is also the chief executive officer of the Company.

(ii) Mr. CAO Liwen has been appointed as a director of the Company with effect from September 2021.

(iii) Mr. HUANG Aihua has been appointed as a director of the Company with effect from September 2021.

(iv) Mr. DAI Jianchun has been appointed as a director of the Company with effect from September 2021.

(v) Mr. CHEN Rui has been appointed as a director of the Company with effect from September 2021.

(vi) Ms. ZHOU Li has been appointed as a director of the Company with effect from March 2022 and resigned in May 2024.

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods included three, three and three directors, respectively, details of whose remuneration are set out in note 8.

Details of the remuneration for the remaining two, two and two highest paid employees who are neither directors nor the chief executive of the Company during the Relevant Periods are as follows:

	Year ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	905	915	903
Pension scheme contributions	154	154	150
Share incentive plan expense	366	366	366
	1,425	1,435	1,419

The numbers of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended December 31,		
	2021	**2022**	**2023**
Nil to HKD1,000,000	2	2	2
	2	2	2

During the Relevant Periods, awarded shares were granted to 2 non-director and non-chief executive highest paid employees in respect of their services to the Group, further details are included in the disclosures in note 28 to the Historical Financial Information. The fair value of such awarded shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the countries or jurisdictions in which members of the Group are domiciled and operate.

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains during the Relevant Periods.

Hong Kong

The subsidiary which operates in Hong Kong is subject to profits tax at a rate of 8.25% applies to the first HKD2,000,000 of assessable profits, the remaining assessable profits is subject to profits tax at a rate of 16.5%.

Mainland China

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and the Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25% unless they are subject to preferential tax as set out below.

In 2019, Shanghai Quna was accredited as a "High and New Technology Enterprise" ("**HNTE**") and was entitled to a preferential income tax rate of 15% for a period of three years from December 2019 to December 2022. Shanghai Quna subsequently renewed its HNTE qualification in 2022 and was entitled to the preferential tax rate of 15% from December 2022 to December 2025.

The income tax expense of the Group for the Relevant Periods is analyzed as follows:

	Year ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	2,475	15,573	22,701
Deferred income tax	325	(4,683)	(2,567)
Total tax charge for the year	2,800	10,890	20,134

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the countries or jurisdictions in which the Company and its subsidiaries are domiciled to the tax expense at the applicable tax rate is as follows:

	Year ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
(Loss)/profit before tax	(136,678)	(105,167)	156,836
Tax charged at the statutory tax rate	(34,170)	(26,292)	39,209
Preferential tax rate enacted by the subsidiary	(5,300)	(8,746)	(22,056)
Expenses not deductible for tax*	47,649	49,087	10,718
Additional deductible allowance for research and development costs	(5,512)	(3,203)	(7,769)
Temporary difference and tax losses not recognised	133	44	32
Tax charge at the Group's effective rate	2,800	10,890	20,134

* Expenses not deductible for tax mainly represent the impact of fair value losses on financial liabilities at fair value through profit or loss of RMB47.4 million, RMB47.9 million and RMB6.0 million for the years ended December 31, 2021, 2022 and 2023, which are determined by the statutory tax rate (25%) and the fair value losses on financial liabilities at fair value through profit or loss of RMB189.4 million, RMB191.5 million and RMB24.1 million recognized for the years ended December 31, 2021, 2022 and 2023. In addition, expense not deductible for tax for the year ended December 31, 2023 also includes the impact of listing expenses and share incentive plan expenses of RMB4.4 million.

11. DIVIDENDS

The board of the directors of the Company (the "Board") did not recommend the payment of any dividend during the Relevant Periods.

12. LOSS/PROFIT PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss/profit per share amounts is based on the loss/profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic loss/profit per share calculation. The weighted average number of shares is determined based on 104,361,369 shares issued pursuant to the Reorganisation had been in issue throughout the Relevant Periods.

For the year ended December 31, 2023, the calculation of the diluted profit per share is based on the profit for the period attributable to ordinary equity holders of the parent adding fair value loss of RMB21,963,000 on the convertible redeemable preferred shares that had a dilutive effect and deducting effect of instrument that are convertible into ordinary shares of a subsidiary of RMB11,654,000. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic profit per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares including the effect of dilution from convertible redeemable preferred shares that had a dilutive effect of 132,473,549 shares and options granted under the Stock Incentive Plan of 15,772,158 shares, respectively.

No adjustment has been made to the basic loss per share amounts presented for the years ended December 31, 2021 and 2022 as the impact of the convertible redeemable preferred share and share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Experiential vending machines	**Leasehold improvements**	**Electronic equipment**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2021				
At January 1, 2021:				
Cost	170,752	2,348	694	173,794
Accumulated depreciation	(42,791)	(775)	(659)	(44,225)
Net carrying amount	127,961	1,573	35	129,569
At January 1, 2021, net of accumulated depreciation	127,961	1,573	35	129,569
Additions	133,421	496	–	133,917
Transfer from right-of-use assets	12,056	–	–	12,056
Depreciation provided during the year	(40,890)	(1,209)	–	(42,099)
Disposals	–	–	(35)	(35)
At December 31, 2021, net of accumulated depreciation	232,548	860	–	233,408
At December 31, 2021:				
Cost	316,229	2,845	–	319,074
Accumulated depreciation	(83,681)	(1,985)	–	(85,666)
Net carrying amount	232,548	860	–	233,408

	Experiential vending machines	Leasehold improvements	Electronic equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2022				
At January 1, 2022:				
Cost	316,229	2,845	–	319,074
Accumulated depreciation	(83,681)	(1,985)	–	(85,666)
Net carrying amount	232,548	860	–	233,408
At January 1, 2022, net of accumulated depreciation	232,548	860	–	233,408
Additions	2,071	204	–	2,275
Depreciation provided during the year	(58,644)	(1,064)	–	(59,708)
Disposals	(1,352)	–	–	(1,352)
At December 31, 2022, net of accumulated depreciation	174,623	–	–	174,623
At December 31, 2022:				
Cost	292,048	3,049	–	295,097
Accumulated depreciation	(117,425)	(3,049)	–	(120,474)
Net carrying amount	174,623	–	–	174,623

	Experiential vending machines	Leasehold improvements	Electronic equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2023				
At January 1, 2023:				
Cost	292,048	3,049	–	295,097
Accumulated depreciation	(117,425)	(3,049)	–	(120,474)
Net carrying amount	174,623	–	–	174,623
At January 1, 2023, net of accumulated depreciation	174,623	–	–	174,623
Additions	805	–	–	805
Depreciation provided during the year	(55,515)	–	–	(55,515)
Disposals	(2,261)	–	–	(2,261)
At December 31, 2023, net of accumulated depreciation	117,652	–	–	117,652
At December 31, 2023:				
Cost	273,356	3,049	–	276,405
Accumulated depreciation	(155,704)	(3,049)	–	(158,753)
Net carrying amount	117,652	–	–	117,652

During the Relevant Periods, there was no impairment provided for the Group's property, plant and equipment.

14. LEASES

The Group as a lessee

The Group has lease contracts mainly for various items of experiential vending machines, buildings and warehouse used in its operations. Leases of experiential vending machines generally have lease terms in 24 months, and leases of buildings generally have lease terms between 24 months and 48 months, while warehouse has lease terms between 18 months and 54 months. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during each of the Relevant Periods are as follows:

The Group

	Experiential vending machines	Buildings	Warehouse	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2021	13,493	4,525	522	18,540
Additions	–	1,334	1,980	3,314
Depreciation provided during the year	(1,437)	(2,158)	(1,082)	(4,677)
Transfer out	(12,056)	–	–	(12,056)
As at December 31, 2021 and January 1, 2022	–	3,701	1,420	5,121
As at January 1, 2022	–	3,701	1,420	5,121
Additions	–	333	213	546
Depreciation provided during the year	–	(2,380)	(1,193)	(3,573)
As at December 31, 2022	–	1,654	440	2,094
As at January 1, 2023	–	1,654	440	2,094
Additions	–	2,333	1,186	3,519
Depreciation provided during the year	–	(1,981)	(531)	(2,512)
Disposal as a result of early cancellation of lease	–	(667)	(73)	(740)
As at December 31, 2023	–	1,339	1,022	2,361

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during each of the Relevant Periods are as follows:

The Group

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year	7,937	5,218	1,967
New lease	3,314	546	3,519
Accretion of interest recognised during the year	550	172	68
Payments	(6,583)	(3,969)	(2,609)
Disposal as a result of early cancellation of lease	–	–	(758)
Carrying amount at the end of the year	5,218	1,967	2,187
Analysed into:			
Current portion	3,489	1,752	1,659
Non-current portion	1,729	215	528

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	550	172	68
Depreciation charge of right-of-use assets	4,677	3,573	2,512
Expense relating to short-term leases	1,121	1,304	1,495
The impact of early cancellation of lease	–	–	(18)
Total amount recognised in profit or loss	6,348	5,049	4,057

The maturity analysis of lease liabilities is disclosed in note 35 to the Historical Financial Information.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Unlisted equity investments, at fair value			
Shandong Sofine Food Technology Co., Ltd* ("Shandong Sofine") (山東頌飯食品科技有限公司)	–	–	4,000
	–	–	4,000

In January 2023, Shanghai Quxuan invested RMB4,000,000 to acquire 10.53% equity interest in an unlisted company Shandong Sofine. This investment was not accounted for under the equity method as Shanghai Quxuan does not have the power to participate in its operating and financial policy decisions, and there is lack of any direct or indirect involvement at its board level.

Further details on the Group's fair value measurement are set out in Note 34.

* English name of the unlisted equity investment is translated directly from its corresponding official Chinese name.

16. DEFERRED TAX ASSETS

The movements in deferred tax assets of the Group during each of the Relevant Periods are as follows:

	Lease liabilities	Allowance for doubtful debts	Provision for inventories	Deferred income	Loss available for offsetting against future taxable profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2021	48	1,067	–	120	2,854	4,089
Deferred tax credited/(charged) to the consolidated statement	18	2,427	–	84	(2,854)	(325)
As at December 31, 2021 and January 1, 2022	66	3,494	–	204	–	3,764
Deferred tax credited/(charged) to the consolidated statement	(12)	3,423	1,320	(48)	–	4,683
As at December 31, 2022 and January 1, 2023	54	6,917	1,320	156	–	8,447
Deferred tax credited/(charged) to the consolidated statement	(37)	2,869	(266)	(48)	49	2,567
As at December 31, 2023	17	9,786	1,054	108	49	11,014

The amounts of unrecognised tax losses as at December 31, 2021, 2022 and 2023 were RMB532,000, RMB708,000 and RMB828,000, respectively, which will expire in five to ten years for offsetting against future taxable profits of the subsidiaries in which the losses arose. No deferred tax assets have been recognised in relation to these tax losses due to it is not considered probable that taxable profit will be available against which the losses can be utilised.

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Prepayments	19,693	22,552	67,756
Value-added-tax recoverable	31,999	29,061	3,355
Deposits and other receivables	4,013	4,221	3,809
Deferred listing expenses	–	–	3,331
Income tax recoverable	16	–	–
	55,721	55,834	78,251
Allowance for expected credit loss	(554)	(621)	(1,463)
	55,167	55,213	76,788
Non-Current			
Prepayments for property, plant and equipment	1,950	91	34,750

As at December 31, 2021, 2022, and 2023, the Group's other receivables with the gross amounts of RMB4,013,000, RMB3,825,000 and nil, respectively, were pledged to secure certain of interest-bearing bank borrowings of the Group (note 24).

18. INVENTORIES

The Group

	As at December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Finished goods	20,426	32,690	27,785

19. TRADE RECEIVABLES

The Group

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	265,915	510,274	541,331
Allowance for expected credit loss	(22,734)	(48,371)	(47,332)
	243,181	461,903	493,999
Denominated in RMB	243,181	461,903	493,999

The Group's trading terms with its customers are mainly on credit. The credit term is generally from three to six months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control process to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

As at December 31, 2021, 2022, and 2023, the Group's trade receivables with the gross amounts of RMB243,181,000, RMB461,903,000 and nil, respectively, were pledged to secure certain of interest-bearing bank borrowings of the Group (note 24).

An ageing analysis of the Group's trade receivables, based on the invoice date and net of loss allowance, as at the end of each of the Relevant Periods is as follows:

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Within 6 months	165,829	274,598	284,315
6 to 12 months	52,100	75,708	169,995
1 to 2 years	24,412	104,671	33,132
Over 2 years	840	6,926	6,557
	243,181	461,903	493,999

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	6,698	22,734	48,371
Impairment losses, net	16,036	25,637	(1,039)
At the end of the year	22,734	48,371	47,332

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. To measure the expected credit losses, trade receivables have been assessed on individual basis for debtors in severe financial difficulty, or by using a provision matrix, estimated based on the financial quality of debtors and historical credit loss experience based on the aging of the trade receivables, adjusted as appropriate to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

As at December 31, 2021, 2022 and 2023, debtors of trade receivable with carrying amount of RMB6,630,000, RMB7,930,000 and RMB26,000,000 are assessed for ECL individually and loss allowance of RMB6,630,000, RMB7,930,000 and RMB26,000,000 is charged against the balance, respectively.

The information about the credit risk exposure on the Group's trade receivables assessed on collectively basis by using a provision matrix are set out as following:

As at December 31, 2021

	Expected credit loss rate	**Gross carrying amount**	**Expected credit losses**	**Net carrying amount**
		RMB'000	*RMB'000*	*RMB'000*
Provision on a collective basis				
Aged within 6 months	5.27%	175,055	9,226	165,829
Aged 6 to 12 months	5.27%	54,998	2,898	52,100
Aged 1 to 2 years	12.83%	28,004	3,592	24,412
Aged over 2 years	31.62%	1,228	388	840
		259,285	16,104	243,181

As at December 31, 2022

	Expected credit loss rate	**Gross carrying amount**	**Expected credit losses**	**Net carrying amount**
		RMB'000	*RMB'000*	*RMB'000*
Provision on a collective basis				
Aged within 6 months	5.74%	291,336	16,738	274,598
Aged 6 to 12 months	5.74%	80,322	4,614	75,708
Aged 1 to 2 years	13.25%	120,663	15,992	104,671
Aged over 2 years	30.90%	10,023	3,097	6,926
		502,344	40,441	461,903

As at December 31, 2023

	Expected credit loss rate	**Gross carrying amount**	**Expected credit losses**	**Net carrying amount**
		RMB'000	*RMB'000*	*RMB'000*
Provision on a collective basis				
Aged within 6 months	3.18%	293,648	9,333	284,315
Aged 6 to 12 months	3.18%	175,576	5,581	169,995
Aged 1 to 2 years	10.57%	37,048	3,916	33,132
Aged over 2 years	27.62%	9,059	2,502	6,557
		515,331	21,332	493,999

20. CASH AND BANK BALANCES

The Group

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	191,752	87,342	299,018
Denominated in			
USD	107,292	72	265
RMB	84,460	87,270	298,699
HKD	–	–	54

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

The Company

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	79,052	9	318
Denominated in			
USD	79,052	3	257
RMB	–	6	54
HKD	–	–	7

21. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

The Group

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	50,827	20,792	11,451
1 to 2 years	6	–	–
Over 2 years	41	–	–
	50,874	20,792	11,451

The trade payables are non-interest-bearing and are normally settled on 30 to 60-day terms.

22. OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Salary payables	4,431	4,524	3,668
Other tax payables	205	29	194
Outsourcing service fee payable	2,358	2,026	997
Professional service fee payable	2,000	20	–
Other payables and accruals	447	585	847
Accrual for listing expenses	–	–	3,698
	9,441	7,184	9,404

The Company

	As at December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Accrual for listing expenses	–	–	3,698

Other payables are unsecured and non-interest-bearing, repayable on demand.

23. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

The Group

	As at December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Short-term advances received from customers			
Sales of service	711	182	2,762

24. INTEREST-BEARING BANK BORROWINGS

The Group

	Notes	As at December 31, 2021 Effective interest rate	Maturity	
		(%)		*RMB'000*
Current				
Bank loans – pledged	*(a)*	One-year LPR+175bp	2022	49,900
Bank loans – unpledged		4.35	2022	9,900
				59,800
Non-current				
Bank loans – pledged	*(b)*	One-year LPR+175bp	2023	32,202
				92,002

	Notes	As at December 31, 2022 Effective interest rate	Maturity	
		(%)		*RMB'000*
Current				
Bank loans – pledged	*(a)*	One-year LPR+210bp	2023	22,000
Current portion of long-term bank loans – pledged	*(b)*	One-year LPR+175bp	2023	4,247
				26,247
Non-current				
Bank loans – unpledged		4.50	2025	15,000
				41,247

	As at December 31, 2023 Effective interest rate	Maturity	
	(%)		*RMB'000*
Current			
Bank loans – unpledged	3.85	2024	29,940
	3.75	2024	30,000
	3.45	2024	30,000
	3.70	2024	15,000
	3.20	2024	15,000
			119,940
Non-current			
Bank loans – unpledged	4.50	2025	13,500
			133,440

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Bank loans repayable:			
Within one year or on demand	59,800	26,247	119,940
In the second year	32,202	–	13,500
In the third to fifth years, inclusive	–	15,000	–
	92,002	41,247	133,440

(a) As at December 31, 2021, 2022 and 2023, certain of the Group's current bank borrowings with the amounts of RMB49,900,000, RMB22,000,000 and nil, respectively, were pledged by trade receivables and other receivables of Shanghai Quna.

(b) As at December 31, 2021, 2022 and 2023, certain of long-term bank loans (including both current and non-current portion) with the amount of RMB32,202,000, RMB4,247,000 and nil, respectively, were pledged by trade receivables and other receivables of Shanghai Quna.

25. CONVERTIBLE REDEEMABLE PREFERRED SHARES AND CONVERTIBLE BONDS

25.1 Convertible Redeemable Preferred Shares

Series Seed-1 Preferred Shares, Series Seed-2 Preferred Shares, Series Angel Preferred Shares, Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares

From 2013 to 2019, the Group obtained several rounds of investments, including Series Seed-1 Financing, Series Seed-2 Financing, Series Angel Financing, Series A Financing, Series B Financing, Series C Financing and Series D Financing through subscription for the increased registered capital or transfer of equity interests of Shanghai Quna prior to the Reorganization.

On September 22, 2021, the Company issued convertible redeemable preferred shares or warrants to the then existing shareholders of Shanghai Quna or their affiliates, numbers of which are determined pursuant to their respective proportion in Shanghai Quna.

Series E Preferred Shares

On September 22, 2021, the Company issued 10,755,975 Series E Preferred Shares for a total consideration of US$19,650,000, and 8,470,588 Series E warrants to Series E investors. Series E warrants were subsequently exercised, and 8,470,588 Series E Preferred Shares were issued for a total consideration of RMB100,000,000 accordingly in March 2022.

Series E+ Preferred Shares

In March and July 2022, the Company issued 7,688,450 and 3,386,663 Series E+ Preferred Shares for a consideration of US$15,000,000 and RMB42,000,000 to Series E+ investors, respectively.

Series F-1 Preferred Shares and Series F-2 Preferred Shares

On June 29, 2023, the Company entered into a Series F Preferred Shares purchase agreement with, among others, Ai Liang Shan Holdings Limited ("Ai Liang Shan"), pursuant to which Ai Liang Shan agreed to subscribe 4,120,583 Series F-1 Preferred Shares at a price of US$1.01 per share for a total consideration of RMB30,000,000 or equivalent U.S. dollars, and 2,045,945 Series F-2 Preferred shares at a price of US$2.04 per share for a total consideration of RMB30,000,000 or equivalent U.S. dollars. The consideration has been received on the same day.

Series Seed-1 Preferred Shares, Series Seed-2 Preferred Shares, Series Angel Preferred Shares, Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares, Series E Preferred Shares, Series E+ Preferred Shares, Series F-1 Preferred Shares and Series F-2 Preferred Shares are collectively referred to as "Preferred Shares".

According to the amended and restated Memorandum and Articles of Association of the Company ("**MOA**") passed in June 2023, the authorized share capital of the Company is US$50,000 divided into 5,000,000,000 shares of a par value of US$0.00001 each, consisting of (i) 4,861,359,923 Ordinary Shares, (ii) 7,805,712 Series Seed-1 Preferred Shares, (iii) 4,000,020 Series Seed-2 Preferred Shares, (iv) 20,888,298 Series Angel Preferred Shares, (v) 3,278,010 Series A Preferred Shares, (vi) 29,999,988 Series B Preferred Shares, (vii) 21,799,845 Series C Preferred Shares, (viii) 14,400,000 Series D Preferred Shares, (ix) 19,226,563 Series E Preferred Shares, (x) 11,075,113 Series E+ Preferred Shares, (xi) 4,120,583 Series F-1 Preferred Shares and (xii) 2,045,945 Series F-2 Preferred Shares. The key terms of the Preferred Shares are as follows:

Conversion rights

Any fully-paid and non-assessable Preferred Share may, at the option of the holder thereof, be converted at any time after the date of issuance of such shares, without the payment of any additional consideration, into fully-paid and non-assessable ordinary shares of the Company ("**Ordinary Shares**") based on the then-effective conversion price ("**Conversion Price**"). The initial Conversion Price for the Preferred Shares will be the applicable Preferred Share issue price (i.e., a 1-to-1 initial conversion ratio), which will be subject to adjustments to reflect share dividends, share splits, share combinations, reorganisations, mergers, consolidations, reclassifications, exchanges and substitutions, and adjustment upon issuance of new securities for a consideration per share less than the Conversion Price.

Each Preferred Share shall automatically be converted based on the then-effective Conversion Price, without the payment of any additional consideration, into fully-paid and non-assessable Ordinary Shares upon the closing of an IPO (see definition below) or at such time prior to an IPO as may be required to give effect to such IPO pursuant to applicable securities laws or listing rules of the applicable stock exchange.

Redemption rights

The holders of the Preferred Shares (except for Series Seed-1 Preferred Shares and Series Seed-2 Preferred Shares) may require the Company to redeem any of the then issued and outstanding Preferred Shares held by such requesting holder subject to and in accordance with the MOA upon the occurrence of the earlier of the following events:

(i) the Company fails to complete an IPO on The Stock Exchange of Hong Kong Limited by December 31, 2024;

(ii) the Denied IPO Event, which means any one or more of the following events when the time for completing an IPO of the Company has matured: (a) when voting on the resolution relating to the IPO of the Company, (x) all Investors or all directors designated by the holders of the Preferred Shares vote in favor of the IPO of the Company, but the founders or the directors designated by the founders abstain from voting or vote against the IPO of the Company, causing the IPO of the Company is rejected by the shareholders' meeting or the Board, or (y) when voting on the resolution relating to the revocation or abolition of the IPO of the Company, the Founders vote in favor of such revocation or abolition; (b) after the IPO of the Company is approved by the shareholders' meeting or the Board, the Founders in their capacity as the controlling shareholder fails to prevent the occurrence of the following: the Company fails to submit the IPO application within 12 months after the IPO of the Company is approved by the shareholders' meeting or the Board because the management of the Company stop the IPO process without reasonable reasons, or the management of the Company delay or impede the IPO without reasonable reasons, and fails to make corrections after being urged in writing by any investor;

(iii) any Investor or any holder of Preferred Shares (except for Series Seed-1 Preferred Shares and Series Seed-2 Preferred Shares) elect to exercise the rights of redemption pursuant to the MOA;

(iv) the auditor engaged by the Company is unable to issue an audit report which satisfies the IPO requirements due to any material omission of the Company's internal control system or tax compliance issue, and this situation continues for more than 6 months; and Series E Investors requires the Company to redeem any of the then issued and outstanding Series E Preferred Shares.

The redemption price per Preferred Share (the "Redemption Price") shall be equal to: (i) an amount equal to the sum of the applicable Preferred Share issue price, plus (A) a ten percent (10%) annual internal rate of return from the applicable Preferred Share issue date to the earlier date of (x) the date of the Redemption Price of such redeeming Preferred Share is fully paid; or (y) Redemption Price payment date, and (B) all declared but unpaid dividends thereon up to the date of redemption, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations, or mergers.

If the Company does not have sufficient cash or funds legally available to redeem all of the preferred shares required to be redeemed, those assets or funds which are legally available shall be used to redeem the preferred shares, following the order, firstly to Series F-2 Holders, secondly to Series E+ Holders, thirdly to Series E Holders, fourthly to Series D Holders, fifthly to 379,840 Series F-1 and Series C Holders, sixthly to Series B Holders, seventhly to 3,740,743 Series F-1 and Series A Holders and lastly to Series Angel Holders.

Liquidation Preferences

In the event of any liquidation, dissolution or winding up of the Company, either voluntary or involuntary or the consummation of a deemed liquidation event as detailed in the MOA, the assets of the Company legally available for distribution shall be distributed among the holders of the then issued and outstanding shares in the following order and manner:

(i) an amount equal to the sum of the applicable Preferred Share issue price, following the order, firstly to Series F-2 Holders, secondly to Series E+ Holders, thirdly to Series E Holders, fourthly to Series D Holders, fifthly to 379,840 Series F-1 and Series C Holders, sixthly to Series B Holders, seventhly to 3,740,743 Series F-1 and Series A Holders;

(ii) an interest equal to (x) a ten percent (10%) annual internal rate of return of the applicable Preferred Share issue price from applicable Preferred Share issue date to the date of the interest mentioned herein is fully paid, plus (y) any declared but unpaid dividends, following the order, firstly to Series F-2 Holders, secondly to Series E+ Holders, thirdly to Series E Holders, fourthly to Series D Holders, fifthly to 379,840 Series F-1 and Series C Holders, sixthly to Series B Holders, seventhly to 3,740,743 Series F-1 and Series A Holders;

(iii) an amount equal to (x) two hundred percent (200%) of the Series Angel Preferred Shares issue price, plus (y) any declared but unpaid dividends to Series Angel Holders; and

(iv) an amount equal to (x) one hundred percent (100%) of the Series Seed-1 and Seed-2 Preferred Shares issue price, plus (y) any declared but unpaid dividends to Series Seed-1 and Seed-2 Holders.

Voting Rights

Each Preferred Share shall carry a number of votes equal to the number of ordinary shares then issuable upon its conversion into ordinary shares at the record date for determination of the Company's shareholders entitled to vote, or, if no such record date is established, at the date such vote is taken or any written resolution or consent of the Company's shareholders is solicited. The holders of the Preferred Shares and Ordinary Shares shall vote together as a single class, unless otherwise required by the MOA.

Presentation and Classification

The Group have designated the Preferred Shares as whole as financial liabilities carried at FVTPL. The change in fair value of the Preferred Shares is charged to profit or loss except for the portion attributable to credit risk change that shall be charged to other comprehensive income. The management considered that the fair value change in the Preferred Shares attributable to changes of own credit risk is not significant.

The movements of the Preferred Shares are set out below:

	Convertible redeemable preferred shares
	RMB'000
At January 1, 2021	561,445
Issue	185,840
Changes in fair value	188,848
At December 31, 2021 and at January 1, 2022	936,133
Issue	142,773
Transfer from convertible bonds	40,574
Changes in fair value	191,467
At December 31, 2022 and at January 1, 2023	1,310,947
Issue	60,000
Repurchase of convertible redeemable preferred shares *(note i)*	(80,000)
Termination of convertible redeemable preferred shares *(note i)*	(61,047)
Changes in fair value	24,088
At December 31, 2023	1,253,988

	As at December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Non-current portion	936,133	1,310,947	1,253,988
	936,133	1,310,947	1,253,988

Note (i): On September 22, 2021, each of Xiamen SAIF Venture Capital Investment Partnership (Limited Partnership) (廈門賽富創業投資合夥企業(有限合夥)) ("SAIF VC", a Series A investor) and Xiamen SAIF Equity Investment Partnership (Limited Partnership) (廈門賽富股權投資合夥企業(有限合夥)) ("SAIF Investment", a Series C investor) was issued a warrant to purchase up to 21,666,696 Series A Preferred Shares and 2,200,062 Series C Preferred Shares of the Company, respectively (collectively, the "SAIF Warrants"). As at December 31, 2022, SAIF VC and SAIF Investment held aggregately approximately 9.15% equity interest in Shanghai Quna.

