

SUMMARY

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

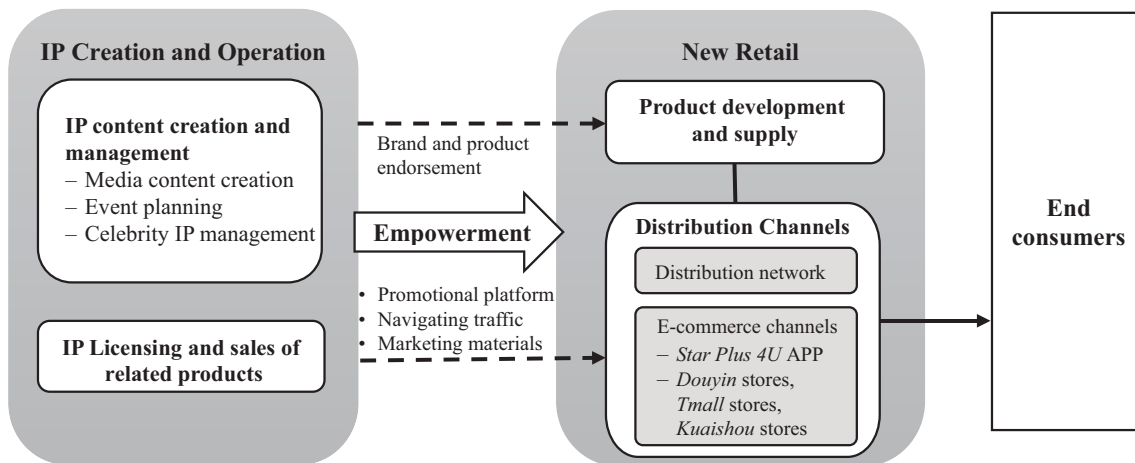
There are risks associated with any investment. Some of the particular risks in investing in the [REDACTED] are set out in the section headed “Risk factors” in this document. You should read that section carefully before you decide to invest in the [REDACTED].

Various expressions used in this section are defined in the sections headed “Definitions” and “Glossary” in this document.

OVERVIEW

Our business operations consist of two segments, namely new retail segment and IP creation and operation segment. Each segment can be a source of revenue of its own, while our IP creation and operation segment can also create a synergy effect by acting as one of our marketing tools to promote our new retail products.

The diagram below illustrates our business model:



We (i) develop and introduce suitable products to the market; (ii) establish sales channels, including extensive distributorship network and e-commerce channels; (iii) cooperate with celebrities for IP content creation; and (iv) utilize our celebrity IPs and associate IP contents for the marketing and promotion of our products, along with other sales and marketing strategies and activities.

Our new retail business

In respect of our new retail business, we focus on development and sale of low-carb health management products, as well as skincare products.

During the Track Record Period, a majority of our revenue for new retail business derived from sales of *MODONG* coffee, of which we started the nationwide distribution thereof in April 2019. *MODONG* coffee is a bulletproof coffee, which is a type of beverage containing high-fat specially designed for low-carbohydrate diet plan to meet the plan’s fat/energy ratio. In 2021, we were the largest company in China’s bulletproof drink market in terms of GMV, with a market share of 25.6%.

Leveraging our success with *MODONG* coffee, we launched a number of other low-carb drinks and food under the *MODONG* sub-brand that further exemplify our strategy to offer our end consumers a portfolio of complementary low-carb health management products. In 2022, we launched our matcha powder under a new product line, *Ai Chi Xian Mo Ren* (愛吃鮮摩人), featuring healthy and additive-free food products. In addition, we launched multiple product

SUMMARY

sub-brands in the skincare market, including *Dr.mg* and *Chaxiaojie*. The products under the *Dr.mg* sub-brand are designed to address various skin problems caused by skin aging which target aging population, whereas the products under *Chaxiaojie* sub-brand target younger generation. We will continue to develop and launch new products for our new retail business from time to time.

We primarily distribute our products through (i) a network of distributors and sub-distributors; and (ii) other e-commerce channels such as online stores operated on social media platforms. We conduct E-commerce Livestreaming through our *Douyin* account from time to time to promote the sale of our products. During the Track Record Period, we generated a substantial portion of revenue from sale of our products under the new retail segment through a network of distributors and sub-distributors. We consider our sales of products as a new retail business, as we primarily adopt a community-based social e-commerce model, where our distributors and the sub-distributors procured by them mainly promote and sell our products through a combination of online commerce elements (through social e-commerce channels, such as WeChat, *Douyin* and *XiaoHongShu*) and offline channels (through offline meetings among our distributors, sub-distributors and end consumers, such as annual events, conferences and/or face-to-face sales at distributors promotion meetings). Our distributors and the sub-distributors are also consumers of our products. Some of them have further developed into KOCs⁽¹⁾ and promote our products in their respective private domain traffic or PDT⁽²⁾ through word-of-mouth by invoking their personal experience and exerting their personal influence over their followers, through which we can effectively extend the consumer reach of our products. Apart from our use of KOCs, we also collaborate with KOLs⁽³⁾ to promote our products through sharing and posts and/or sell our products through E-commerce Livestreaming sessions on online platforms.

Our IP creation and operation business

Our IP creation and operation business comprises:

- (i) IP content creation and management business, including provision of (a) media content creation; (b) event planning; and (c) celebrity IP management services; and
- (ii) IP licensing and sales of related products.

In media content creation, we mainly provide organizing, planning and other project management services to the production of programs. For example, we are the lead creator and own the IPs of *J-Style Trip* season one, which is a 12-episode reality show starring Mr. Jay Chou aired on Zhejiang Satellite TV as well as Netflix and MGTV (芒果TV) in March 2020. *J-Style Trip* season one was well-received by TV audience. The average viewership rating of all 12 episodes ranked first among all TV programs broadcasted during the same timeslot from March to June 2020, according to the publicly available rating data. We were also involved in the planning and creation of a popular music talk show, namely *You Can Run But You Can't Hide* (既來之則樂之) that was centered around Mr. Harlem Yu and a variety show, that was centered around Mr. Liu Keng-hung.

In event planning, we generally act as an event planning service provider, an investor and/or sub-contractor for large scale music concerts and other events. For example, we initiated and acted as a planning service provider to Zhanjiang Superstar Concert (湛江超級巨星演唱會) in August 2019, and initiated and acted as a planning service provider and an investor to Ningbo Superstar Performance Mega Night (寧波巨星行動超級夜) in January 2020. Through our experience and management's networking in the Chinese entertainment industry, we are able to gather different units to organize the creation of media content, as well as music concerts and other events.

In celebrity IP management, we collaborate with celebrities and/or KOLs where we are responsible for the development of their respective IPs. We are involved in the planning and development of the public persona of celebrities and/or KOLs in, among others, Livestreaming

⁽¹⁾ KOCs refer to key opinion consumers, which are persons who share their personal experience with our products through their own PDT.

⁽²⁾ PDT refers to private domain traffic (私域流量), which are traffic that can be controlled and utilized by the content publisher vis-à-vis public domain traffic.

⁽³⁾ KOLs refer to key opinion leaders, which are popular persons followed by the public audience.

SUMMARY

sessions, online short videos and other online and offline performances on social media platforms, in order to attract audiences and/or followers with similar interests or concerns.

