An [**REDACTED**] *in our Shares involves significant risks. You should carefully consider all of the information in this document, 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* [**REDACTED**] *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* [**REDACTED**] *of our Shares could decline, and you may lose all or part of your* [**REDACTED**]. *The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-Looking Statements" in this document.*

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 document. 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 document. 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 document. 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 document.

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 [**REDACTED**] 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 or fluctuate 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 or fluctuate 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. During the Track Record Period, we have implemented automated monitoring systems in place to detect power shortages and outages in vending machines. Upon detection, automatic alerts are issued, prompting our operations team to intervene and investigate. In instances where fluctuations in vending machine temperature pose a risk of food or beverage spoilage, immediate action is taken, such as restoring power supply or removing affected products. The temperature settings of our vending machines are adjusted according to regional environmental conditions to ensure appropriate storage conditions, with very few products requiring refrigeration. 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 document. 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 document. 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* [REDACTED] *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 [**REDACTED**] 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 [**REDACTED**] 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 [**REDACTED**] 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 [**REDACTED**] 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 [**REDACTED**], the [**REDACTED**] 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 [**REDACTED**] 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 document.

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 [REDACTED] of our securities [REDACTED] 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 [**REDACTED**] of the [**REDACTED**] 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 [**REDACTED**] from the [**REDACTED**].

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 [**REDACTED**]% of our net [**REDACTED**] from the [**REDACTED**], or approximately HK$[**REDACTED**], 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 document. 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 [**REDACTED**] from the [**REDACTED**] 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 [**REDACTED**] from the [**REDACTED**]. 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 document 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 [**REDACTED**]. 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 document. 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 document.

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 document. 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 document.

We expect to substantially improve our net position and net liabilities position upon completion of the [**REDACTED**] and the [**REDACTED**], 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 document. 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 [**REDACTED**].

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 [**REDACTED**], 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 [**REDACTED**] of our Shares to decline.

RISKS RELATING TO THE [REDACTED]

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

Prior to this [**REDACTED**], there has been no public market for our Shares. The [**REDACTED**] for our [**REDACTED**] was the result of negotiations among us and [**REDACTED**] (for itself and on behalf of the [**REDACTED**]) and the [**REDACTED**] may differ significantly from the [**REDACTED**] for our Shares following this [**REDACTED**]. We have applied for [**REDACTED**] of and permission to [**REDACTED**] our [**REDACTED**] on the [**REDACTED**].

A [**REDACTED**] on the [**REDACTED**], 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 [**REDACTED**], or that the [**REDACTED**] of the Shares will not decline following the [**REDACTED**]. 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 [**REDACTED**] of the [**REDACTED**] is higher than the net tangible asset value per Share immediately prior to the [**REDACTED**]. Therefore, purchasers of the [**REDACTED**] in the [**REDACTED**] will experience an immediate dilution in [**REDACTED**] consolidated net tangible asset value. There can be no assurance that if we were to immediately liquidate after the [**REDACTED**], 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 [REDACTED], and we may incur increased costs as a result of becoming a [REDACTED].

We have no experience conducting our operations as a [**REDACTED**]. As a result of the [**REDACTED**] on the [**REDACTED**], 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 [**REDACTED**] 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 [**REDACTED**] 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 [**REDACTED**] 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 [**REDACTED**], our management team will need to develop the expertise necessary to comply with the numerous regulatory and other requirements applicable to [**REDACTED**], including requirements relating to corporate governance, [**REDACTED**] standards and securities and investor relationships issues. As a [**REDACTED**], 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 [REDACTED] following the [REDACTED] 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 [**REDACTED**], there has not been a [**REDACTED**] for our Shares. Future sales or perceived sales by our existing Shareholders of our Shares after the [**REDACTED**] could result in a significant decrease in the prevailing [**REDACTED**] of our Shares. Only a limited number of the Shares currently outstanding will be available for sale or issuance immediately after the [**REDACTED**] 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 [**REDACTED**] or the perception that these sales may occur could significantly decrease the prevailing [**REDACTED**] 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 [REDACTED] 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 [**REDACTED**] 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 [**REDACTED**] 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 document.

We have significant discretion as to how we will use the net [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may spend the net [**REDACTED**] from the [**REDACTED**] 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 [**REDACTED**] from the [**REDACTED**] 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 [**REDACTED**] – Use of [**REDACTED**]" in this document. However, our management will have discretion as to the actual application of our net [**REDACTED**]. You are entrusting your funds to our management, whose judgment you must depend on, for the specific uses we will make of the net [**REDACTED**] from this [**REDACTED**].

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

This document contains certain statements and information that are "forward-looking" and uses forward-looking terminology such as "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. [**REDACTED**] 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 document should not be regarded as representations that our plans or objectives will be achieved and [**REDACTED**] 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 document.

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 document.

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 [**REDACTED**], the [**REDACTED**], any of their respective directors or any other party involved in the [**REDACTED**], 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 document 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 [REDACTED].

You should rely solely upon the information contained in this document, the [**REDACTED**] and any formal announcements made by us in Hong Kong when making your [**REDACTED**] decision regarding our Shares. Subsequent to the date of this document but prior to the completion of the [**REDACTED**], there may be press and media coverage regarding us and the [**REDACTED**], which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the [**REDACTED**]. 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 [**REDACTED**] 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 document, we disclaim responsibility for them. Accordingly, prospective [**REDACTED**] are cautioned to make their [**REDACTED**] decisions on the basis of the information contained in this document only and should not rely on any other information. By applying to purchase our Shares in the [**REDACTED**], you will be deemed to have agreed that you will not rely on any information other than that contained in this document.