On June 27, 2023, Qunabox HK acquired aggregately approximately 5.19% equity interest in Shanghai Quna from SAIF VC and SAIF Investment at an aggregate consideration of RMB80,000,000. On the same day, each of SAIF VC and SAIF Investment also entered into a termination agreement, pursuant to which the SAIF Warrants were terminated and cancelled.

Before the termination of SAIF Warrants, the SAIF Warrants together with the equity interest held by SAIF VC and SAIF Investment were accounted for as financial liabilities at FVTPL. Upon the completion of the 5.19% equity transfer and the termination of SAIF Warrants, the remaining 3.96% equity interest in Shanghai Quna held by SAIF VC and SAIF Investment was accounted for as equity instrument and presented as non-controlling interests of the Group.

The Group generally applied the Back-solve method based on recent transactions in the Company's shares or discounted cash flow method to determine the underlying equity value of the Group, and then adopted the option-pricing method in equity allocation model to determine the fair value of the convertible redeemable preferred shares. Key assumptions are set out below:

	As at December 31,		
	2021	**2022**	**2023**
Risk-free interest rate	2.37%	2.15%	2.17%
Discount for lack of marketability ("DLOM")	3%~25%	2%~19%	1%~19%
Volatility	54.25%	50.09%	52.08%

The Group estimated the risk-free interest rate based on the yield of the PRC Government Bond with maturity close to the expected exit timing as of the valuation date. The DLOM was estimated based on the option-pricing method. Under the option-pricing method, the cost of put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the lack of marketability discount. Volatility was estimated based on recognised standard deviation of daily stock price return of comparable companies for a period from the valuation date and with a similar span as time to expiration.

25.2 Convertible Bonds

In June 2021, Shanghai Quna issued convertible bonds for a total principal amount of RMB40,000,000 to an affiliate of a Series E investor. The major terms and conditions of the convertible bonds are as follows:

(a) Maturity

The maturity date for the convertible bonds is 1 year from the date of issuance, which is renewable subject to agreement between the Group and the aforesaid Series E investor.

(b) Interest Rate

The convertible bonds were interest-free. However, if the convertible bonds failed to be transferred to Preferred Shares by reason of the Group, the Group need to repay the principal and an interest equal to 8% annual internal rate from convertible bonds issue date.

(c) Conversion price

At any time after the date of issuance of these bonds and prior to the repayment in full, the aforesaid Series E investor are entitled to convert these bonds into Series E Preferred Shares to be issued by the Company at an original conversion price based on a pre-money valuation of the Group of RMB3,200 million.

Presentation and Classification

The Group have designated the convertible bonds as whole as financial liabilities measured at FVTPL. The change in fair value of the convertible bonds is charged to profit or loss except for the portion attributable to credit risk change that shall be charged to other comprehensive income. Management considered that there is minimal credit risk of the financial liabilities that drives the change of the fair value of the financial liabilities.

The movements of the convertible bonds are set out below:

	Convertible bonds
	RMB'000
At January 1, 2021	–
Issue	40,000
Changes in fair value	574
At December 31, 2021 and at January 1, 2022	40,574
Transfer to Preferred Shares*	(40,574)
At December 31, 2022 and 2023	–

*: Pursuant to the Series E Preference Share Purchase Agreement dated September 22, 2021, the Company agreed to issue and allot 3,388,235 Series E Preferred Shares for a total consideration of RMB40,000,000 to the holders of convertible bonds issued by Shanghai Quna. In 2022, the convertible bonds were converted into Series E Preferred Shares.

Key valuation assumptions used to determine the fair value of convertible bonds as at the end of each Relevant Period are as follows:

	Year ended December 31,		
	2021	2022	2023
Risk-free interest rate	2.37%	N/A	N/A
DLOM	3%~25%	N/A	N/A
Volatility	54.25%	N/A	N/A

The Group estimated the risk-free interest rate based on the yield of the PRC Government Bond with maturity close to the expected exit timing as of the valuation date. The DLOM was estimated based on the option-pricing method. Under the option-pricing method, the cost of put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the lack of marketability discount. Volatility was estimated based on recognised standard deviation of daily stock price return of comparable companies for a period from the valuation date and with a similar span as time to expiration.

26. SHARE CAPITAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on June 15, 2021. Upon its incorporation, the Company had an authorized share capital of US$50,000 divided into 500,000,000 ordinary shares with a par value of US$0.0001 each.

According to the MOA passed in June 2023, the authorized share capital of the Company is US$50,000 divided into 5,000,000,000 shares of a par value of US$0.00001 each, consisting of (i) 4,861,359,923 Ordinary Shares, (ii) 7,805,712 Series Seed-1 Preferred Shares, (iii) 4,000,020 Series Seed-2 Preferred Shares, (iv) 20,888,298 Series Angel Preferred Shares, (v) 3,278,010 Series A Preferred Shares, (vi) 29,999,988 Series B Preferred Shares, (vii) 21,799,845 Series C Preferred Shares, (viii) 14,400,000 Series D Preferred Shares, (ix) 19,226,563 Series E Preferred Shares, (x) 11,075,113 Series E+ Preferred Shares, (xi) 4,120,583 Series F-1 Preferred Shares and (xii) 2,045,945 Series F-2 Preferred Shares.

Ordinary shares issued and fully paid:

	Numbers of ordinary shares	Share capital
		RMB'000
As at January 1, 2020 and 2021	–	–
Issue of ordinary shares of US$0.00001 each	104,361,369	7
As at December 31, 2021, 2022 and 2023:		
Ordinary shares of US$0.00001 each	104,361,369	7

27. RESERVES

(i) The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(i) Capital reserve

The capital reserve as at January 1 and December 31, 2020 represents the initial capital injection in Shanghai Quna of RMB1,000,000 by the founders of the Company, which has been deducted to nil by a capital reduction from Shanghai Quna by the Controlling Shareholders of the Company in September 2021 pursuant to the reorganization framework agreement.

(ii) Share award reserve

The share award reserve of the Group represents the fair value of equity-settled share-based payments granted in 2016, 2017, 2019 and during the Relevant Periods.

(iii) Other reserve

The other reserve of the Group represents the difference between the proportionate share of the subsidiary's identifiable net assets and convertible redeemable preferred shares derecognized as a result of termination of SAIF Warrants (as defined in note 25).

(ii) Reserve movements of the Company

	Capital reserve	Share award reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Incorporated on June 15, 2021	–	–	–	–
Loss for the year	–	–	(154,621)	(154,621)
Total comprehensive expense for the year	–	–	(154,621)	(154,621)
Impact of the Reorganization	(160,781)	2,685	–	(158,096)
Equity-settled share award plan	–	2,379	–	2,379
At December 31, 2021	(160,781)	5,064	(154,621)	(310,338)

	Capital reserve	Share award reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	(160,781)	5,064	(154,621)	(310,338)
Loss for the year	–	–	(162,062)	(162,062)
Total comprehensive expense for the year	–	–	(162,062)	(162,062)
Equity-settled share award plan	–	2,753	–	2,753
At December 31, 2022	(160,781)	7,817	(316,683)	(469,647)
At January 1, 2023	(160,781)	7,817	(316,683)	(469,647)
Loss for the year	–	–	(44,036)	(44,036)
Total comprehensive expense for the year	–	–	(44,036)	(44,036)
Equity-settled share award plan	–	14,634	–	14,634
At December 31, 2023	(160,781)	22,451	(360,719)	(499,049)

28. SHARE BASED PAYMENTS

Share options

The Group operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, other employees of the Group, consultants of the Group or the affiliates or any entity in which the Group or affiliate holds a substantial interest (the "Related Entity"), and any persons who made special contributions in certain aspects to the Group or any Related Entity.

Prior to the Reorganization, Shanghai Quna had granted share options to directors and employees since 2016 (the "Onshore Options Arrangement"). In anticipation of the global offering, the Group decided to implement overseas incentive program to assume the Onshore Options Arrangement and administer all the share options granted and to be granted going forwards, and therefore adopted the stock incentive plan (the "Stock Incentive Plan") on September 22, 2021. As at December 31, 2023, options to subscribe for an aggregate of 40,658,824 shares have been conditionally granted to 108 eligible participants under the Stock Incentive Plan. The vesting schedule of the share options granted would be subject to the service condition that would be satisfied over a period of 2 to 4 years. The options granted to directors and employees are accounted for as equity awards and measured at their grant date fair values.

The exercise prices and exercise periods of the share options outstanding as at the end of the Relevant Periods is as follows:

	Number of share options	Average exercise price per share
		(RMB)
As at January 1, 2021	26,423,224	2.73
Granted during the year	2,744,000	6.94
As at December 31, 2021 and January 1, 2022	29,167,224	3.13
Granted during the year	810,000	11.81
As at December 31, 2022 and January 1, 2023	29,977,224	3.36
Granted during the year	10,681,600	5.77
As at December 31, 2023	40,658,824	3.99

	Number of share options	Exercise price per share	Weighted average remaining contractual life
		(RMB)	*(Year)*
As at December 31, 2021	29,167,224	1.10~6.94	4.6
As at December 31, 2022	29,977,224	1.10~11.81	3.7
As at December 31, 2023	40,658,824	1.10~12.40	3.9

The number of share options and average exercise price per share disclosed above have been adjusted to reflect the impact of implementing overseas incentive program to assume the Onshore Options Arrangement.

For the fair value of equity-settled share options granted during the Relevant Periods, a binominal model was used and taken into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Date of Grant	January 1, 2021	January 1, 2022	January 1, 2023	January 2, 2023	June 1, 2023
Expected volatility	54.43%	53.63%	53.35%~ 53.89%	53.35%	51.28%~ 53.93%
Dividend yield	0%	0%	0%	0%	0%
Risk-free interest rate	3.15%	2.78%	2.82%	2.82%	2.53%~ 2.66%
Expected life of options (year)	9	9	8 to 9	9	7 to 9

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. Dividend yield is based on management estimate at the valuation date. Risk-free interest rate was estimated based on the yield of the PRC Government Bonds with a maturity life closest to the life to expiration, as of the option grant date.

The Group recognised share-based payment expenses in relation to the Stock Incentive Plan of RMB2,379,000, RMB2,753,000 and RMB14,634,000 for the years ended December 31, 2021, 2022 and 2023, respectively.

29. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended December 31, 2021, 2022 and 2023, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB3,314,000, RMB546,000 and RMB3,519,000, respectively, in respect of lease arrangements for buildings.

During the year ended December 31, 2023, as a result of termination of SAIF Warrants, convertible redeemable preferred shares of RMB61,047,000 was transferred to reserves and non-controlling interests of the Group.

(b) Changes in liabilities arising from financing activities

Year ended December 31, 2021

	Bank loans	**Lease liabilities**	**Convertible redeemable preferred shares**	**Convertible bonds**	**Increase/ (decrease) in amounts due to shareholders**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2021	62,366	7,937	561,445	–	–
Changes from financing cash flows	24,589	(6,583)	185,840	40,000	80,000
Change in fair value	–	–	188,848	574	–
Additions of lease liabilities	–	3,314	–	–	–
Interest expense *(note 6)*	5,047	550	–	–	–
At December 31, 2021	92,002	5,218	936,133	40,574	80,000

Year ended December 31, 2022

	Bank loans	**Lease liabilities**	**Convertible redeemable preferred shares**	**Convertible bonds**	**Increase/ (decrease) in amounts due to shareholders**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	92,002	5,218	936,133	40,574	80,000
Changes from financing cash flows	(53,868)	(3,969)	142,773	–	(80,000)
Change in fair value	–	–	191,467	–	–
Additions of lease liabilities	–	546	–	–	–
Transfer in/(out)	–	–	40,574	(40,574)	–
Interest expense *(note 6)*	3,113	172	–	–	–
At December 31, 2022	41,247	1,967	1,310,947	–	–

Year ended December 31, 2023

	Bank loans	Lease liabilities	Convertible redeemable preferred shares
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023	41,247	1,967	1,310,947
Changes from financing cash flows	90,650	(2,609)	(20,000)
Change in fair value	–	–	24,088
Lease termination	–	(758)	–
Interest expense (*note 6*)	1,543	68	–
Additions of lease liabilities	–	3,519	–
Transfer of convertible redeemable preferred shares*	–	–	(61,047)
At December 31, 2023	133,440	2,187	1,253,988

*: During the year ended December 31, 2023, as a result of termination of SAIF Warrants, convertible redeemable preferred shares of RMB61,047,000 was transferred to reserves and non-controlling interests of the Group.

(c) Total cash outflow for leases

	Year ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Within operating activities	1,121	1,304	1,495
Within financing activities	6,583	3,969	2,609
	7,704	5,273	4,104

30. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods.

	As at December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Contracted, but not provided for:			
Purchase of items of property, plant and equipment	–	910	16,750
	–	910	16,750

31. RELATED PARTY TRANSACTIONS

The following table sets forth the outstanding balances with related parties as of the dates indicated:

The Group and the Company

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from shareholders			
Mr. Lau, Siu Ying *(note i)*	1,181	1,181	–
Beyond Branding *(note ii)*	5	5	5
Q-robot *(note ii)*	1	1	1
Kiosk Joy *(note ii)*	1	1	1
Q-robot shop *(note ii)*	–*	–*	–*
INSIGMA *(note ii)*	–*	–*	–*
NeoBox *(note ii)*	–*	–*	–*
QFUN Holding Limited *(note iii)*	–*	–*	–*
	1,188	1,188	7

* The relevant amount is less than RMB1,000.

Note i: Mr. Lau, Siu Ying, the Series Seed investor, has repaid the balance in July 2023.

Note ii: These entities are owned by the Controlling Shareholders of the Company.

Note iii: This entity is owned by a Series C investor.

The Company

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Amount due from a subsidiary			
Shanghai Quna	356,419	201,387	164,583

Amounts due from shareholders and amount due from a subsidiary are non-trade in nature, unsecured and payable on demand with interest-free.

The Group

	As at December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Amount due to a shareholder			
Nanjing Siyue Enterprise Management Development Co., Ltd. ("**Nanjing Siyue**", *note i*)	80,000	–	–

Note i: Nanjing Siyue is an affiliate of Banyan Pacific Technology Investment Limited ("**Banyan Pacific**"), a Series E investor. Pursuant to the agreement entered into between the Group and Nanjing Siyue, Nanjing Siyue paid RMB80,000,000 in advance to Shanghai Quna, which should be repaid with 10 working days after Banyan Pacific fully paid the consideration of US$15,000,000 for Series E Preferred Shares. Banyan Pacific has fully paid the consideration by the end of December 2021 and the Group has settled amount due to Nanjing Siyue in January 2022.