For celebrity IP licensing and sales of related products, we create bespoke brands and associated IP contents based on our proprietary unique celebrity IPs, including a nijigen-style personality, namely *ChouMate*. Nijigen-style personality is two dimensional anime, manga or real-life person inspired fictional character. We may license our celebrity IPs to our customers and receive licensing fees and create and sell products related to the celebrity IPs.

Synergy between our new retail business and our IP creation and operation business

Empowerment of our new retail business by our unique celebrity IPs is achieved through creating promotional effect at multiple complementary venues and platforms rather than a simple brand name association, which we believe lends credibility and marketability to our products, enhances the brand recognition of our products, and maintains the trust and confidence of our distributors and customers. In 2020, we promoted *MODONG* coffee in *J-Style Trip* season one by means of advertisement, spot cut and discrete product placement. We also leverage on the popularity of Mr. Liu Keng-hung and Ms. Vivi Wang to empower the sale of our products. For example, we promoted healthy eating and lifestyle through Livestreaming sessions of Mr. Liu Keng-hung and Ms. Vivi Wang, and promoted our products, such as Matcha powder and *MODONG* light brewed coffee, during E-commerce Livestreaming sessions conducted via our *Douyin* account under the name of “劉畊宏肥油咔咔掉” since July 2022.

Nevertheless, it is our strategy that Mr. Liu Keng-hung would not participate in any E-commerce Livestreaming as we consider that it would create the best value for him to devote his time in developing his popularity through Livestreaming, brand endorsement and participation in other IP programs. As advised by our PRC Legal Advisors, based on the confirmation of our Company and according to the public information search, no search results showed that, as of the Latest Practicable Date, Mr. Liu Keng-hung and Ms. Vivi Wang are subject to any restrictions imposed by the competent governmental authorities under the relevant laws and regulations in the PRC to conduct either Livestreaming or E-commerce Livestreaming. As part of our celebrity IP management, we would advise on the activities that would create the best value for the celebrities we cooperate with, including whether or not to participate in E-commerce Livestreaming.

In addition to *ChouMate*, we started to use nijigen-style personalities of Mr. Liu Keng-hung and Ms. Vivi Wang, namely “Coach Liu (劉教練)” and “Vivi” in the promotion of our products.

The judicious use of celebrity IP and our Group’s sales channels, including its distribution network, enabled us to achieve overall financial growth during the Track Record Period.

We plan to continue to create more media contents and concerts, which may empower our new retail business through creating promotional effect to promote our products. With our capability and experience in using the strengths of these different business components in an effective and efficient manner to create synergy effect, we believe we would be able to sustain our business and achieve growth in our business going forward.

The use of Livestreaming and E-commerce Livestreaming in our business

In view of their growing popularity in recent years, we have made use of Livestreaming and E-commerce Livestreaming in our business operation. During the Track Record Period, we mainly provide celebrity IP management services in respect of the performances of Mr. Liu Keng-hung and Ms. Vivi Wang. We were involved in originating and preparing the contents and presentation of the Livestreaming sessions and generated revenue from brand owners who engaged us to promote their products during the Livestreaming sessions of Mr. Liu Keng-hung. We also generate revenue from sharing of commission for the sale of products of third party brand owners by different celebrities and KOLs during the E-commerce Livestreaming sessions conducted on our *Douyin* account. In addition, our products under the new retail business would be promoted and sold through E-commerce Livestreaming sessions on our *Douyin* account. Please refer to the section headed “Business – Our business – IP creation and operation – Media content creation – Celebrity IP management – The use of Livestreaming and E-commerce Livestreaming in our business”.

SUMMARY

OUR COOPERATION RELATIONSHIP WITH MR. JAY CHOU AND HIS SIGNIFICANCE TO OUR BUSINESS OPERATION

We heavily rely on Mr. Jay Chou on both our new retail business and IP creation and operation business. During the Track Record Period, our business grew as certain of our IPs related to Mr. Jay Chou generated revenue on their own, and these IPs also created promotional effect on our products under the new retail segment. Our products under the new retail segment with promotional activities involving Mr. Jay Chou or his related IPs accounted for 83.0%, 72.8%, 64.8% and 45.2% of our total revenue respectively, while our IP creation and operation that centered around Mr. Jay Chou or involved him as one of the performers accounted for 5.7%, 19.6%, 9.1% and 13.3% of our total revenue during the Track Record Period.

We have established long-term and mutually beneficial cooperation relationship with Mr. Jay Chou, JVR Music (Mr. Jay Chou’s artiste management company and 40%-owned and founded by Mr. Jay Chou) and Archstone (Mr. Jay Chou’s representative for business negotiations in respect of one off or project based engagement). Our Founders, Controlling Shareholders and/or non-executive Directors include Ms. Yeh (Mr. Jay Chou’s mother) and directors and controlling shareholders of JVR Music or Archstone, namely, Mr. Yang and Mr. Chen, respectively, and these parties, which are closely connected to Mr. Jay Chou, have substantial influence over our overall development and business strategies.

We collaborated with Mr. Jay Chou through (i) being a planner and/or an investor to large-scale concerts featuring Mr. Jay Chou, including one concert in each of 2019 and 2020, where we procured Mr. Jay Chou to perform at such concerts through Archstone; (ii) being the lead creator of *J-Style Trip*, where we procured Mr. Jay Chou to appear and obtained the right to use Mr. Jay Chou’s publicity rights through Archstone; (iii) jointly developed and owned the *ChouMate* trademarks with JVR Music; and (iv) entered into a 10-year IP Authorization Agreement with JVR Music pursuant to which we have secured an exclusive right in relation to projects related to *ChouMate* and a non-exclusive priority right to invest in projects related to Mr. Jay Chou and his IPs globally.

Mr. Jay Chou’s relationship with each of JVR Music, Archstone, Mr. Yang, Ms. Yeh and Mr. Chen will not have any restriction on our business activities. For details regarding analysis of our relationship with Mr. Jay Chou, please refer to the section headed “Cooperation with celebrities – Cooperation relationship with Mr. Jay Chou” in this document.

Sustainability of our operation

Although we heavily rely on Mr. Jay Chou on both our new retail business and IP creation and operation business, our Directors are of the view that the sustainability, profitability and success of our Group’s business are attributable to our capability in our different business components, including, among others, identify and introduce products that are well received by our distributors and target consumers through establishing effective distribution network, and the empowerment of our new retail business by our IP creation and operation business as well as other various sales and marketing means. Apart from the importance of our different business components, our Directors are of the view that the management’s experience and capability in using the strengths of our Group’s different business components in an effective and efficient manner to create synergy effect should be considered the fundamental contributive factor to the success of our Group, and our business operation to be sustainable.

In 2021 and 2022, we recorded an increase in the proportion of revenue contribution from (i) the sales of products without involving Mr. Jay Chou or his related IPs in the promotion thereof; and (ii) IP creation and operation that was not centered around or significantly related to Mr. Jay Chou or his related IPs. For 2019, 2020, 2021, and 2022, such revenue amounted to RMB9.8 million, RMB34.5 million, RMB95.4 million and RMB142.7 million, respectively, representing 11.3%, 7.6%, 26.1% and 41.5% of our total revenue in the corresponding year.

For details, please refer to the section headed “Cooperation with celebrities – Cooperation relationship with Mr. Jay Chou – Mr. Jay Chou’s significance to our business operation – Sustainability of our operation” in this document.

SUMMARY

PRODUCT DISTRIBUTION

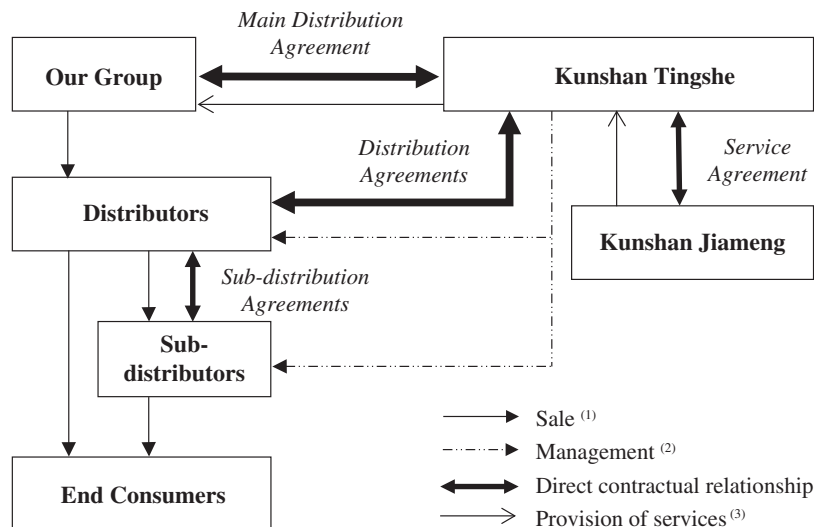
During the Track Record Period and up to the Latest Practicable Date, we sold and distributed our products under the new retail business through three channels, namely, (i) the Distribution Agent Assisted Distribution Model; (ii) the general distribution model; and (iii) other e-commerce channels.

Distribution Agent Assisted Distribution Model

During the Track Record Period, we generated a substantial portion of revenue from sale of our products through a network of distributors and sub-distributors under the Distribution Agent Assisted Distribution Model. We adopted a tiered and top-down distributor management model, under which we engaged a Distribution Agent to assist us with the development and management of our distributors, which in turn are responsible for monitoring their respective sub-distributors. Our distributors would directly place sale orders with us and the sub-distributors procured by the distributors would in turn place orders with them.

During the Track Record Period, we engaged Kunshan Tingshe (which is mainly operated by Li Ting) as one of our Distribution Agents that are specifically responsible for the sale and distribution of *MODONG* coffee and certain other products. Kunshan Tingshe provides services to us and receives service fee from us in return. In addition, Kunshan Tingshe further engaged a service provider, namely, Kunshan Jiameng for the provision of administrative and supportive services in respect of the management of the distributors and sub-distributors of our products.

The diagram below illustrates the arrangement between our Group, Kunshan Tingshe and Kunshan Jiameng under the Distribution Agent Assisted Distribution Model:



Notes:

- (1) Distributors place sale orders directly with us and onward sell the products to the sub-distributors procured by them and/or the end consumers.
- (2) Kunshan Tingshe, as our Distribution Agent, is responsible for the development and management of the distributors and sub-distributors, including but not limited to, providing trainings on sales and marketing techniques to, and monitoring the performance of, the distributors and sub-distributors.
- (3) Since June 2020, Kunshan Tingshe has engaged Kunshan Jiameng to provide assistance in the management of the distribution network. Services provided by Kunshan Jiameng mainly include, inter alia, (i) providing trainings and assistance to the distributors regarding the business registration under the applicable laws and regulations; (ii) calculating the discounts and incentives entitled by the distributors; and (iii) conducting marketing and advertising activities for the development of the distribution network; and (iv) arrange settlement of certain discounts and incentives payable to our distributors.

SUMMARY

For further details of the arrangement between our Group, Kunshan Tingshe and Kunshan Jiameng, please refer to the section headed “Distribution arrangement with Kunshan Tingshe” in this document.

Mutual reliance between our Group and Li Ting

Li Ting is the shareholder and key personnel of Kunshan Tingshe, and she has been heavily involved with us in (i) establishing, developing and managing the distribution network for our *MODONG* coffee and other Kunshan Tingshe Distributed Products, and (ii) conducting product promotion for expansion of the distribution network since the launch of *MODONG* coffee.

We first commenced business relationship with Li Ting when our products (including *LA DEW* facial masks) were first introduced to Li Ting and her team in January 2018.

Our Directors are of the view that there is mutual reliance between our Group and Li Ting for the distribution of our *MODONG* coffee and other Kunshan Tingshe Distributed Products. During the Track Record Period and as of the Latest Practicable Date, we mainly relied on Li Ting and her team to manage our distributors and sub-distributors and develop our distribution network. Conversely, Li Ting relies on us to continue her main distribution business. More importantly, collaboration with us gives Li Ting the opportunity to leverage the empowerment of our unique celebrity IPs to procure distributors for us and their respective sub-distributors. Such empowerment enables Li Ting to quickly expand the distribution network, which in turn rewards Li Ting and her team in the form of discount, incentives and fees as well as the Service Fees to Li Ting. For further details, please refer to the section headed “Distribution arrangement with Kunshan Tingshe – Mutual reliance between our Group and Li Ting” in this document.

The general distribution model and other e-commerce channels

During the Track Record Period, we also sold our products through (i) the general distribution model, where we sold our products to our distributors for their onward sale to the end consumers without the engagement of a Distribution Agent; and (ii) other e-commerce channels, where we directly sold our products to end consumers through various online platforms, the *Star Plus 4U* App and *Douyin* stores (which would normally be linked to E-commerce Livestreaming sessions of our celebrities and/or KOLs that promote our products). For details, please refer to the section headed “Business – Distribution network” in this document.

Temporary suspension of bank accounts due to alleged pyramid selling

We received two pre-litigation asset preservation orders from the local Administration for Market Regulation in two forth-tier cities in 2020 and 2021 due to unfounded allegation that we were engaged in pyramid selling. Under the pre-litigation asset preservation orders, part of our funds in certain bank accounts were temporarily frozen pending further investigations. After our prompt actions to defend our legal rights and interest, the above two matters were resolved in our favor and our funds were fully and unconditionally released subsequently. As advised by our PRC Legal Advisors, the actions undertaken by these local authorities in the abovementioned matters do not involve any imposition of administration penalties, and only serve the purpose of maintaining the status quo for further investigations. In response to each of the above incidents, we reported to Kunshan AMR, which carried out inspections on our operations and issued the Inspection Opinions in 2020 and 2021, concluding that we were engaged in new retail activities through a legitimate distribution model, thereby affirming the legitimacy of our social e-commerce distribution model. Based on the interviews with Kunshan AMR, both incidents were also reported to the SAMR in the manner followed by the PRC administrative authorities in accordance with their normal practice. To the best of our Directors’ knowledge, no objection or any opinion from the SAMR have been received by Kunshan AMR in relation to such reports. Based on the Inspection Opinions and as advised by our PRC Legal Advisors, our social e-commerce activities do not constitute pyramid selling under the PRC laws and regulations and comply with all the relevant PRC laws and regulations in all material aspects. For details, please refer to the section headed “Business – Distribution network – Distribution Agent Assisted Distribution Model – the temporary suspension of bank accounts due to alleged pyramid selling” in this document.