Note ii: The balance was in relation to the repurchase of convertible redeemable preferred shares, details of which are set out in note (i) of note 25 to the Historical Financial Information.

Amount due to a shareholder are non-trade in nature, unsecured and payable on demand with interest-free.

Compensation of key management personnel of the Group

	Year ended December 31,		
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	1,891	1,886	1,864
Performance related bonuses	–	–	–
Pension scheme contributions	308	304	300
Share incentive plan expense	926	926	926
	3,125	3,116	3,090

32. PLEDGE OF ASSETS

Details of the Group's trade receivable and other receivable pledged for the Group's bank borrowings are included in notes 17 and 19 to the Historical Financial Information.

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments of the Group as at the end of each of the Relevant Periods are as follows:

Financial assets

As at December 31, 2021

	Financial assets at amortised cost
	RMB'000
Trade receivables	243,181
Amount due from shareholders	1,188
Financial assets included in prepayments, other receivables and other assets	3,459
Cash and bank balances	191,752
	439,580

As at December 31, 2022

	Financial assets at amortised cost
	RMB'000
Trade receivables	461,903
Amount due from shareholders	1,188
Financial assets included in prepayments, other receivables and other assets	3,600
Cash and bank balances	87,342
	554,033

As at December 31, 2023

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	–	493,999	493,999
Amount due from shareholders	–	7	7
Financial assets included in prepayments, other receivables and other assets	–	2,346	2,346
Cash and bank balances	–	299,018	299,018
Financial assets at fair value through profit or loss	4,000	–	4,000
	4,000	795,370	799,370

As at December 31, 2021

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	–	50,874	50,874
Amount due to a shareholder	–	80,000	80,000
Financial liabilities included in other payables and accruals	–	4,805	4,805
Convertible redeemable preferred shares	936,133	–	936,133
Convertible bonds	40,574	–	40,574
Interest-bearing bank borrowings	–	92,002	92,002
	976,707	227,681	1,204,388

As at December 31, 2022

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	–	20,792	20,792
Financial liabilities included in other payables and accruals	–	2,631	2,631
Convertible redeemable preferred shares	1,310,947	–	1,310,947
Interest-bearing bank borrowings	–	41,247	41,247
	1,310,947	64,670	1,375,617

As at December 31, 2023

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	–	11,451	11,451
Financial liabilities included in other payables and accruals	–	5,542	5,542
Convertible redeemable preferred shares	1,253,988	–	1,253,988
Interest-bearing bank borrowings	–	133,440	133,440
	1,253,988	150,433	1,404,421

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, time deposits, financial assets included in prepayments and other receivables, trade receivables, due from related parties, trade payables, financial liabilities included in other payables and accruals, due to related parties and current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at the end of each of the Relevant Periods were assessed to be insignificant.

The fair values of lease liabilities have been calculated by discounting the expected future cash flows using rate currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts.

The fair values of the convertible redeemable preferred shares and convertible bonds measured at FVTPL are determined using the option pricing model. Further details are set out in note 25 to the Historical Financial Information.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

As at December 31, 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at fair value through profit or loss	–	–	4,000	4,000

The investment is not publicly traded in an open market. Therefore, the fair value of the investment was determined with reference to the issue price for its recently issued share.

As at December 31, 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities				
Convertible redeemable preferred shares	–	–	936,133	936,133
Convertible bonds	–	–	40,574	40,574
	–	–	976,707	976,707

As at December 31, 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities				
Convertible redeemable preferred shares	–	–	1,310,947	1,310,947

As at December 31, 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities				
Convertible redeemable preferred shares	–	–	1,253,988	1,253,988

Financial instruments in Level 3

Further details of convertible redeemable preferred shares and convertible bonds are included in note 25 to the Historical Financial Information.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at December 31, 2021, 2022 and 2023:

December 31, 2021

	Valuation technique	Significant unobservable inputs	Range of inputs	Increase/ (decrease) in the inputs	Increase (decrease) of fair value to the input
				(%)	*RMB'000*
Convertible redeemable preferred shares and convertible bonds	Back-solved method and option-pricing method	DLOM	3%~25%	1/(1)	(11,390)/ 11,390
		Risk-free interest rate	2.51%	1/(1)	(3,293)/ 3,338

December 31, 2022

	Valuation technique	Significant unobservable inputs	Range of inputs	Increase/ (decrease) in the inputs	Increase (decrease) of fair value to the input
				(%)	*RMB'000*
Convertible redeemable preferred shares	Back-solved method and option-pricing method	DLOM	2%~19%	1/(1)	(14,485)/ 14,485
		Risk-free interest rate	2.15%	1/(1)	(2,120)/ 2,142

December 31, 2023

	Valuation technique	Significant unobservable inputs	Range of inputs	Increase/ (decrease) in the inputs	Increase (decrease) of fair value to the input
				(%)	*RMB'000*
Convertible redeemable preferred shares	Back-solved method and option-pricing method	DLOM	1%~19%	1/(1)	(6,497)/ 6,497
		Risk-free interest rate	2.17%	1/(1)	(2,024)/ 2,661

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, interest-bearing bank borrowings, financial liabilities at FVTPL and amount due to shareholder(s). The main purpose of these financial instruments is to support the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The senior management of the Company meets regularly to analyse and formulate measures to manage the Group's exposure to these risks. In addition, the Board holds meetings regularly to analyse and approve the proposals made by the senior management of the Company. Generally, the Group introduces conservative strategies on its risk management. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in fair value relates primarily to the Group's bank borrowings with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit after tax through the impact on floating rate borrowings and the Group's equity.

	Increase/ (decrease) in basis points	(Decrease)/ increase in profit/(loss) after tax	(Decrease)/ increase in equity
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
2021			
RMB	100	(698)	(698)
RMB	(100)	698	698
2022			
RMB	100	(223)	(223)
RMB	(100)	223	223
2023			
RMB	100	NA	NA
RMB	(100)	NA	NA

Credit risk

The Group trades only with recognised and creditworthy third parties and there is no requirement for collateral. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. As at December 31, 2021, 2022 and 2023, the Group had certain concentrations of credit risk as 10.62%, 6.16% and 6.15% were due from the Group's largest customer, and 33.60%, 27.22% and 24.06% were due from the Group's five largest customers, respectively. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk.

Maximum exposure and year-end staging

The table below shows the credit quality based on the Group's credit policy and the maximum exposure to credit risk presented at gross carrying amounts, which is mainly based on reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions, and year-end staging classification as at the end of each of the Relevant Periods.

December 31, 2021

	12 months ECLs	**Lifetime ECLs**			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	265,915	265,915
Amount due from shareholders	1,188	–	–	–	1,188
Financial assets included in prepayments and other receivables and other assets					
– Normal**	4,013	–	–	–	4,013
Cash and bank balances	191,752	–	–	–	191,752
	196,953	–	–	265,915	462,868

December 31, 2022

	12 months ECLs	**Lifetime ECLs**			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	510,274	510,274
Amount due from shareholders	1,188	–	–	–	1,188
Financial assets included in prepayments and other receivables and other assets					
– Normal**	4,221	–	–	–	4,221
Cash and bank balances	87,342	–	–	–	87,342
	92,751	–	–	510,274	603,025

December 31, 2023

	12 months ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	541,331	541,331
Amount due from shareholders	7	–	–	–	7
Financial assets included in prepayments and other receivables and other assets					
– Normal**	3,809	–	–	–	3,809
Cash and bank balances	299,018	–	–	–	299,018
	302,834	–	–	541,331	844,165

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables and other receivables are respectively disclosed in notes 19 and 17 to the Historical Financial Information, respectively.

Liquidity risk

The Group monitors its exposure to liquidity risk by monitoring the current ratio, which is calculated by comparing the current assets with the current liabilities.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	As at December 31, 2021			
	On demand	Within 1 year	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	–	50,827	47	50,874
Amount due to a shareholder	–	80,000	–	80,000
Financial liabilities included in other payables and accruals	–	4,606	201	4,807
Interest-bearing bank borrowings	–	61,576	32,310	93,886
Convertible bonds	–	43,200	–	43,200
Convertible redeemable preferred shares *(note a)*	–	–	695,915	695,915
Lease liabilities	–	3,793	2,011	5,804
Total	–	244,002	730,484	974,486

	As at December 31, 2022			
	On demand	Within 1 year	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	–	20,792	–	20,792
Financial liabilities included in other payables and accruals	–	2,430	201	2,631
Interest-bearing bank borrowings	–	28,130	16,235	44,365
Convertible redeemable preferred shares *(note a)*	–	–	907,893	907,893
Lease liabilities	–	1,794	217	2,011
Total	–	53,146	924,546	977,692

	As at December 31, 2023			
	On demand	Within 1 year	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	–	11,451	–	11,451
Financial liabilities included in other payables and accruals	–	5,542	–	5,542
Interest-bearing bank borrowings	–	122,892	14,613	137,505
Convertible redeemable preferred shares *(notes a and b)*	–	–	1,042,342	1,042,342
Lease liabilities	–	1,703	544	2,247
Total	–	141,588	1,057,499	1,199,087

Notes:

(a) As at December 31, 2021 and 2022, the liquidity risk of convertible redeemable preferred shares is the original issue price of Preferred Shares plus the respective predetermined interest (the "redemption amount"), assuming that no consummation of public listing of the Company's shares by December 31, 2023, and the holders of the Preferred Shares request the Company to redeem all of the Preferred Shares within 30 business days after December 31, 2023 pursuant to the effective MOA as at the end of respective reporting period.

(b) According to the MOA passed in June 2023, the redemption date regarding IPO consummation has been changed to December 31, 2024.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, by pricing services commensurately with the level of risk.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The asset-liability ratios as at the end of each of the Relevant Periods are as follows:

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Total assets	755,957	823,591	1,067,374
Total liabilities	1,216,313	1,397,251	1,435,317
Asset-liability ratio*	161%	170%	134%

* Asset-liability ratio is calculated by dividing total liabilities by total assets and multiplying the product by 100%.

36. INVESTMENT IN A SUBSIDIARY

The Company

	Year ended December 31,		
	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*
Cost of investments, unlisted			
Qunabox HK	108,688	488,088	589,492

37. EVENTS AFTER THE RELEVANT PERIODS

There is no material subsequent event happened after December 31, 2023.

38. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2023.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this Prospectus, and is included herein for information purpose only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this Prospectus and the Accountants' Report set out in Appendix I to this Prospectus, respectively.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effects of (i) the Global Offering and (ii) conversion of Series Seed-1, Seed-2, Angel, A, B, C, D, E, E+ and F Preference Shares into ordinary shares upon completion of Global Offering on the consolidated net tangible assets attributable to ordinary shareholders of the Company as of December 31, 2023 as if the Global Offering had taken place on December 31, 2023.

The unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets attributable to ordinary shareholders of the Company had the Global Offering been completed as of December 31, 2023 or as at any future dates.

The unaudited pro forma statement of adjusted consolidated net tangible assets is prepared based on the consolidated net tangible assets attributable to ordinary shareholders of the Company as of December 31, 2023 as set out in the Accountants' Report in Appendix I to this Prospectus and is adjusted for the effects described below.

	Consolidated net tangible liabilities of the Group attributable to owners of the Company as at December 31, 2023	Estimated net Proceeds from the Global Offering	Estimated impact to the consolidated net tangible liabilities upon the conversion of preferred shares	Unaudited pro forma adjusted consolidated net tangible assets as at December 31, 2023	Unaudited pro forma adjusted consolidated net tangible assets per Share as at December 31, 2023	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(Note 1)	*(Note 2)*	*(Note 3)*		*(Note 4)*	*(Note 5)*
Based on an Offer Price of HK$25.00 per Share	(387,825)	407,133	1,253,988	1,273,296	4.85	5.34
Based on an Offer Price of HK$27.35 per Share	(387,825)	447,494	1,253,988	1,313,657	5.00	5.51
Based on an Offer Price of HK$29.70 per Share	(387,825)	487,856	1,253,988	1,354,019	5.15	5.68

Notes:

(1) The consolidated net tangible liabilities of the Group attributable to equity holders of the Company as at December 31, 2023 was equal to the consolidated net liabilities attributable to owners of the Company as at December 31, 2023 of RMB387,825,000 set out in the Accountants' Report in Appendix I to this Prospectus.

(2) The estimated net proceeds from the Global Offering are based on estimated low end, mid-point and high end offer prices of HK$25.00, HK$27.35 and HK$29.70 per Share after deduction of underwriting fees and commissions and other related expenses payable by the Company (excluding the listing expenses that have been charged to profit and loss account during the Track Record Period).

(3) Upon the completion of the Global Offering, all preferred shares will be automatically converted into ordinary shares. The conversion of Series Seed-1, Seed-2, Angel, A, B, C, D, E, E+ and F Preference Shares would have reclassified such preferred shares amounting to RMB1,253,988,000 from liabilities to equity and accordingly increased the unaudited pro forma adjusted consolidated net tangible liabilities of the Group at December 31, 2023 by RMB1,253,988,000.

(4) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share is arrived at by dividing the unaudited pro forma adjusted net tangible assets by 262,705,446 shares, being the number of shares in issue assuming that the Global Offering had been completed on December 31, 2023.

(5) For the purpose of this unaudited pro forma statement of adjusted net tangible assets, the balances stated in RMB are converted into HK$ at the rate of RMB1.0000 to HK$1.1012.

(6) No other adjustment has been made to the unaudited pro forma adjusted consolidated net tangible asset of the Group to reflect any trading result or other transactions entered into subsequent to December 31, 2023.

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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

To the Directors of Qunabox Group Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Qunabox Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at December 31, 2023 and related notes as set out on pages II-1 to II-2 of the prospectus dated May 17, 2024 issued by the Company (the "Unaudited Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Part A of Appendix II to the listing documents.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of (i) the Global Offering and (ii) conversion of Series Seed-1, Seed-2, Angel, A, B, C, D, E, E+ and F Preference Shares into ordinary shares upon completion of Global Offering on the Group's financial position as at December 31, 2023 as if the transaction had taken place at December 31, 2023. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's consolidated financial statements for the year ended December 31, 2023, on which an accountants' report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and

- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Ernst & Young
Certified Public Accountants
Hong Kong

May 17, 2024

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on May 5, 2024 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

The Memorandum of Association is on display on the websites of the Stock Exchange and the Company as specified in Appendix V in the section headed "Documents on display."