SUMMARY

OUR CUSTOMERS

Our customers mainly consist of our distributors, content producers, IP licensing partners and online platform operators. Revenues generated from our top five customers accounted for approximately 23.5%, 21.2%, 16.3% and 23.6% of our total revenues in each year during the Track Record Period. For details, please refer to the section headed “Business – Customers” in this document.

OUR SUPPLIERS

Our suppliers primarily include (i) third-party manufacturers in China that specialize in the manufacturing of nutritional food or skincare products; and (ii) event or program planning and management companies in China. In each year during the Track Record Period, purchases from our five largest suppliers, accounted for approximately 75.1%, 73.3%, 58.3% and 47.9% of our total purchases, respectively.

We co-developed the formula of our Group’s several products, including *MODONG* coffee, with Hengmei Group and consider such formula to be a piece of sensitive and confidential information. As we believe it is important to ensure such confidential formula not being leaked and the quality of all our products being consistent, we consider engaging only one supplier for the production of such products to be an appropriate safeguard. Having considered that we have had a good relationship with Hengmei Group and we believe Hengmei Group is a sizable and reputable health products manufacturer, Hengmei Group has been the only supplier of our *MODONG* coffee since its nationwide launch in April 2019 and it was our largest supplier in 2020 and 2021, and 2022. Purchases from Hengmei accounted for approximately 48.1%, 31.2% and 23.2% of our total purchases for the same periods, respectively. For more details, please refer to the sections headed “Business – Suppliers” and “Risk factors – Risks relating to our business and industry – Our business operations could be negatively impacted by our reliance on the sole supplier to produce *MODONG* coffee” in this document.

OUR COMPETITIVE STRENGTHS

We believe the following strengths contribute to our success:

- A new retail operator empowered by proprietary unique celebrity IPs that achieved rapid and significant growth;
- Quickly established leading marketing position in China’s bulletproof drink market resulted from extensive research and development knowledge of the bulletproof drink market and consumer preference in low-carb diet;
- Rapid and organic growth of the distribution network with a focus on KOC development and PDT marketing;
- Multi-facet IP creation and operation business that provides critical empowerment for our new retail business through creating promotional effect to promote our products and diversifies our revenue source; and
- Visionary management with decades of relevant industrial experience and continued support from Mr. Jay Chou.

OUR BUSINESS STRATEGIES

Going forward, our goal is to solidify and replicate the success of our unique IP-empowerment business model with additional core products and IP contents. We will continue to offer our consumers complementary food and drink products for their low-carb lifestyle as well as skincare products with high quality key ingredients. To promote existing and new products, we will further leverage our unique celebrity IPs on multi-channel network, also known as MCN. In particular, we intend to pursue the following strategies:

- Further diversify our product portfolio through product development;

SUMMARY

- Increase our brand exposure and product sales through online platforms;
- Continue to create high-quality and unique new IP contents to, among others, empower our new retail business;
- Increase our sales and marketing efforts;
- Upgrade our IT infrastructure and increase investment in IT research and development; and
- Grow our operational scale and work force in response to our strategic plans.

For details, please refer to the sections headed “Business – Our strategies and future plans” and “Future plans and use of [REDACTED]” in this document.

RISK FACTORS

Our business and the [REDACTED] involve certain risks, which are set out in the section headed “Risk factors” in this document. You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks that we face are relating to:

- We experienced fluctuation of our financial results during the Track Record Period primarily attributable to the fluctuation in the sale of our *MODONG* coffee. We cannot assure you that we will be able to maintain the growth rate that we have experienced in the early stage of our development.
- We are subject to the key man risk of Mr. Jay Chou (whom has been and will continue to have impact on us), and his persona had a significant impact on the events and programs created by us, and created a promotion effect on the sales of our products during the Track Record Period and such effect is expected to remain in the foreseeable future. If we are not able to cooperate with Mr. Jay Chou, JVR Music or any of his other affiliates, our business, financial position and results of operation may be adversely affected.
- Our expansion plan and business operations in Mainland China may be affected as a result of our Taiwan Shareholders’ interests in us as they may be required to obtain approvals from the Taiwan Investment Commission for investments in Mainland China, as well as the tensions between two sides of the strait.
- Our IP Authorization Agreement with JVR Music is subject to restrictions, in particular, our priority rights thereunder are non-exclusive (other than ChouMate Projects). If JVR Music decides not to co-operate with us on projects related to Mr. Jay Chou, our business, financial position and results of operation may be adversely affected.
- We rely on our cooperation with celebrities such as Mr. Jay Chou, Mr. Liu Keng-hung, Ms. Vivi Wang and Mr. Harlem Yu etc. in our businesses, and any negative impact on such celebrities’ reception by or exposure to our consumers may have material adverse effects on our business, financial position and results of operations. Please refer to the section headed “Business – Recent developments on our regulatory environment in relation to celebrities and Livestreaming in the PRC – Impact on other celebrities and KOLs whom we have been or will be cooperating with – Incident relating to products promoted by Mr. Liu Keng-hung and Ms. Vivi Wang prior to our cooperation with them”.
- We rely on our collaboration with KOCs and KOLs in the promotion of our products. Our reputation may be affected by inaccurate or inappropriate comments or content made or any negatively publicity of such KOCs and KOLs.

SUMMARY

- During the Track Record Period and as of the Latest Practicable Date, we mainly relied on Li Ting, as the key personnel of Kunshan Tingshe, for distribution of our Kunshan Tingshe Distributed Products and may continue such arrangement in the future.
- The relevant rules and regulations on social e-commerce in China are still under development and subject to interpretation, and their implementation involves uncertainty.

CONTROLLING SHAREHOLDERS

Immediately after the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and without taking into account the Shares which may be issued upon the exercise of the Options under the Share Option Schemes), our Founders, i.e. Ms. Ma, Mr. Yang, Ms. Yeh and Mr. Chen, through respective holding companies, i.e. Harmony Culture, Legend Key and Max One, will be able to exercise the voting rights attaching to approximately [REDACTED] of our issued share capital. Further, our Founders had been working together throughout the Track Record Period. Our Founders confirmed in the Concert Party Agreement that they have been collectively making key decisions regarding our business together throughout the Track Record Period. Therefore, our Founders, together with Harmony Culture, Legend Key and Max One shall be regarded as our Controlling Shareholders. For details, please refer to the section headed “Relationship with our Controlling Shareholders – Our Controlling Shareholders” of this document.

Our Taiwan Shareholders’ compliance with the Approval of Investment Regulation

Pursuant to the Approval of Investment Regulations, investments in Mainland China by our Taiwan Shareholders is subject to the approval of the Taiwan Investment Commission. Our Taiwan Shareholders are also restricted by the Annual Investment Quota of US\$5 million per year for investments in Mainland China. As advised by our Taiwan Legal Advisors, the Taiwan Investment Commission would likely take the position that any equity capital increase by our Company into our subsidiary(ies) in Mainland China will be considered as additional investment by our Taiwan Shareholders, and each of our Taiwan Shareholders will be required to obtain an approval from the Taiwan Investment Commission for their equity capital increase. Based on our Taiwan Legal Advisor’s interpretation of the case study provided in the Foreign and Mainland China Investment Regulations and Case Sharing (對外及對大陸投資法規與案例分享) published by the Taiwan Investment Commission, equity capital increase by us into our Mainland China subsidiary(ies) using [REDACTED] from the [REDACTED] will not be counted towards the Original Quota or Annual Investment Quota of each Taiwan Shareholder. Nonetheless, even if we are unable to conduct equity capital increase into our Mainland China subsidiaries, we can make use of funds such as intra-group loans or transactions (such as issuance of bonds) conducted by our group companies at the subsidiary level which are not counted towards the Annual Investment Quota of our Taiwan Shareholders. Our Taiwan Shareholders had filed their respective indirect investment in our operating subsidiary in Mainland China with, and obtained the approval thereof from the Taiwan Investment Commission, and as advised by our Taiwan Legal Advisors, our Taiwan Shareholders had fulfilled all relevant legal requirements in respect of their investment in our Group as required under Taiwan laws. For details, please refer to the sections headed “Risk Factors – Our expansion plan and business operations in Mainland China may be affected as a result of our Taiwan Shareholders’ interests in us as they are required to comply with the Approval of Investment Regulations and obtain approvals from the Taiwan Investment Commission for investments in Mainland China, as well as the tensions between two sides of the strait” and “Regulatory Overview – Approval of Investment Regulations” of this document.

[REDACTED] INVESTMENTS

We had six [REDACTED] Investors, namely Mr. Lai (our executive Director and chief financial officer), Mr. Ho, Dr. Qian (our executive Director and chief executive officer), Ms. Zhang (the spouse of Dr. Qian), Long Precise (an associate of Mr. Ho and Ms. Zhang) and Bradbury. Mr. Lai, Mr. Ho, Dr. Qian and Ms. Zhang completed their [REDACTED] Investments by the acquisition of our Shares or existing equity interest in Star Plus (Kunshan), whereas Long Precise and Bradbury completed their [REDACTED] Investments by subscription of new

SUMMARY

Shares. As of the Latest Practicable Date, Mr. Lai, Lake Ranch (a company wholly-owned by Mr. Ho), Kai Le (a company wholly owned by Mr. Ho), Dr. Qian, Ms. Zhang and Bradbury were interested in 13.8%, 11.5%, 1.5%, 1.4%, 1.8% and 5.5% of our issued share capital, respectively. Immediately following the completion of the [REDACTED] and [REDACTED] (assuming the [REDACTED] is not exercised and without taking into account the Shares which may be issued upon the exercise of Options under the Share Option Schemes), Mr. Lai, Lake Ranch, Kai Le, Dr. Qian, Ms. Zhang and Bradbury will be interested in [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED] and [REDACTED] of our issued share capital, respectively. For details, please refer to the section headed “History, development and Reorganization – [REDACTED] Investments” of this document.

[REDACTED] STOCK INCENTIVE PLAN

On August 3, 2020, our Company adopted the [REDACTED] Stock Incentive Plan pursuant to which 25,000,000 Shares (to be adjusted to [REDACTED] Shares upon the [REDACTED]) are issuable, representing [REDACTED] of the issued share capital of our Company immediately after the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and without taking into account the Shares which may be issued pursuant to the exercise of the Options under the Share Option Schemes). As of the Latest Practicable Date, the Company issued an aggregate of 25,000,000 [REDACTED] Share Options in consideration for the contribution of the [REDACTED] Share Option Scheme Grantees to the initial establishment of our Group. No further options will be granted under the [REDACTED] Stock Incentive Plan after our [REDACTED]. For details, please refer to the section headed “Statutory and General Information – D. Share Option Schemes – 1. [REDACTED] Stock Incentive Plan” in Appendix V to this document.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The summary historical data of financial information set forth below have been derived from, and should be read in conjunction with, our historical financial information, including the accompanying notes, set forth in the Accountant’s Report attached as Appendix I to this document, as well as the information set forth in the section headed “Financial information” in this document.

Summary of consolidated statement of comprehensive income

	Year ended December 31,			
	2019	2020	2021	2022
	<i>(in RMB thousands)</i>			
Revenue	86,585	456,944	365,345	344,157
Cost of revenue	(29,972)	(224,155)	(137,963)	(121,329)
Gross profit	56,613	232,789	227,382	222,828
Operating profit	32,000	113,806	73,594	92,035
Profit before income tax	31,840	113,841	64,652	93,138
Income tax expense	(9,121)	(38,210)	(21,761)	(28,240)
Profit for the year	22,719	75,631	42,891	64,898
Profit attributable to:				
– Owners of the Company	23,559	78,064	43,649	60,389
– Non-controlling interests	(840)	(2,433)	(758)	4,509
	22,719	75,631	42,891	64,898

SUMMARY

Non-HKFRS measures

In order to supplement our consolidated statement of comprehensive income, which is presented in accordance with HKFRS, we also use adjusted net profit (non-HKFRS measure) as an additional financial measure, which is not required by or presented in accordance with HKFRS to evaluate our operating performance. We believe that these non-HKFRS measures help identify underlying trends in our business and provide useful information to investors and others in understanding and evaluating our results of operation. However, the use of adjusted net profit (non-HKFRS measure) has material limitations as an analytical tool. When assessing our operating and financial performance, you should not consider adjusted net profit (non-HKFRS measure) in isolation from or as a substitute for any financial performance measure that is calculated in accordance with HKFRS. Our presentation of adjusted net profit (non-HKFRS measure) may not be comparable to similarly named measures presented by other companies.

We define adjusted net profit (non-HKFRS measure) as net profit for the period adjusted by adding back (i) [REDACTED] expenses; (ii) share-based compensation expenses; and (iii) interest expense on financial instrument with redemption rights.

The following table sets forth our adjusted net profit (non-HKFRS measure) in each respective year during the Track Record Period:

	Years ended December 31,			
	2019	2020	2021	2022
	<i>(in RMB thousands)</i>			
Profit for the year	22,719	75,631	42,891	64,898
Add:				
[REDACTED] expenses ⁽¹⁾	–	2,893	15,535	10,059
Share-based compensation expenses ⁽²⁾	–	1,840	3,568	2,216
Interest expense on financial instrument with redemption rights ⁽³⁾	–	–	7,939	–
Adjusted net profit for the year (non-HKFRS measures)	22,719	80,364	69,933	77,173

Notes:

- (1) Our [REDACTED] expenses are arising from activities relating to the [REDACTED].
- (2) The share-based compensation expenses are non-cash in nature and were arising from the grant of share options to Ms. Ma and certain employees of our Group.
- (3) Our interest expense on financial instrument with redemption rights was arising from and relating to our [REDACTED] Investments, which is non-cash in nature.

We recorded an overall increasing trend in our adjusted net profit (non-HKFRS measure) during the four years ended December 31, 2022 while achieving exceptionally high adjusted net profit in 2020. We recorded adjusted net profit (non-HKFRS measure) of RMB69.9 million and RMB77.2 million in 2021 and 2022, respectively, that was higher than that in 2019, but lower than the same in 2020, primarily due to the fact that our sales of *MODONG* coffee was profoundly boosted by the airing of *J-Style Trip* season one in the first half of 2020.