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on May 5, 2024 and include provisions to the following effect:

2.1 Directors

(a) Power to allot and issue Shares

Subject to the provisions in the Memorandum of Association (and to any direction that may be given by the Company in general meeting), these Articles and, where applicable, the Listing Rules, and without prejudice to any rights attached to any existing shares, the Directors may allot, issue, grant options over or otherwise dispose of shares with or without preferred, deferred or other rights or restrictions, whether in regard to dividend or other distribution, voting, return of capital or otherwise and to such persons, at such times and on such other terms as the Directors think proper.

(b) Power to dispose of the assets of the Company or any subsidiary

Subject to the provisions of the Companies Act, the Memorandum and Articles of Association and to any directions given by special resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum and Articles of Association and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given.

(c) Compensation or payment for loss of office

There are no provisions in the Articles of Association relating to compensation or payment for loss of office of a Director.

(d) Loans to Directors

There are no provisions in the Articles of Association relating to making of loans to Directors.

(e) Financial assistance to purchase Shares

There are no provisions in the Articles of Association relating to the giving of financial assistance by the Company to purchase shares in the Company or its subsidiaries.

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realised by or arising in connection with any such contract or transaction by reason of such Director or alternate Director holding office or of the fiduciary relationship thereby established, provided that the nature of the interest of any Director or any alternate Director in any such contract or transaction shall be disclosed by them at or prior to its consideration and any vote thereon.

A Director shall not be entitled to vote on (nor shall the Director be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates has any material interest, and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

(i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:

(A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or

(B) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the Director, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of their interest in shares or debentures or other securities of the Company.

(g) Remuneration

The remuneration to be paid to the Directors, if any, shall be such remuneration as the Directors shall determine. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors, or general meetings of the Company, or separate meetings of the holders of any class of shares or debentures of the Company, or otherwise in connection with the business of the Company or the discharge of their duties as a Director, or to receive a fixed allowance in respect thereof as may be determined by the Directors, or a combination partly of one such method and partly the other.

The Directors may approve additional remuneration to any Director for any services which in the opinion of the Directors go beyond that Director's ordinary routine work as a Director. Any fees paid to a Director who is also counsel, attorney or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to their remuneration as a Director.

(h) Retirement, appointment and removal

The Company may by ordinary resolution appoint any person to be a Director, either to fill a vacancy or as an additional Director.

The Company may by ordinary resolution remove any Director (including a managing or other executive Director) before the expiration of such Director's term of office, notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director, and may by ordinary resolution elect another person in their stead. Nothing shall be taken as depriving a Director so removed of compensation or damages payable to such Director in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director.

The Directors may appoint any person to be a Director, either to fill a vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles of Association as the maximum number of Directors. Any Director so appointed shall hold office only until the first annual general meeting of the Company after such Director's appointment and shall then be eligible for re-election at that meeting.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated if:

(i) the Director gives notice in writing to the Company that he resigns the office of Director;

(ii) the Director is absent (for the avoidance of doubt, without being represented by proxy or an alternate Director appointed by him) for a continuous period of 12 months without special leave of absence from the Directors, and the Directors pass a resolution that he has by reason of such absence vacated office;

(iii) the Director dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;

(iv) the Director is found to be or becomes of unsound mind; or

(v) the Director is removed from office by notice in writing served upon such Director signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors then in office (including such Director).

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election at such meeting. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) Borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

2.2 Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.3 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class for the time being issued (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied only with the consent in writing of the holders of not less than three-fourths of the voting rights of the issued shares of that class, or with the approval of a resolution passed by not less than three-fourths of the votes cast at a separate meeting of the holders of the shares of that class. To any such meeting all the provisions of the Articles of Association relating to general meetings shall apply *mutatis mutandis*, except that the necessary quorum shall be one or more persons holding or representing by proxy or duly authorised representative at least one-third of the voting rights of the issued shares of that class.

The rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.4 Alteration of capital

The Company may by ordinary resolution:

(a) increase its share capital by such sum as the ordinary resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;

(b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchasers thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(c) by subdivision of its existing shares or any of them divide the whole or any part of its share capital into shares of smaller amount than is fixed by the Memorandum of Association or into shares without par value; and

(d) cancel any shares that at the date of the passing of the ordinary resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

The Company may by special resolution reduce its share capital or any capital redemption reserve fund, subject to the provisions of the Companies Act.

2.5 Special resolution – majority required

A "special resolution" is defined in the Articles of Association to have the same meaning as in the Companies Act, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an "ordinary resolution" is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.6 Voting rights

Subject to any rights or restrictions attached to any shares, at any general meeting every member of the Company present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have (a) the right to speak; (b) one vote on a show of hands; and (c) one vote for every share of which he is the holder on a poll.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint holders the vote of the senior holder who tenders a vote, whether in person or by proxy (or in the case of a corporation or other non-natural person, by its duly authorised representative or proxy) shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.

A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by their committee, receiver, curator bonis, or other person on such member's behalf appointed by that court, and any such committee, receiver, curator bonis or other person may vote by proxy.

No person shall be counted in a quorum or be entitled to vote at any general meeting unless he is registered as a member on the record date for such meeting, nor unless all calls or other monies then payable by him in respect of shares have been paid.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairperson of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

Any corporation or other non-natural person which is a member of the Company may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members, and the person so authorised shall be entitled to exercise the same powers as the corporation could exercise if it were an individual member.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise or appoint such person or persons as it thinks fit to act as its representative(s) or proxy(ies) at any general meeting of the Company or at any general meeting of any class of members of the Company, provided that, if more than one person is so authorised or appointed, the authorisation or form of proxy shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised or appointed pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which that person represents as that recognised clearing house (or its nominee(s)) could exercise as if such person were an individual member of the Company holding the number and class of shares specified in such authorisation or form of proxy, including the right to speak and, where a show of hands is allowed, the right to vote individually on a show of hands.

2.7 Annual general meetings and extraordinary general meetings

The Company shall hold a general meeting as its annual general meeting for each financial year within six months (or such other period as may be permitted by the Listing Rules or the Stock Exchange) after the end of such financial year. An annual general meeting shall be specified as such in the notices calling it.

The Directors may call general meetings, and they shall on a members' requisition forthwith proceed to convene an extraordinary general meeting of the Company. A members' requisition is a requisition of one or more members holding at the date of deposit of the requisition not less than 10% of the voting rights, on a one vote per share basis, of the issued shares which as at that date carry the right to vote at general meetings of the Company. The members' requisition must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists and deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, and may consist of several documents in like form each signed by one or more requisitionists. If there are no Directors as at the date of the deposit of the members' requisition or if the Directors do not within 21 days from the date of the deposit of the members' requisition duly proceed to convene a general meeting to be held within a further 21 days, the requisitionists, or any of them representing more than one-half of the total voting rights of all the requisitionists, may themselves convene a general meeting, but any meeting so convened shall be held no later than the day which falls three months after the expiration of the said 21 day period. A general meeting convened by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

2.8 Accounts and audit

The Directors shall cause proper books of account to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Such books of account must be retained for a minimum period of five years from the date on which they are prepared. Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

The Directors shall determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members of the Company not being Directors, and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Companies Act or authorised by the Directors or by the Company in general meeting.

The Directors shall cause to be prepared and to be laid before the Company at every annual general meeting a profit and loss account for the period since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up, a Directors' report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditors' report on such accounts and such other reports and accounts as may be required by law.

2.9 Auditors

The Company shall at every annual general meeting by ordinary resolution appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The Company may by ordinary resolution remove an auditor before the expiration of his period of office. No person may be appointed as an auditor of the Company unless such person is independent of the Company. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed by ordinary resolution, or in the manner specified in such resolution.

2.10 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice and any extraordinary general meeting shall be called by not less than 14 days' notice, which shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Every notice shall specify the place, the day and the hour of the meeting, particulars of the resolutions and the general nature of the business to be conducted at the meeting. Notwithstanding the foregoing, a general meeting of the Company shall, whether or not the notice specified has been given and whether or not the provisions of the Articles of Association regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:

(a) in the case of an annual general meeting, by all members of the Company entitled to attend and vote at the meeting; and

(b) in the case of an extraordinary general meeting, by a majority in number of the members having a right to attend and vote at the meeting, together holding not less than 95% in par value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, they may change or postpone the meeting to another date, time and place.

The Directors also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning is in force at any time on the day of the general meeting (unless such warning is cancelled at least a minimum period of time prior to the general meeting as the Directors may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date.

Where a general meeting is postponed:

(a) the Company shall endeavour to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the Listing Rules, to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, provided that failure to place or publish such notice shall not affect the automatic postponement of a general meeting due to a gale warning or black rainstorm warning being in force on the day of the general meeting;

(b) the Directors shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting; and such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

(c) only the business set out in the notice of the original meeting shall be transacted at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be transacted at the reconvened meeting, nor shall any accompanying documents be required to be recirculated. Where any new business is to be transacted at such reconvened meeting, the Company shall give a fresh notice for such reconvened meeting in accordance with the Articles of Association.

2.11 Transfer of shares

Transfers of shares may be effected by an instrument of transfer, which shall be in writing and in any standard form of transfer as prescribed by the Stock Exchange or such other form as the Directors may approve. The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company.

The Directors may decline to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

(a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of only one class of shares;

(c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(e) the shares concerned are free of any lien in favour of the Company; and

(f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall notify the transferor and the transferee within two months of such refusal.

The registration of transfers shall be suspended during such periods as the register of members of the Company is closed. The Directors may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, close the register of members at such times and for such periods as the Directors may from time to time determine, provided that the register of members shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

2.12 Power of the Company to purchase its own shares

Subject to the provisions of the Companies Act, the Company may purchase its own shares provided that (a) the manner of purchase has first been authorised by the members of the Company by ordinary resolution, and (b) any such purchase shall only be made in accordance with any relevant code, rules or regulations issued by the Stock Exchange or the Securities and Futures Commission of Hong Kong from time to time in force.

2.13 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.14 Dividends and other methods of distribution

Subject to the Companies Act and the Articles of Association, the Company may by ordinary resolution resolve to pay dividends and other distributions on shares in issue and authorise payment of the dividends or other distributions out of the funds of the Company lawfully available therefor, provided no dividends shall exceed the amount recommended by the Directors. No dividend or other distribution shall be paid except out of the realised or unreleased profits of the Company, out of the share premium account or as otherwise permitted by law.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may in addition from time to time declare and pay special dividends on shares of such amounts and on such dates as they think fit.

Except as otherwise provided by the rights attached to any shares, all dividends and other distributions shall be paid according to the amounts paid up on the shares that a member holds during any portion or portions of the period in respect of which the dividend is paid. For this purpose no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may deduct from any dividends or other distribution payable to any member of the Company all sums of money (if any) then payable by the member to the Company on account of calls or otherwise. The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

No dividend shall carry interest against the Company. Except as otherwise provided by the rights attached to any shares, dividends and other distributions may be paid in any currency.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other monies payable in cash in respect of shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the register of members of the Company or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, other distributions, bonuses, or other monies payable in respect of the shares held by them as joint holders.

Any dividend or other distribution which remains unclaimed after a period of six years from the date on which such dividend or distribution becomes payable shall be forfeited and shall revert to the Company.

The Directors, with the sanction of the members of the Company by ordinary resolution, may resolve that any dividend or other distribution be paid wholly or partly by the distribution of specific assets, and in particular (but without limitation) by the distribution of shares, debentures, or securities of any other company or in any one or more of such ways, and where any difficulty arises in regard to such distribution, the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members of the Company upon the basis of the value so fixed in order to adjust the rights of all members, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.15 Proxies

A member of the Company entitled to attend and vote at a general meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. Votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead at any one general meeting or at any one class meeting.

The instrument appointing a proxy shall be in writing and shall be executed under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation or other non-natural person, under the hand of its duly authorised representative.

The Directors shall, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by the Company, specify the manner (including by electronic means) by which the instrument appointing a proxy shall be deposited and the place and the time (being not later than the time appointed for the commencement of the meeting or adjourned meeting to which the proxy relates) at which the instrument appointing a proxy shall be deposited.

The instrument appointing a proxy may be in any usual or common form (or such other form as the Directors may approve) and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked.

2.16 Calls on shares and forfeiture of shares

Subject to the terms of the allotment and issue of any shares, the Directors may make calls upon the members of the Company in respect of any monies unpaid on their shares (whether in respect of par value or premium), and each member of the Company shall (subject to receiving at least 14 clear days' notice specifying the times or times of payment) pay to the Company at the time or times so specified the amount called on his shares. A call may be revoked or postponed, in whole or in part, as the Directors may determine. A call may be required to be paid by instalments. A person upon whom a call is made shall remain liable for calls made upon him, notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share.

If a call remains unpaid after it has become due and payable, the person from whom it is due shall pay interest on the amount unpaid from the day it became due and payable until it is paid at such rate as the Directors may determine (and in addition all expenses that have been incurred by the Company by reason of such non-payment), but the Directors may waive payment of the interest or expenses wholly or in part.

If any call or instalment of a call remains unpaid after it has become due and payable, the Directors may give to the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any expenses incurred by the Company by reason of such non-payment. The notice shall specify where payment is to be made and shall state if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

If such notice is not complied with, any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors. Such forfeiture shall include all dividends, other distributions or other monies payable in respect of the forfeited shares and not paid before the forfeiture.

A forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors think fit.

A person any of whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares and shall surrender to the Company for cancellation the certificate for the shares forfeited and shall remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with interest at such rate as the Directors may determine, but that person's liability shall cease if and when the Company shall have received payment in full of all monies due and payable by them in respect of those shares.

2.17 Inspection of register of members

The Company shall maintain or cause to be maintained the register of members of the Company in accordance with the Companies Act. The Directors may, on giving at least 10 business days' notice (or at least 6 business days' notice in the case of a rights issue) by advertisement published on the Stock Exchange's website or, subject to the Listing Rules, in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, close the register of members at such times and for such periods as the Directors may determine, either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Except when the register is closed, the register of members shall during business hours be kept open for inspection by any member of the Company without charge.