SUMMARY

Revenue

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

	Year ended December 31,							
	2019		2020		2021		2022	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
New retail								
Health management products	71,927	83.0	340,787	74.5	275,261	75.4	216,036	62.8
Skincare products	3,450	4.0	20,422	4.5	21,274	5.8	16,272	4.7
Others	5,420	6.3	3,966	0.9	4,860	1.3	7,791	2.3
Subtotal	80,797	93.3	365,175	79.9	301,395	82.5	240,099	69.8
IP creation and operation								
IP content creation and management	4,761	5.5	86,567	19.0	54,399	14.9	95,026	27.6
IP licensing and sales of related products	1,027	1.2	5,202	1.1	9,551	2.6	9,032	2.6
Subtotal	5,788	6.7	91,769	20.1	63,950	17.5	104,058	30.2
Total	86,585	100.0	456,944	100.0	365,345	100.0	344,157	100.0

During the Track Record Period, we generated revenue from (i) product sales in our new retail business; and (ii) IP creation and operation business. For the years ended December 31, 2019, 2020, 2021 and 2022, our revenue was RMB86.6 million, RMB456.9 million, RMB365.3 million and RMB344.2 million, respectively. During the Track Record Period, a substantial portion of our revenue was generated from our new retail business, which contributed revenue of RMB80.8 million, RMB365.2 million, RMB301.4 million and RMB240.1 million, respectively, representing 93.3%, 79.9%, 82.5% and 69.8% of our total revenue during the corresponding periods. On the other hand, our IP creation and operation business generated revenue of RMB5.8 million, RMB91.8 million, RMB64.0 million and RMB104.1 million for the years ended December 31, 2019, 2020, 2021 and 2022, respectively, representing 6.7%, 20.1%, 17.5% and 30.2% of our total revenue for the corresponding periods.

For details, please refer to the section headed “Financial information – Description of major components of our results of operations – Revenue” in this document.

SUMMARY

Gross profit and gross profit margin

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

	Year ended December 31,							
	2019		2020		2021		2022	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
New retail	55,136	68.2	254,488	69.7	205,470	68.2	150,746	62.8
IP creation and operation	1,477	25.5	(21,699)	(23.6)	21,912	34.3	72,082	69.3
Total	56,613	65.4	232,789	50.9	227,382	62.2	222,828	64.7

For details of the fluctuations in our gross profit and gross profit margin during the Track Record Period, please refer to the section headed “Financial information – Description of major components of our results of operations – Gross profit and gross profit margin” in this document.

Net profit

We experienced significant growth in operational scale as well as certain fluctuation in our profitability during the Track Record Period. Our net profit increased significantly from RMB22.7 million for 2019 to RMB75.6 million for 2020, mainly due to the significant increase in our revenue generated from the sale of *MODONG* coffee which was empowered by the airing of *J-Style Trip* season one in the first half of 2020. Our net profit decreased from RMB75.6 million for 2020 to RMB42.9 million for 2021 primarily attributable to the decrease in our revenue from the sale of *MODONG* coffee due to (i) the cessation of material promotional effect of *J-Style Trip* season one; and (ii) the fact that we were unable to launch any events and programs that had a scale comparable to *J-Style Trip* season one as a result of the adverse impact caused by the outbreak of COVID-19 pandemic. Our net profit increased from RMB42.9 million for 2021 to RMB64.9 million for 2022 mainly due to (i) the increase in our revenue from IP creation and operation business which was attributable to our celebrity IP management business which commenced since late 2021; (ii) the increase in our other income from government grant; and (iii) decrease in our selling and marketing expenses as a result of the restrictions imposed by local government for the prevention of the pandemic.

SUMMARY

Summary of consolidated statement of financial position

The following table sets forth certain key items of our consolidated statement of financial position as of the dates indicated.

	As at December 31,			
	2019	2020	2021	2022
	<i>(in RMB thousands)</i>			
Non-current assets	9,334	67,010	116,940	138,666
Current assets	178,273	259,115	356,172	416,199
Total assets	187,607	326,125	473,112	554,865
Non-current liabilities	2,170	3,609	16,080	10,258
Current liabilities	159,770	187,496	291,838	310,496
Total liabilities	161,940	191,105	307,918	320,754
Net current assets	18,503	71,619	64,334	105,703
Net assets	25,667	135,020	165,194	234,111
Equity attributable to owners of the Company	26,529	138,309	169,221	233,542
Non-controlling interests	(862)	(3,289)	(4,027)	569
Total Equity	25,667	135,020	165,194	234,111

Net current assets

Our Group’s net current assets increased from RMB18.5 million as of December 31, 2019 to RMB71.6 million as of December 31, 2020, primarily due to (i) the increase in cash and cash equivalent following the significant cash collected from the sales of *MODONG* coffee; (ii) a significant increase in trade and other receivable, which was in line with the increase in sales revenue in *MODONG* coffee in 2020; and (iii) increase in our inventory of raw materials for skincare products under *Chaxiaojie* and *Dr.mg* sub-brands in preparation of launch; partially offset by (1) the decrease of TV programs rights following completion of the airing of *J-Style Trip* season one; and (2) the significant increase in contract liabilities.

The net current assets decreased to RMB64.3 million as of December 31, 2021, primarily attributable to the recognition of financial instrument with redemption rights, partially offset by the increase in our cash and cash equivalent as a result of the injection of capital from our [REDACTED] investment.

Our net current assets increased to RMB105.7 million as of December 31, 2022, mainly attributable to (i) the increase in TV programs rights; and (ii) the increase in trade and other receivables, partially offset by the increase in the book value of the financial instrument with redemption right as a result of the devaluation of RMB.

Net assets

Our net assets increased from RMB25.7 million as of December 31, 2019 to RMB135.0 million as of December 31, 2020, which was primarily attributable to (i) the profit for 2020 of RMB75.6 million; and (ii) issuance of ordinary shares to Long Precise of RMB33.0 million.

The Group’s net assets further increased to RMB165.2 million as of December 31, 2021, which was mainly due to (i) the profit for 2021 of RMB42.9 million; (ii) issuance of ordinary shares to Bradbury of RMB159.8 million; (iii) the equity-settled share-based payment

SUMMARY

transactions of RMB3.6 million, partially offset by (1) the recognition of redemption liability of RMB158.2 million; and (2) the dividend declared by our Company of RMB16.9 million.

Our net assets further increased to RMB234.1 million as of December 31, 2022, which was primarily due to the profit for the year of RMB64.9 million; (ii) currency translation difference of RMB1.8 million; and (iii) the equity-settled share-based payment transactions of RMB2.2 million.

Summary of consolidated statement of cash flows

	Year ended December 31,			
	2019	2020	2021	2022
	<i>(in RMB thousands)</i>			
Net cash inflow/(outflow) from operating activities	1,636	328,453	(9,285)	5,495
Net cash outflow from investing activities	(17,824)	(197,722)	(42,943)	(24,863)
Net cash inflow/(outflow) from financing activities	28,442	(39,030)	143,615	(11,387)
Cash and cash equivalents at end of the year	29,298	120,962	211,873	182,633

We had net cash outflows from operating activities of RMB9.3 million for the year ended December 31, 2021 mainly due to (i) the settlement of amounts due to related parties of RMB11.3 million; (ii) the increase in prepayments to suppliers and services providers by RMB18.4 million; (iii) cash used in the production of *Yue Lai Yue Kuai Le* (樂來樂快樂) and *J-Style Trip* season two; and (iv) the income tax paid during 2021. For the year ended December 31, 2022, our operating cash position has improved and we recorded a net cash inflow of RMB5.5 million from operating activities.

Key financial ratios

The following table sets forth certain of our key financial ratios as of the dates or for the years indicated.

	Year ended/as of December 31,			
	2019	2020	2021	2022
Gross profit margin	65.4%	50.9%	62.2%	64.7%
Net profit margin	26.2%	16.6%	11.7%	18.9%
Current ratio	1.1 times	1.4 times	1.2 times	1.3 times
Quick ratio	1.0 times	1.3 times	1.1 times	1.2 times
Return on assets	12.1%	23.2%	9.1%	11.7%
Return on equity	88.5%	56.0%	26.0%	27.7%
Gearing ratio	0.10 times	0.02 times	1.14 times	0.84 times

IMPACT OF THE OUTBREAK OF COVID-19 ON OUR BUSINESS

There had been an outbreak of the COVID-19 pandemic, which had quickly spread around the globe since late 2019. During the year ended December 31, 2020, we recorded a gross loss in our IP creation and operation business primarily because of the cancellation of a number of sponsorships for *J-Style Trip* season one due to the uncertainty of the effect of the COVID-19 pandemic. The pandemic and the related control measures imposed by the local government also affected the schedule of events and/or production of IP programs, which in turn affected our revenue from the IP creation and operation business. Since late 2021, there had been another wave of outbreak of the COVID-19 pandemic, which had subsequently developed into a large-scale outbreak in the PRC during the first half of 2022 (i.e. the Resurgence). In response to the Resurgence, local governments in PRC have imposed various restrictions on business and

SUMMARY

social activities, including stringent travel restrictions, heightened quarantine measures and mandated temporary suspension of business operations. The control measures have posed great challenge to the PRC economy during the first half of 2022. The Resurgence also presented challenges to our business and financial performances during the first half of 2022, as a substantial part of our operations are located in the Yangtze River Delta area which was severely affected by the Resurgence.

Despite the aforesaid, our Directors are of the view that the impact of the outbreak of COVID-19 is temporary in nature and the pandemic is not expected to have a material adverse impact on our Group in the long run. For details, please refer to the section headed “Business – Impact of the outbreak of COVID-19 on our business” in this document. We will continue to monitor the development of the pandemic and actively take measures to mitigate potential negative impacts on our business. Nevertheless, the COVID-19 pandemic remains an evolving situation, and there remain significant uncertainties as to the future development of the pandemic, which is beyond our control. If there are further waves of large-scale outbreaks of the pandemic in the PRC, there may be further suspension of the services provided by our delivery service providers. The pandemic may also continue to affect the overall economy and demand for our products. In such circumstances, our operations and financial performance maybe adversely affected. Please also see to the section headed “Risk factors – Our financial condition and results of operations may be materially and adversely affected by the outbreak of COVID-19 pandemic” in this document.

RECENT DEVELOPMENTS

Recent developments on our regulatory environment

Tightening of regulations on the PRC entertainment industry and online Livestreaming activities

The PRC government authorities have taken initiatives to heighten regulation on the PRC entertainment industry and online Livestreaming activities in 2021 (e.g. the promulgation of Strengthening Regulations). After due analyzes, our Directors have grounds to believe that the recent tightening of regulations on the PRC entertainment industry and Livestreaming activities is unlikely to have a material adverse impact on our business operations and financial performance in the foreseeable future. For details, please refer to the section headed “Business – Recent developments on our regulatory environment in relation to celebrities and Livestreaming in the PRC” in this document.

Further, even if the popularity of Mr. Jay Chou declines as a result of various factors, including but not limited to the tightening of the regulatory environment of the PRC entertainment industry, which leads to a decline in the empowerment effect achieved by Mr. Jay Chou’s IPs on our new retail business, we believe such decline will not have a material adverse impact on the sustainability of our operations, business and financial performance, as evidenced by our performance in 2020 to 2022 when we used less Mr. Jay Chou-related IPs since the second half of 2020 and throughout 2021 and 2022.

Cybersecurity

During the Track Record Period, we collected information of our distributors, sub-distributors and end consumers through the Ordering System and QR Code System only for the purposes of facilitating the ordering and delivery of our products and keeping records of the sale of our products for our business operations. As of the Latest Practicable Date, we had not been involved in any service, product or data processing activities that might give rise to national security risks based on the factors set out in Article 10 of the Cybersecurity Review Measures (details of which are set out under the section headed “Regulatory overview – Regulations relating to cybersecurity review” in this document), did not process personal information of over one million users and had not been inquired, investigated, warned or penalized by any PRC authorities in this respect. Based on the foregoing, our PRC Legal Advisors are of the view that, as of the Latest Practicable Date, the likelihood that our business operations and/or the proposed [REDACTED] giving rise to national security risks which subject us to cybersecurity review under the Cybersecurity Review Measures and the Draft

SUMMARY

Regulations on Cyber Data Security (details of which are set out under the section headed “Regulatory overview – Regulations relating to cybersecurity review” in this document) is relatively low. As such, our Directors are of the view that the Cybersecurity Review Measures and the Draft Regulations on Cyber Data Security, if implemented in the current form, would not have a material adverse impact on our business operations or the proposed [REDACTED]. For further details, please refer to the section headed “Business – Data privacy and cybersecurity” in this document.

Overseas listing measures

On February 17, 2023, with the approval of the State Council, the CSRC released the Trial Measures and five supporting guidelines, which came into effect on March 31, 2023. The Trial Measures stipulate that, among other things, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. For details, please refer to the section headed “Regulatory overview – Regulations on overseas listings” in this document.

On February 17, 2023, the CSRC also issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (關於境內企業境外發行上市備案管理安排的通知) (the “**Notice**”), which, among others, clarified that (i) a six-month transition period (i.e. from March 31, 2023 to September 30, 2023) will be granted to domestic companies which, prior to the effective date of the Trial Measures, have already obtained the approval from overseas regulatory authorities or stock exchanges (which, according to the Notice, include the passing of the hearing for applicants who apply for listing on the Stock Exchange), but have not completed the indirect overseas listing; and (ii) if domestic companies fail to complete the overseas listing within such six-month transition period, they shall file with the CSRC according to the Overseas Listing Measures.

As we have passed the hearing for the [REDACTED] before March 31, 2023, as advised by our PRC Legal Advisors, we do not need to perform the filing procedures for the [REDACTED] under the Trial Measures, provided that we complete the [REDACTED] before September 30, 2023 without going through any rehearing procedures.