2.18 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present. Two members of the Company present in person or by proxy, or if a corporation or other non-natural person by its duly authorised representative or proxy, shall be a quorum unless the Company has only one member entitled to vote at such general meeting in which case the quorum shall be that one member present in person or by proxy, or in the case of a corporation or other non-natural person by its duly authorised representative or proxy.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.3 above.

2.19 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.20 Procedure on liquidation

Subject to the Companies Act, the Company may by special resolution resolve that the Company be wound up voluntarily.

Subject to the rights attaching to any shares, in a winding up:

(a) if the assets available for distribution amongst the members of the Company shall be insufficient to repay the whole of the Company's paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, on the shares held by them at the commencement of the winding up;

(b) if the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the Company's paid up capital at the commencement of the winding up, the surplus shall be distributed amongst the members of the Company in proportion to the capital paid up on the shares held by them at the commencement of the winding up.

If the Company shall be wound up, the liquidator may with the approval of a special resolution of the Company and any other approval required by the Companies Act, divide amongst the members of the Company in kind the whole or any part of the assets of the Company (whether such assets shall consist of property of the same kind or not) and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like approval, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like approval, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.21 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12-year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12-year period, the Company has caused an advertisement to be published in the newspapers or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Companies Act is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Act and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Act, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on June 15, 2021 under the Companies Act. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorised share capital.

3 Share Capital

The Companies Act permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Act provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act);

(d) writing-off the preliminary expenses of the company;

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Act, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends and Distributions

With the exception of section 34 of the Companies Act, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Act contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Companies Act requires that a company shall cause to be kept proper books of account with respect to:

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company; and

(c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 Inspection of Books and Records

Members of a company will have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11 Special Resolutions

The Companies Act provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Companies Act does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by (a) 75% in value of shareholders, or (b) a majority in number representing 75% in value of creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Restructuring

A company may present a petition to the Grand Court of the Cayman Islands for the appointment of a restructuring officer on the grounds that the company:

(a) is or is likely to become unable to pay its debts; and

(b) intends to present a compromise or arrangement to its creditors (or classes thereof) either pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring.

The Grand Court may, among other things, make an order appointing a restructuring officer upon hearing of such petition, with such powers and to carry out such functions as the court may order. At any time (i) after the presentation of a petition for the appointment of a restructuring officer but before an order for the appointment of a restructuring officer has been made, and (ii) when an order for the appointment of a restructuring officer is made, until such order has been discharged, no suit, action or other proceedings (other than criminal proceedings) shall be proceeded with or commenced against the company, no resolution to wind up the company shall be passed, and no winding up petition may be presented against the company, except with the leave of the court. However, notwithstanding the presentation of a petition for the appointment of a restructuring officer or the appointment of a restructuring officer, a creditor who has security over the whole or part of the assets of the company is entitled to enforce the security without the leave of the court and without reference to the restructuring officer appointed.

18 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

19 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

20 Taxation

Pursuant to section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

(a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

(b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

  (i) on or in respect of the shares, debentures or other obligations of the Company; or

  (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (As Revised).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

21 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

22 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is on display on the websites as referred to in the section headed "Documents on display" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Act on June 15, 2021. Our registered office address is at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. As our Company is incorporated in the Cayman Islands, our operation is subject to the relevant laws and regulations of the Cayman Islands, the Articles and the Memorandum. A summary of the relevant laws and regulations of the Cayman Islands and of our constitution is set out in Appendix III to this prospectus.

Our Company was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on June 20, 2023. Our principal place of business in Hong Kong is at 31/F., Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. Ms. FUNG Po Ting (馮寶婷) has been appointed as our authorized representative for the acceptance of service of process and notices in Hong Kong. The address of service of process is 31/F., Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

As of the date of this prospectus, our Company's head offices are located at 17/F, Wentong International Plaza, 398 Guiyang Road, Yangpu District, Shanghai, PRC and 5-205, Building 5, No. 16 Angel Avenue, Anji County, Huzhou, Zhejiang, PRC.

2. Changes in the Share Capital of our Company

As of the date of incorporation of our Company, our authorized share capital was US$50,000 divided into 500,000,000 ordinary shares with a par value of US$0.0001 each.

On June 29, 2023, our Company re-designated and reclassified our authorized share capital into US$50,000 divided into 4,861,359,923 ordinary shares, 7,805,712 Series Seed-1 Preferred Shares, 4,000,020 Series Seed-2 Preferred Shares, 20,888,298 Series Angel Preferred Shares, 3,278,010 Series A Preferred Shares, 29,999,988 Series B Preferred Shares, 21,799,845 Series C Preferred Shares, 14,400,000 Series D Preferred Shares, 19,226,563 Series E Preferred Shares, 11,075,113 Series E+ Preferred Shares, 4,120,583 Series F-1 Preferred Shares and 2,045,945 Series F-2 Preferred Shares.

Save as disclosed above, there has been no alternation in our share capital within the two years immediately preceding the date of this prospectus.

3. Changes in the Share Capital of our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries is set out in note 1 to the Accountants' Report as set out in Appendix I to this prospectus. The following sets out the changes in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus:

Shanghai Zhiqu

On April 4, 2023, the registered capital of Shanghai Zhiqu was increased from RMB10,000,000 to RMB19,600,000.

Hainan Quzhi

On June 12, 2023, Hainan Quzhi was established in the PRC as a limited liability company with a registered capital of RMB300,000,000.

Zhejiang Quxiang

On June 12, 2023, Zhejiang Quxiang was established in the PRC as a limited liability company with a registered capital of RMB500,000,000.

Yunshang Meiji

On June 15, 2023, Yunshang Meiji was established in the PRC as a limited liability company with a registered capital of RMB1,000,000.

Termi Smart

On January 31, 2024, Termi Smart was incorporated in Singapore as a private company limited by shares with an issued share capital of SGD200,000.

Save as disclosed above, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

4. Resolutions of our Shareholders

Written resolutions of our Shareholders were passed on May 5, 2024 pursuant to which, among others:

(a) conditional on (i) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued as stated in this prospectus; (ii) the Offer Price having been determined; (iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and (iv) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the International Underwriters under the International Underwriting Agreement to be made with, amongst others, our Company, becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Sole Overall Coordinator (on behalf of the Underwriters)) and not being terminated in accordance with the terms thereof or otherwise:

(i) the Global Offering were approved, and the proposed allotment and issue of the Shares under the Global Offering were approved, and our Directors were authorized to determine the Offer Price for, and to allot and issue the Shares under the Global Offering;

(ii) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with Shares or securities convertible into Shares and to make or grant offers, agreements or options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive Shares) which might require Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of the Shares to allotted and issued or agreed conditionally or unconditionally to be allotted and issued, otherwise than by way of the Global Offering or rights issue, pursuant to the exercise of any subscription rights attaching to any warrants which may be allotted and issued by our Company from time to time, or, pursuant to the exercise of any options which may be granted under the Stock Incentive Plan or allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association on a specific authority granted by our Shareholders in general meetings, shall not exceed 20% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering;

(iii) a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors to exercise all powers of our Company to repurchase Shares on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering, excluding any Shares which may be issued under the Stock Incentive Plan;

(iv) the general unconditional mandate as mentioned in paragraph (ii) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares repurchased by our Company pursuant to the mandate to purchase Shares referred to in paragraph (iii) above up to 10% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering, excluding any Shares which may be issued under the Stock Incentive Plan; and

(b) the Memorandum and the Articles were conditionally approved and adopted with effect from the Listing.

Each of the general mandates referred to in paragraphs (a)(ii), (a)(iii) and (a)(iv) above will remain in effect until whichever is the earliest of:

- the conclusion of the next annual general meeting of our Company;
- the expiration of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles; or
- the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting.

5. Repurchase of Our Own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this prospectus concerning the repurchase of our own securities.

(a) Provision of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) Shareholders' Approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our Shareholders on May 5, 2024, the Repurchase Mandate was given to our Directors authorizing them to exercise all powers of our Company to repurchase Shares on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, with a total nominal value up to 10% of the aggregate nominal value of our Shares in issue immediately following completion of the Global Offering (excluding any Shares which may be issued under the Stock Incentive Plan), with such mandate to expire at the earliest of (i) the conclusion of the next annual general meeting of our Company (unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions), (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles of Association or any other applicable laws to be held, and (iii) the date when it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

(ii) Source of Funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and the Articles and the applicable laws and regulations of Hong Kong and 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 from time to time. As a matter of Cayman Islands law, any repurchases by our Company may be made out of profits or out of the proceeds of a new issue of shares made for the purpose of the repurchase or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles of Association and subject to the Cayman Companies Act. Any premium payable on the repurchase over the par value of the shares to be purchased must have been provided for out of profits or from sums standing to the credit of our share premium account or out of capital, if so authorized by the Articles of Association and subject to the Cayman Companies Act.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of Repurchased Shares

The listing of all purchased securities (whether on the Stock Exchange or otherwise) is automatically cancelled and the relevant certificates must be cancelled and destroyed. Under the laws of the Cayman Islands, unless our Directors resolve to hold the shares purchased by our Company as treasury shares prior to the purchase, shares purchased by our Company shall be treated as cancelled and the amount of our Company's issued share capital shall be diminished by the nominal value of those shares. However, the purchase of shares will not be taken as reducing the amount of the authorized share capital under the laws of the Cayman Islands.

(v) Suspension of Repurchase

A listed company may not make any repurchase of securities after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) 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 a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (b) the deadline for a listed company to announce its 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 ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange, other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting Requirements

Certain information relating to repurchases of securities 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 following business day on which a listed company makes a purchase of its shares. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including the number of securities purchased each month (whether on the Stock Exchange or otherwise), the purchase price per share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate price paid.

(vii) Core Connected Persons

The Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a "core connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them (as defined under the Listing Rules) and a core connected person shall not knowingly sell its securities to the company.

(b) Reasons for Repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have a general authority from the Shareholders to enable our Company to repurchase 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 Shareholders.

(c) Funding of Repurchases

Repurchase of the Shares must be funded out of funds legally available for such purpose in accordance with the Articles of Association and the applicable laws of the Cayman Islands. Our Directors may not repurchase the Shares 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. Subject to the foregoing, our Directors may make repurchases with profits of our Company or out of the proceeds of a new issuance of shares made for the purpose of the repurchase or, if authorized by the Articles of Association and subject to the Cayman Companies Act, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorized by the Articles of Association and subject to Cayman Companies Act, out of capital.

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 its gearing levels which, in the opinion of our Directors, are from time to time appropriate for our Company.

(d) General

A full exercise of the Repurchase Mandate, on the basis of 262,705,446 Shares in issue immediately following completion of the Global Offering (without taking into account any Shares which may be issued under the Stock Incentive Plan), could accordingly result in up to 26,270,544 Shares being repurchased by our Company during the period prior to the earliest of:

(i) the conclusion of the next annual general meeting of our Company (unless otherwise renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions);

(ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles of Association or any other applicable laws to be held; or

(iii) the date when it is varied or revoked by an ordinary resolution of the Shareholders in a general meeting.

None of our Directors and, to the best of their knowledge having made all reasonable enquiries, their respective close associates currently intends to sell any Shares to our Company.

Our Directors will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, 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 could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequence which would arise under the Takeovers Code as a consequence of any repurchase pursuant to the Repurchase Mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agrees to waive the requirements under the Listing Rules regarding the public shareholding as referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No core connected person of our Company has notified our Company that he/she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being a contract entered into in the ordinary course of business) was entered into by members of our Group within the two years immediately preceding the date of this prospectus which are or may be material:

(a) a cornerstone investment agreement dated May 14, 2024 entered into among our Company, Golden Future LPF (金利富通有限合夥基金), Haitong International Capital Limited (海通國際資本有限公司) and Haitong International Securities Company Limited (海通國際證券有限公司), pursuant to which Golden Future LPF (金利富通有限合夥基金) agreed to subscribe for Offer Shares at the Offer Price in the amount of Hong Kong dollar equivalent to US$10.0 million; and

(b) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks, which we consider to be material to our Group's business:

No.	Trademark	Place of registration	Name of registered owner	Registration no.	Class	Expiry date
1.	(A) 趣拿 (B) 趣拿 (C) 趣拿 (D) 趣拿	Hong Kong	Qunabox HK	306224346	7, 9, 35, 42	April 19, 2033
2.		PRC	Shanghai Quna	63596913	42	October 6, 2032
3.		PRC	Shanghai Quna	63598484	9	October 6, 2032
4.		PRC	Shanghai Quna	63590032	7	October 6, 2032
5.		PRC	Shanghai Quna	63584838	35	October 6, 2032
6.		PRC	Shanghai Quna	61648071	35	June 27, 2032
7.		PRC	Shanghai Quna	61655797	42	June 27, 2032
8.		PRC	Shanghai Quna	61638102	7	June 27, 2032
9.		PRC	Shanghai Quna	61649577	9	June 27, 2032
10.	实趣	PRC	Shanghai Quna	41338108	42	May 27, 2030
11.	九九趣拿节	PRC	Shanghai Quna	41348532	42	December 27, 2030
12.		PRC	Shanghai Quna	41348524	42	May 27, 2030
13.	实趣	PRC	Shanghai Quna	28081492	7	November 27, 2028

No.	Trademark	Place of registration	Name of registered owner	Registration no.	Class	Expiry date
14.	趣拿	PRC	Shanghai Quna	28084648	7	December 6, 2028
15.	实趣	PRC	Shanghai Quna	28086012	35	November 27, 2028
16.	实趣	PRC	Shanghai Quna	28081530	9	November 27, 2028
17.		PRC	Shanghai Quna	19735257	9	June 13, 2027
18.	趣抢	PRC	Shanghai Quna	19735244	35	August 20, 2027
19.	趣拿节	PRC	Shanghai Quna	17897639	35	August 27, 2027
20.	趣拿	PRC	Shanghai Quna	17897638	35	October 20, 2026
21.	九九趣拿节	PRC	Shanghai Quna	17897640	35	January 27, 2028
22.	趣拿	PRC	Shanghai Quna	12037064	35	July 6, 2034
23.	趣拿	PRC	Shanghai Quna	12037065	9	July 6, 2034
24.	致尚	PRC	Shanghai Quna	9342681	9	April 27, 2032
25.	趣选	PRC	Shanghai Quna	70592366	7	October 6, 2033
26.	有趣人类种草机	PRC	Shanghai Quna	74800837	9	May 5, 2034

(b) Domain Names

As of the Latest Practicable Date, we had registered the following domain name, which we consider to be material to our Group's business:

No.	Domain name	Registered owner	Registration date	Expiry date
1.	zzss.com	Shanghai Quna	June 16, 2003	June 16, 2029

(c) Software Copyrights

As of the Latest Practicable Date, we had 114 software copyrights, which we consider to be material to our Group's business.

(d) Patents

As of the Latest Practicable Date, we had 14 patents, which covered key aspects of our operation, including structural designs and components of vending machines, and data transmission and interaction technologies between our vending machines and operation system.

Save as disclosed above, as of the Latest Practicable Date, there was no other trade or service mark, patent, intellectual or industrial property right or software copyright which was material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS

1. Disclosure of Interests

(a) Interests and short positions of our Directors and chief executive in the share capital of our Company and its associated corporations following completion of the Global Offering

Immediately following completion of the Global Offering (assuming the options granted under the Stock Incentive Plan are not exercised), so far as our Directors are aware, the interests and/or short positions (as applicable) of our Directors and chief executive in the Shares, underlying shares and debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have taken under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded 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 for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, will be as follows:

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of interest immediately following completion of the Global Offering (%)
Ms. Yin	Founder of a trust who can influence how the trustee exercise his discretion[(1)]	72,294,252	27.52
	Beneficial of a trust[(1)]	72,294,252	27.52
	Interest held jointly with another person[(7)]	30,867,144	11.75
	Beneficial owner[(2)]	2,500,000	0.95

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of interest immediately following completion of the Global Offering (%)
Mr. CAO Liwen (曹理文)	Founder of a trust who can influence how the trustee exercise his discretion(3)	8,819,184	3.36
	Beneficial of a trust(3)	8,819,184	3.36
	Interest held jointly with another person(7)	94,342,212	35.91
	Beneficial owner(4)	2,500,000	0.95
Mr. HUANG Aihua (黃愛華)	Interest of controlled corporation(5)	4,409,592	1.68
	Interest held jointly with another person(7)	98,751,804	37.59
	Beneficial owner(6)	4,000,000	1.52

Notes:

(1) Beyond Branding was wholly owned by Jovie Holding Limited, which is turn wholly owned by Trident Trust Company (HK) Limited ("**Trident Trust**"), being the trustee of Jovie Trust which is a trust established by Ms. Yin as the settlor and beneficiary. As such, Ms. Yin is deemed to be interested in the Shares held by Beyond Branding under the SFO.

(2) These Shares represent Ms. Yin's entitlement to receive up to 2,500,000 Shares pursuant to the exercise of options granted to her under the Stock Incentive Plan, subject to the terms and conditions of these options.

(3) Kiosk Joy was wholly owned by Iwan Holding Limited, which is in turn wholly owned by Trident Trust, being the trustee of Liwen Trust which is a trust established by Mr. CAO Liwen (曹理文) as settlor and beneficiary. As such, Mr. CAO Liwen (曹理文) is deemed to be interested in the Shares held by Kiosk Joy under the SFO.

(4) These Shares represent Mr. CAO Liwen's (曹理文) entitlement to receive up to 2,500,000 Shares pursuant to the exercise of options granted to him under the Stock Incentive Plan, subject to the terms and conditions of these options.

(5) NeoBox was wholly owned by NeoWay Holding Limited, which is in turn wholly owned by Mr. HUANG Aihua (黃愛華). As such, each of NeoWay Holding Limited and Mr. HUANG Aihua (黃愛華) is deemed to be interested the Shares held by NeoBox under the SFO.

(6) These shares represents Mr. HUANG Aihua (黃愛華)'s entitlement to receive up to 4,000,000 shares pursuant to the exercise of options granted to him under the Stock Incentive Plan, subject to the terms and conditions of these options.

(7) On June 27, 2023, Ms. Yin, Mr. YIN Juelian (殷珏蓮), Mr. CAO Liwen (曹理文), Mr. WU Wenhong (吳文洪), Mr. HUANG Aihua (黃愛華) and Mr. QIAN Jun (錢俊) entered into an acting-in-concert agreement pursuant to which the signing parties have confirmed that they had been acting in concert by aligning their votes and following Ms. Yin's directions when exercising their voting rights at the Shareholders' meetings in our Group since they became interested in Shanghai Quna, respectively.

(b) Interests and short positions discloseable under Divisions 2 and 3 of Part XV of the SFO

For information on the persons who will, immediately following completion of the Global Offering, have interests or short position in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or directly or indirectly 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 other member of our Group, please refer to the section headed "Substantial Shareholders" in this prospectus.

Save as set out above, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following completion of the Global Offering, be interested, directly or indirectly, 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 or had option(s) in respect of such share capital.

2. Particulars of Directors' Service Contracts and Appointment Letters

(a) Executive Directors and non-executive Directors

Each of our executive Directors and non-executive Directors has entered into a service contract with us under which the initial term of their service contracts shall be three years commencing from the date of their appointment until terminated in accordance with the terms and conditions of the service contract or by either party giving to the other party not less than one month's prior notice in writing.

(b) Independent non-executive Directors

Each of our independent non-executive Directors has entered into an appointment letter with us for an initial term of three years from the Listing Date until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other party not less than one month's prior notice in writing.

3. Remuneration of Directors

Save as disclosed in the section headed "Directors and Senior Management" and note 8 to the Accountants' Report as set out in Appendix I to this prospectus, for the three financial years ended December 31, 2021, 2022 and 2023, none of our Directors received other remunerations of benefits in kind from us.

4. Disclaimers

Save as disclosed in this prospectus:

(i) there is no existing or proposed service contract (excluding any contract expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between our Directors and any member of our Group;

(ii) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

(iii) taking no account of any Shares which may be taken up under the Global Offering, so far as is known to any Director or chief executive of our Company, no other person (other than a Director or chief executive of our Company) will, immediately following completion of the Global Offering, have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or be interested, directly or indirectly, 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; and

(iv) none of our Directors or chief executive of our Company has any interests or short positions in the Shares, underlying Shares or debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is 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 into the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Stock Exchange.

D. STOCK INCENTIVE PLAN

The following is a summary of the principal terms of the Stock Incentive Plan as adopted by our Company on September 22, 2021. The Stock Incentive Plan is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the grant by our Company of Shares or options to subscribe for the Shares after the Listing.

(a) Purposes

The purposes of the Stock Incentive Plan are to attract and retain the best available personnel, to provide additional incentives to eligible participants and to promote the success of our Company's business.

(b) Participants

Participants under the Stock Incentive Plan may include employees, directors ("**Directors**"), consultants of our Group or our affiliates or any entity in which our Group or affiliate holds a substantial interest ("**Related Entity**"), and any persons who made special contributions in certain aspects to our Group or any Related Entity.

(c) Maximum number of Shares

The maximum aggregate number of Shares which may be issued pursuant to all grants of options, restricted Shares or other rights or benefits granted under the Stock Incentive Plan ("**Awards**") is 40,658,824 Shares (proportionally adjusted to reflect any share dividends, share splits, or similar transactions).

(d) Duration

The Stock Incentive Plan shall become effective upon the occurrence of its approval by the applicable Board resolutions of the Company. The Stock Incentive Plan shall continue in effect for a term of ten years after the date of adoption, unless sooner terminated or extended before expiration. Subject to applicable laws, Awards may be granted under the Stock Incentive Plan upon its becoming effective.

(e) Administration

The Stock Incentive Plan shall be administered by the Board and Ms. Yin, the administrator as authorized by the Board to administer the Stock Incentive Plan (the "**Administrator**"), pursuant to their following respective powers. The Administrator may authorize one or more officers or Directors to grant such Awards and may limit such authority as she determines from time to time.

The Board shall have the authority, in its discretion: (i) to amend or terminate the Stock Incentive Plan; (ii) to determine the criteria for the number of Shares to be issued to a participant who receives an Award ("**Grantee**") of a certain rank; and (iii) to determine matters related to the Awards to be granted to the Administrator, including the type, the number of Shares, the vesting schedule and the consideration.

The Administrator shall have the authority, in its discretion: (i) to select the participants (other than herself) to whom Awards may be granted from time to time hereunder; (ii) to determine whether and to what extent Awards are granted hereunder; (iii) to determine the type or the number of Awards to be granted, the number of Shares or the amount of consideration to be covered by each Award granted hereunder; (iv) to approve forms of Award agreements for use under the Stock Incentive Plan, to amend terms of the Award agreements; (v) to determine or alter the terms and conditions of any Award granted hereunder (including without limitation the vesting schedule, exercise price set forth in the notice of award and the Award agreements); (vi) to amend the terms of any outstanding Award granted under the Stock Incentive Plan; (vii) to construe and interpret the terms of the Stock Incentive Plan and Awards, including without limitation, any notice of award or Award agreement, for the Awards granted pursuant to the Stock Incentive Plan; (viii) to require the Grantee to provide representation or evidence that any currency used to pay the exercise price of any Award was legally acquired and taken out of the jurisdiction in which the Grantee resides in accordance with the applicable laws; and (ix) to take such other action, not inconsistent with the terms of the Stock Incentive Plan and the applicable laws, as the Administrator deems appropriate.

(f) Terms and conditions of Awards

The Company has appointed THE CORE TRUST COMPANY LIMITED to assist with the administration of the Stock Incentive Plan. The Administrator is authorized under the Stock Incentive Plan to award any type of arrangement to a participant (other than herself) that is not inconsistent with the provisions of the Stock Incentive Plan. Subject to the terms of the Stock Incentive Plan, the Administrator shall determine the provisions, terms, and conditions of each Award including, but not limited to, the Award vesting schedule, repurchase provisions, rights of first refusal, forfeiture provisions, form of payment (cash, Shares, or other consideration) upon settlement of the Award, payment contingencies, and satisfaction of any performance criteria. Each Award shall be subject to the terms of an Award agreement approved by the Administrator. The performance criteria established by the Administrator may be based on any one of, or combination of, the following: (i) increase in share price, (ii) earnings per share, (iii) total shareholder return, (iv) operating margin, (v) gross margin, (vi) return on equity, (vii) return on assets, (viii) return on investment, (ix) operating income, (x) net operating income, (xi) pre-tax profit, (xii) cash flow, (xiii) revenue, (xiv) expenses, (xv) earnings before interest, taxes and depreciation, (xvi) economic value added and (xvii) market share, or (xviii) other criteria determined by the Administrator. The performance criteria may be applicable to the Company, Related Entities and/or any individual business units of the Group or any Related Entity. Partial achievement of the specified criteria may result in a payment or vesting corresponding to the degree of achievement as specified in the Award agreement.

Subject to the applicable laws, the consideration to be paid for the Shares to be issued upon or trust benefits to be derived from, exercise or purchase of an Award including the method of payment, shall be determined by the Administrator.

None of the options, the exercised Shares and the restricted Shares (regardless of whether such Share/option is vested or unvested) shall be transferred, pledged to any third party, set any encumbrance on or disposed of by any Grantee unless approved by the Administrator.

(g) Exercise of Awards

Any Award granted under the Stock Incentive Plan shall be exercisable at such times and under such conditions as determined by the Administrator under the terms of the Stock Incentive Plan and specified in the Award agreement. An Award may not be exercised after the termination date of such Award set forth in the Award agreement and may not be exercised following the termination of a Grantee's provision of services to the Group or a Related Entity in any capacity of a participant, unless otherwise approved by the Administrator.

Notwithstanding the foregoing, regardless of whether an Award has otherwise become exercisable:

(i) the Award shall not be exercised after five years after such option becomes vested in full and exercisable, unless approved by the Administrator;

(ii) the Award shall not be exercised if the Administrator (in its sole discretion) determines that an exercise would violate any applicable laws;

(iii) the Award shall not be exercised by the Grantee until all approvals, consents, registrations, filings or waivers which are required to be obtained by such Grantee under the applicable laws in connection with such exercise have been duly obtained; and

(iv) if requested by the Administrator, the exercise of Award shall be conditioned upon the issuance of an opinion of a qualified counsel satisfactory to the Administrator stating to the effect that such exercise would be in full compliance with the applicable laws.

(h) Adjustments upon changes in capitalization

Subject to any required action by the Shareholders, the number of Shares covered by each outstanding Award, the number of Shares which have been authorized for issuance under the Stock Incentive Plan but as to which no Awards have yet been granted or which have been returned to the Stock Incentive Plan, the exercise or purchase price of each such outstanding Award, as well as any other terms that the Administrator determines require adjustment shall be proportionately adjusted for:

(i) any increase or decrease in the number of issued Shares resulting from a share split, reverse share split, share dividend, combination or reclassification of the Shares, or similar transaction affecting the Shares;

(ii) any other increase or decrease in the number of issued Shares effected without receipt of consideration by the Company or the SPV(s); or

(iii) as the Administrator may determine in its discretion, any other transaction with respect to ordinary shares including a corporate merger, consolidation, acquisition of property or equity, separation, reorganization, liquidation (whether partial or complete) or any similar transaction; provided, however that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration".

Such adjustment shall be made by the Administrator and its determination shall be final, binding and conclusive. Except as the Administrator determines, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason hereof shall be made with respect to, the number or price of Shares subject to an Award.

(i) Amendment, suspension or termination of the Stock Incentive Plan

The Board may at any time amend (including extend the term of the Stock Incentive Plan), suspend or terminate the Stock Incentive Plan. No Award may be granted during any suspension of the Stock Incentive Plan or after termination of the Stock Incentive Plan.

2. Outstanding Grants

As of the date of this prospectus, outstanding options to subscribe for an aggregate of 40,658,824 Shares have been granted to a total of 108 eligible participants by our Company under the Stock Incentive Plan. All outstanding options under the Stock Incentive Plan have been granted to specified grantees prior to the Listing.

The table below shows the details of share options granted to (i) our Directors, members of senior management and connected persons (if any) of our Company and (ii) grantees with entitlement of 1,000,000 or more Shares under the Stock Incentive Plan that are outstanding as of the date of this prospectus.