Recent developments on our business operations

Subsequent to December 31, 2022 and up to the Latest Practicable Date, we had the following major developments on our business operations:

Mr. Jay Chou-related IP creation and operation business

- ***J-Style Trip season two***: as at the Latest Practicable Date, such program was under production, with 10 out of 12 episodes being filmed. It is expected that such program will be aired in the second half of 2023. For further details, please refer to the section headed “Business – Our business – IP creation and operation – Historical IPs and IPs pipeline” in this document.
- ***Other Mr. Jay Chou-related IPs***: we entered into a collaboration framework agreement with one of our top five customers during the Track Record Period, namely Customer H Group, pursuant to which Customer H Group shall pay an agreed fee to us for exclusively using Mr. Jay Chou-related IP(s) for its marketing activities including, but not limited to, offline or online activities, in the PRC for a term of two years. We shall enter into separate agreement(s) with Customer H Group for each individual collaboration project to specify details thereof. We believe such collaboration would not only enable us to generate revenue but also enable us to enhance our brand awareness and publicity.

Non-Mr. Jay Chou-related IP creation and operation business

- ***A weekly music talk show***: as at the Latest Practicable Date, such program was under production with 10 out of 12 episodes being filmed, where Mr. Harlem Yu would continue to be the lead host of such program and different guest being invited to

SUMMARY

appear on each episode thereof. The program is expected to be aired in the second half of 2023. For further details, please refer to the section headed “Business – Our business – IP creation and operation – Historical IPs and IPs pipeline” in this document.

- **Collaboration with other celebrities:** we intend to collaborate with different celebrities with respect to our IP creation and operation segment in order to further diversify our portfolio of celebrities and IP portfolio. We entered into a memorandum of understanding and a cooperation agreement with the respective artiste management company of Eric Suen Yiu Wai and Monica Chan Fat Yung in January 2023 and May 2023, respectively.

As at the Latest Practicable Date, the relevant filing in respect of each of the above IP programs had not been submitted by the TV channel(s) and/or online broadcasting platform(s). However, our Directors are of the view that, and the Sole Sponsor concurs, that there is no material impediment to the required filings. Based on our previous experience, the filing with the relevant governmental department would normally take less than one month. For details, please refer to the section headed “Business – Our business – IP creation and operation – Major events and IP programs in the pipeline” in this document.

As of December 31, 2022, we had cash and cash equivalents of approximately RMB182.6 million. Taking into account the financial resources available to us including existing borrowings, cash and cash equivalents, cash generated from operations and the estimated [REDACTED] from the [REDACTED], our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this document.

[REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that: (i) the [REDACTED] is completed and [REDACTED] are issued under the [REDACTED]; (ii) the [REDACTED] is not exercised and without taking into account any Shares which may be issued upon exercise of any options which have been granted under the Share Option Schemes; and (iii) [REDACTED] Shares are issued upon completion of the [REDACTED].

	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]
[REDACTED] of [REDACTED] [REDACTED] of our Shares upon completion of the [REDACTED] ⁽¹⁾	[REDACTED]	[REDACTED]
[REDACTED] adjusted net tangible assets per [REDACTED] ⁽²⁾	[REDACTED]	[REDACTED]

Notes:

- (1) The calculation of [REDACTED] is based on [REDACTED] Shares expected to be in issue immediately after completion of the [REDACTED] and the [REDACTED].
- (2) The [REDACTED] consolidated net tangible assets per Share is calculated based on [REDACTED] Shares expected to be in issue immediately after completion of the [REDACTED] and the [REDACTED]. Please refer to the section headed “[REDACTED] Financial Information” in Appendix II to this document for the bases and assumption.

[REDACTED] EXPENSES

Our [REDACTED] expenses mainly include [REDACTED], professional fees and other fees incurred in connection with the [REDACTED] and the [REDACTED]. Based on the mid-point [REDACTED] of HK\$[REDACTED] (being the mid-point of our [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED] per [REDACTED]), the total [REDACTED] expenses (including [REDACTED]) are estimated to be approximately [REDACTED], and

SUMMARY

represent approximately [REDACTED] of the gross [REDACTED] from the [REDACTED]. Among the total [REDACTED] expenses, approximately RMB[REDACTED] million is expected to be borne by us and approximately RMB[REDACTED] million is expected to be borne by the Selling Shareholder. [REDACTED] expenses to be borne by us include (i) [REDACTED] of approximately RMB[REDACTED] million, and (ii) non-[REDACTED] related expenses of approximately RMB[REDACTED] million, which consist of (a) fees and expenses of the sole sponsor, legal advisors and Reporting Accountant of approximately RMB[REDACTED] million; and (b) other fees and expenses of approximately RMB[REDACTED] million. Up to December 31, 2022, we incurred [REDACTED] expenses of approximately RMB36.8 million, among which approximately RMB28.5 million was charged to the consolidated statement of comprehensive income, and RMB8.3 million was recorded as prepayment in the consolidated statements of financial position as of December 31, 2022 to be charged against equity upon successful [REDACTED]. We expect to incur additional [REDACTED] related expenses of approximately RMB[REDACTED] million (including [REDACTED] of RMB[REDACTED] million, assuming the [REDACTED] is not exercised and based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]), of which RMB[REDACTED] million is expected to be charged to our consolidated statement of comprehensive income and RMB[REDACTED] million is expected to be charged against equity upon the [REDACTED]. Our Directors do not expect such expenses to materially impact our results of operations.

DIVIDENDS

Our Company declared a dividend of HK\$20,000,000 for the year ended December 31, 2020, which was fully paid. Other than the above, no dividend has been proposed, paid or declared by our Company or our subsidiaries since its incorporation or during the Track Record Period and up to the Latest Practicable Date. We do not currently have a formal dividend policy or a fixed dividend payout ratio.

The Board, with the approval of the Shareholders in general meeting, may direct any dividend be satisfied wholly or in part by the distribution of specific assets of any kind. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Companies Act. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. No dividends shall be declared or payable except out of our profits and reserves of our Company lawfully available for distribution including share premium. No dividend shall carry interest against our Company.

USE OF [REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED] million, assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] stated in this document), after deducting the [REDACTED], and estimated expenses paid or payable by us in relation to the [REDACTED] and assuming that the [REDACTED] is not exercised.

In line with our strategies, we intend to apply the [REDACTED] from the [REDACTED] for the following purposes and in the amounts set forth below:

- Approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), representing [REDACTED] of the [REDACTED] from the [REDACTED], will be used for the diversification of product portfolio;
- Approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), representing [REDACTED] of the [REDACTED] from the [REDACTED], will be used to increase our brand exposure and product sales through MCN, including cooperation with selected top KOLs and development of proprietary Livestreaming accounts;
- Approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), representing [REDACTED] of the [REDACTED] from the [REDACTED], will be used for the creation of unique celebrity IPs and associated IP contents, including media contents and large-scale concerts;

SUMMARY

- Approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), representing [REDACTED] of the [REDACTED] from the [REDACTED], will be used for upgrading our IT infrastructure and increase investment in IT development; and
- Approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), representing [REDACTED] of the [REDACTED] from the [REDACTED], will be used for working capital.

For details, please refer to the section headed “Future plans and use of [REDACTED]” of this document.

NO MATERIAL ADVERSE CHANGE

After due and careful consideration, our Directors confirm that, up to the date of this document, there has not been any material adverse change in our financial or trading position or prospects since December 31, 2022, and there is no event since December 31, 2022 which would materially affect the information shown in the Accountant’s Report in Appendix I to this document.