Name of Grantee	Address	Position/relationship with our Group	Exercise period	Consideration paid	Exercise price *(RMB/share)*	Number of Shares under outstanding options granted	Date of grant	Vesting period	Approximate percentage of equity interest in our Company underlying the outstanding options upon completion of the Global Offering (assuming no Shares are issued pursuant to the Stock Incentive Plan) *(%)*
Directors, members of senior management and connected persons of our Company									
Ms. Yin	Room 701 No. 19, Lane 199 Baiyang Road, Huamu Town Pudong New Area Shanghai PRC	Executive Director, chairwoman of the Board and chief executive officer	*Note (1)*	–	1.0982	1,500,000	January 1, 2016	*Note (2)*	0.57
			Note (1)	–	6.9444	1,000,000	January 1, 2020	*Note (2)*	0.38
Mr. CAO Liwen (曹理文)	Room 402, Floor 17 Area 2, Licheng Haidian District Beijing PRC	Executive Director and vice president of sales	*Note (1)*	–	1.0982	1,500,000	January 1, 2016	*Note (2)*	0.57
			Note (1)	–	6.9444	1,000,000	January 1, 2020	*Note (2)*	0.38
Mr. HUANG Aihua (黃愛華)	Room 1302 No. 11 Lane 801 Yinghua Road Pudong New Area Shanghai PRC	Executive Director and chief technology officer	*Note (1)*	–	1.0982	3,000,000	July 1, 2016	*Note (2)*	1.14
			Note (1)	–	6.9444	1,000,000	January 1, 2021	*Note (2)*	0.38

Name of Grantee	Address	Position/relationship with our Group	Exercise period	Consideration paid	Exercise price *(RMB/share)*	Number of Shares under outstanding options granted	Date of grant	Vesting period	Approximate percentage of equity interest in our Company underlying the outstanding options upon completion of the Global Offering (assuming no Shares are issued pursuant to the Stock Incentive Plan) *(%)*
Ms. YIN Juelian (殷珏蓮)	Room 102 No. 11, Lane 39 Yinxiao Road Pudong New Area Shanghai PRC	Chief financial officer	*Note (1)*	–	1.0982	1,500,000	January 1, 2016	*Note (2)*	0.57
			Note (1)	–	6.9444	1,016,224	January 1, 2020	*Note (2)*	0.39
Mr. QIAN Jun (錢俊)	Room 701 No. 34, Lane 25 Songfa Road Baoshan District Shanghai PRC	Executive vice president	*Note (1)*	–	1.0982	1,500,000	January 1, 2016	*Note (2)*	0.57
			Note (1)	–	6.9444	1,000,000	January 1, 2020	*Note (2)*	0.38
Mr. WU Wenhong (吳文洪)	Room 302 Unit 2, Building 15 Jialuyuan North Xihu District Hangzhou PRC	Chief customer relations advisor	*Note (1)*	–	1.0982	1,000,000	January 1, 2016	*Note (2)*	0.38

Name of Grantee	Address	Position/relationship with our Group	Exercise period	Consideration paid	Exercise price *(RMB/share)*	Number of Shares under outstanding options granted	Date of grant	Vesting period	Approximate percentage of equity interest in our Company underlying the outstanding options upon completion of the Global Offering (assuming no Shares are issued pursuant to the Stock Incentive Plan) *(%)*
Other grantees with entitlement of 1,000,000 or more Shares upon full exercise of options granted to them									
LU Bin (陸斌)	2-401 Jindi Dayunchenfu, Xiangfu Street, Gongshu District, Hangzhou, Zhejiang provide, PRC	Chief brand operation officer	*Note (1)*	–	0	1,506,800	June 1, 2023	*Note (3)*	0.57
YANG Rui (楊睿)	Room B4-306, No. 430 Gongqing Road, Yangpu District, Shanghai, PRC	Product manager	*Note (1)*	–	1.0982	2,100,000	July 1, 2016	*Note (2)*	0.80
			Note (1)	–	6.9444	320,000	January 1, 2021	*Note (2)*	0.12
HUANG Mingming (黃明明)	Room 701, No. 29 Lane 758 East High Road, Pudong New Area, Shanghai, PRC	Project manager	*Note (1)*	–	1.0982	2,080,000	January 1, 2016	*Note (2)*	0.79
			Note (1)	–	6.9444	520,000	January 1, 2020	*Note (2)*	0.20
HU Xiaowei (胡小薇)	Room 602, Unit 1, No. 14 Building, East One District, Huoying Longjinyuan, Changping District, Beijing, PRC	Administrative head of Beijing office	*Note (1)*	–	1.0982	2,160,000	January 1, 2016	*Note (2)*	0.82
			Note (1)	–	6.9444	1,040,000	January 1, 2020	*Note (2)*	0.40

Name of Grantee	Address	Position/relationship with our Group	Exercise period	Consideration paid	Exercise price *(RMB/share)*	Number of Shares under outstanding options granted	Date of grant	Vesting period	Approximate percentage of equity interest in our Company underlying the outstanding options upon completion of the Global Offering (assuming no Shares are issued pursuant to the Stock Incentive Plan) *(%)*
WU Jia (吳佳)	601, No. 28 Lane 299 Yijiang Road, Zhangjiang Town, Pudong New Area, Shanghai, PRC	Assistant to general manager	*Note (1)*	–	1.0982	2,080,000	January 1, 2016	*Note (2)*	0.79
			Note (1)	–	6.9444	520,000	January 1, 2020	*Note (2)*	0.20
JIANG Yating (江亞婷)	Room 201, No. 29 Lane 321 Jiamusi Road, Yangpu District, Shanghai, PRC	Senior financial manager	*Note (1)*	–	2.5000	300,000	January 1, 2017	*Note (2)*	0.11
			Note (1)	–	6.9444	300,000	January 1, 2021	*Note (2)*	0.11
			Note (1)	–	9.9213	400,000	January 1, 2023	*Note (4)*	0.15
WANG Ruixiao (王瑞霄)	Room 505, No. 1 Lane 169 Jinzhou Bay Road, Yangpu District, Shanghai, PRC	New retail operation director	*Note (1)*	–	0	600,000	January 1, 2023	*Note (4)*	0.23
			Note (1)	–	9.9213	1,400,000	January 1, 2023	*Note (2)*	0.53

Name of Grantee	Address	Position/relationship with our Group	Exercise period	Consideration paid	Exercise price *(RMB/share)*	Number of Shares under outstanding options granted	Date of grant	Vesting period	Approximate percentage of equity interest in our Company underlying the outstanding options upon completion of the Global Offering (assuming no Shares are issued pursuant to the Stock Incentive Plan) *(%)*
WANG Zan (王贊)	905, No. 8 Haoyuefang, Lane 169 Jinzhou Bay Road, Daqiao Street, Yangpu District, Shanghai, PRC	Assistant to general manager	*Note (1)*	–	0	600,000	January 1, 2023	*Note (4)*	0.23
			Note (1)	–	9.9213	1,350,000	January 1, 2023	*Note (2)*	0.51
Total						32,293,024			12.29

Notes:

(1) The options shall be exercisable within five years after such options become vested in full and exercisable.

(2) The vesting period shall be four years commencing from the date of grant.

(3) The vesting period shall be two years commencing from the date of grant.

(4) The vesting period shall be three years commencing from the date of grant.

The table below shows the details of the information on the options granted to the grantees under the Stock Incentive Plan as of the Latest Practicable Date:

Range of Shares underlying grants under the Stock Incentive Plan	Number of grantees	Number of Shares underlying the options granted	Exercise period	Consideration paid	Vesting period	Date of grant	Exercise price *(RMB/share)*	Approximate percentage of equity interest in our Company underlying the outstanding options upon completion of the Global Offering (assuming no Shares are issued pursuant to the Stock Incentive Plan) *(%)*
1 to 99,999	81	3,221,000	*Note (1)*	–	*Note (2)*	January 1, 2016 to June 1, 2023	1.0982 to 12.4016	1.23
100,000 to 999,999	13	5,144,800	*Note (1)*	–	*Note (3)*	January 1, 2017 to June 1, 2023	0 to 12.4016	1.96
1,000,000 to 2,499,999	6	9,876,800	*Note (1)*	–	*Note (3)*	January 1, 2016 to June 1, 2023	0 to 9.9213	3.76
2,500,000 to 3,499,999	7	18,416,224	*Note (1)*	–	*Note (2)*	January 1, 2016 to January 1, 2020	1.0982 to 6.9444	7.01
3,500,000 or more	1	4,000,000	*Note (1)*	–	*Note (2)*	July 1, 2016 to January 1, 2021	1.0982 to 6.9444	1.52
Total	**108**	**40,658,824**	**-**	**-**	**-**	**-**	**-**	**15.48**

Notes:

(1) The options shall be exercisable within five years after such options become vested in full and exercisable.

(2) The vesting period shall be four years commencing from the date of grant.

(3) The vesting period ranges from two to four years from the date of grant.

3. Dilution Effect and Impact on Earnings per share

Subject to any alterations set out under the Stock Incentive Plan in the event of any capitalization issue, rights issue, open offer, sub-division, consolidation of shares, or reduction of capital of our Company that may take place after the Listing, the total number of shares subject to the options granted under the Stock Incentive Plan shall be no more than 40,658,824 Shares, representing approximately 15.48% of the issued share capital of our Company immediately upon completion of the Global Offering (assuming the options granted under the Stock Incentive Plan are not exercised). Assuming full exercise of the options outstanding under the Stock Incentive Plan, the shareholding of our Shareholders immediately following completion of the Global Offering will be diluted by approximately 13.4%. There is no consequent impact on the earnings per Share for the two years ended December 31, 2021 and 2022 as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

E. OTHER INFORMATION

1. Litigation

As of the Latest Practicable Date, we were not involved in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened against any member of our Group, which would have a material adverse effect on our Group's results of operations or financial condition, taken as a whole.

2. Preliminary expenses

As of the Latest Practicable Date, we have not incurred any material preliminary expense.

3. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

4. Promoters

Our Company has no promoter for the purpose of the Listing Rules. Within the two years immediately preceding the date of this prospectus, 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 Global Offering and the related transactions described in this prospectus.

5. Sole Sponsor

The Sole Sponsor has made an application on our behalf to the Stock Exchange for the listing of, and permission to deal in, (i) the Shares in issue, (ii) the Shares to be issued pursuant to the Global Offering, and (iii) the Shares to be issued under the Stock Incentive Plan.

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive a fee of US$700,000 for acting as a sponsor to our Company in connection with the Global Offering.

6. Qualification of Experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions and/or advice in this prospectus are as follows:

Name	Qualification
Haitong International Capital Limited	A corporation licensed to conduct Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Merits & Tree Law Offices	Legal adviser to our Company as to PRC law
Maples and Calder (Hong Kong) LLP	Legal adviser to our Company as to Cayman Islands law
China Insights Industry Consultancy Limited	Industry consultant

7. Consents

Each of the experts as referred to in the paragraph headed "– E. Other Information – 6. Qualification of Experts" in this appendix has given and has not withdrawn its respective written consents to the issue of this prospectus with the inclusion of certificates, letters, opinions or reports and the references to its name included herein in the form and context in which it respectively included.

8. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since December 31, 2023 (being the date to which the latest audited financial statements of our Group were made up).

9. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

10. Miscellaneous

Save as otherwise disclosed in this prospectus:

(i) none of our Directors or experts referred to in the paragraph headed "– E. Other Information – 6. Qualification of Experts" in this appendix, has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(ii) none of the experts referred to in the paragraph headed "– E. Other Information – 6. Qualification of Experts" in this appendix has any shareholding interest in our Company or any of our subsidiaries 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;

(iii) within the two years immediately preceding the date of this prospectus, no share or loan capital or debenture of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be issued as fully or partly paid either for cash or for a consideration other than cash;

(iv) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(v) no commission, discount, brokerage or other special term has been granted or agreed to be granted within the two years immediately preceding the date of this prospectus in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;

(vi) within the two years preceding the date of this prospectus, no commission has been paid or is payable (except commissions to sub-underwriters) for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any Shares in our Company;

(vii) there is no founder, management or deferred share in our Company or any of our subsidiaries;

(viii) our Company has no outstanding convertible debt securities or debentures;

(ix) there is no arrangement under which future dividends are waived or agreed to be waived;

(x) no member of our Group is presently listed on any stock exchange or traded on any trading system, and no listing or permission to deal is being or proposed to be sought; and

(xi) there is no restriction affecting the remittance of profits or repatriation of capital of our Company into Hong Kong from outside Hong Kong.

11. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

(i) a copy of the material contracts referred to in the paragraph headed "Statutory and General Information – B. Further Information about Our Business – 1. Summary of Material Contracts" in Appendix IV to this prospectus; and

(ii) the written consents referred to in the paragraph headed "Statutory and General Information – E. Other Information – 7. Consents" in Appendix IV to this prospectus.

DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.zzss.com** during a period of 14 days from the date of this prospectus:

(a) the Memorandum of Association and the Articles of Association;

(b) the Accountants' Report prepared by Ernst & Young, the text of which is set out in Appendix I to this prospectus;

(c) the audited consolidated financial statements of our Company for the three financial years ended December 31, 2021, 2022 and 2023;

(d) the report prepared by Ernst & Young on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;

(e) the PRC legal opinion issued by Merits & Tree Law Offices, our PRC Legal Adviser, in respect of certain general corporate matters and property interests of our Group under PRC laws;

(f) the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our legal adviser as to Cayman Islands law, summarizing certain aspects of Cayman Islands company law referred to in Appendix III to this prospectus;

(g) the Industry Report prepared by China Insights Industry Consultancy Limited;

(h) the material contracts referred to in the paragraph headed "Statutory and General Information – B. Further Information about Our Business – 1. Summary of Material Contracts" in Appendix IV to this prospectus;

(i) the service contracts and the appointment letters referred to in the paragraph headed "Statutory and General Information – C. Further Information about Our Directors – 2. Particulars of Directors' Service Contracts and Appointment Letters" in Appendix IV to this prospectus;

(j) the written consents referred to in the paragraph headed "Statutory and General Information – E. Other Information – 7. Consents" in Appendix IV to this prospectus;

(k) the terms of the Stock Incentive Plan; and

(l) the Cayman Companies Act.

DOCUMENTS AVAILABLE FOR INSPECTION

A copy of a list of grantees under the Stock Incentive Plan, containing all details as required under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be available for inspection at the office of O'Melveny & Myers, at 31/F, AIA Central, 1 Connaught Road Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus.

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Qunabox Group Limited