An investment in the [**REDACTED**] *involves various risks. You should consider carefully all the information set out in this document and, in particular, the risks described below before making an investment in the* [**REDACTED**]. *The occurrence of any of the following events could materially and adversely affect our business, financial position, results of operations or prospects. If any of these events occurs, the trading price of the* [**REDACTED**] *could decline and you may lose all or part of your investment. You should seek professional advice from your relevant advisors regarding your prospective investment in the context of your particular circumstances.*

We believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry; (ii) risks relating to legal, compliance and regulatory matters; and (iii) risks relating to our [**REDACTED**]. *Additional risks and uncertainties that are not presently known to us or we currently deem immaterial may develop and become material and could also harm our businesses, financial position and results of operations.*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We may not be able to find suitable sites for our POSs on commercially acceptable terms, if at all.

Our performance depends, to a significant extent, on our ability to find suitable and strategic locations for our existing and new POSs. Our ability to secure suitable sites on terms acceptable to us is critical to the success of our existing business as well as our expansion strategy. When selecting a site for our POS, we take various factors into account, including features of different types of machines, foot traffic, consumers' spending power, operating results at similar sites and distance from our warehouses and other POSs. We cannot assure that we will be able to identify suitable sites for our new POSs that fit our criteria on terms commercially acceptable to us. Many of our existing leases are short term leases for a term of one year. 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.

In addition, as we lease the sites to place our POSs, we are exposed to fluctuations in the retail rental market in mainland China. In 2019, 2020, 2021, 2022 and the six months ended June 30, 2022 and 2023, our POSs operation and development expenses, which primarily represented fixed or variable expenses paid or payable to POSs providers and POS partners for maintaining and expanding our POS network, amounted to approximately RMB574.6 million, RMB553.2 million, RMB585.9 million, RMB587.4 million, RMB263.9 million and RMB261.2 million, respectively, representing 56.1%, 51.0%, 54.4%, 50.8%, 48.3% and 47.9% of our selling and marketing expenses in 2019, 2020, 2021, 2022 and the six months ended June 30, 2022 and 2023, respectively. Moreover, in the event of any compulsory acquisition on the basis of statutory power or otherwise, closure or demolition of any of the properties in which our POSs or facilities are situated for redevelopment or other purposes, the amount of compensation to be awarded to us may not be based on the fair market value but may be assessed on the basis prescribed in the relevant legislation. In such event, we may incur significant monetary loss and will be forced to relocate to other locations, which may negatively impact our business, financial condition and results of operations.

If we are not able to effectively manage our businesses, our expansion and growth in new geographical areas, our business and prospects may be materially and adversely affected.

During the Track Record Period, our Ubox POSs were mainly located in relatively developed regions in mainland China, including the Yangtze River Delta Region, Pearl River Delta Region, Beijing-Tianjin-Hebei Region and provincial capitals. In particular, as of December 31, 2019, 2020, 2021, 2022 and June 30, 2023, 26.2%, 27.1%, 25.3%, 30.1% and 31.7% of our POSs were located in tier one cities, 33.8%, 30.3%, 35.9%, 34.8% and 34.5% were located in new tier one cities, and 25.0%, 26.0%, 26.0%, 21.7% and 21.1% were located in tier two cities, respectively. We plan to further increase our POS penetration in tier one, new tier one and tier two cities, and gradually tap into tier three cities and below with higher economic growth rates. To accommodate our growth, we need to develop and upgrade our operational and management systems together with successful integration of our information technology systems, all of which require substantial capital and management resources. Thus, we will need to manage and control our costs efficiently. The level of economic development, regulatory practice as well as consumer preferences may vary between mainland China and other countries, as well as amongst various regions within mainland China. We may not be able to leverage our past experiences, and may not have sufficient resources, in new locations where we plan to expand our business. Furthermore, we may face challenges inherent in expanding our business to other places in places where we operate which we consider to have growth potential, considering the potential competition with competitors who may possess greater resources, more extensive operational experiences and a better understanding of the local regulatory requirements and customer behaviours. Any failure to successfully leverage our experiences or to sufficiently understand the new markets within our business expansion plan may have a material adverse effect on our business, financial condition and results of operation.

During the Track Record Period, we shifted our marketing efforts to the partner model by engaging more POS partners for our unmanned retail business. These efforts may subject us to new risks and challenges. We cannot assure you that these shifted marketing efforts will enable us to achieve our financial targets. The effectiveness of these marketing efforts is relatively hard to predict and evaluate. Their effects maybe delayed, resulting in a delayed revenue growth which may not be fully reflected during the period which the marketing efforts were launched. In addition, their effects may be effective in some geographical areas but not the other areas. If the results of our shifted marketing efforts fail to meet our expectation, our business, financial condition and results of operations may be adversely affected.

We face certain risks associated with the shift from the direct operation model to the partner model.

Since 2020, we shifted our focus from the direct operation model to the partner model. From an accounting perspective, under both the direct operation model and the partner model, we recognize retail sales revenue when control of the merchandise has been transferred to the end customer. In terms of costs and expenses, we record procurement costs of merchandise under both models under cost of sales, and we charge our expenses for sourcing, developing and maintaining Ubox POSs under the direct operation model and the share of transaction GMV paid to POS partners (as they bear the costs for developing POSs, occupancy fees and utility costs) under the partner model to selling and marketing expenses. Our selling and marketing expenses are thus subject to the transaction GMV which is intertwined with the performance of POSs partners. Any decrease in revenue generated from the POSs under the partner model will lead to a decrease in our total revenue and our share of profits from those POSs, which may materially and adversely affect our financial condition and results of operations.

Our revenue from the POSs under the partner model continued to increase both in absolute amount or as a percentage of our revenue from unmanned retail business during the Track Record Period. Our revenue from unmanned retail business under the partner model amounted to RMB250.7 million, RMB762.4 million, RMB1,479.2 million, RMB1,612.3 million, RMB754.5 million and RMB803.0 million in 2019, 2020, 2021, 2022 and the six months ended June 30, 2022 and 2023, respectively, representing 16.3%, 57.0%, 77.2%, 81.7%, 82.6% and 81.4% of our revenue from unmanned retail business in the same periods, respectively. Our limited operating history under the partner model may not serve as an adequate basis for evaluating our results of operations and prospects. We have encountered, and may continue to encounter in the future, risks and uncertainties experienced by growing companies in evolving industries, such as managing our cost structure and profitability level and addressing market conditions and regulatory developments. If we do not successfully address these risks and uncertainties, our results of operations and financial condition could be materially and adversely affected.

If we fail to maintain the existing scale of our partner model or retain our existing POS partners or attract new POS partners, or if our POS partners decrease their scale of business, our POS network expansion plan may be disrupted and their revenue contribution will decrease, and thus our business, financial condition and results of operation may be materially and adversely affected.

Our vast network of POSs is the bedrock of our retail platform. Our revenue is largely affected by the number and coverage of our POSs, and our future revenue growth depends on our ability to open new POSs and expand our POS network. During the Track Record Period, we engaged POS partners to assist us with sourcing and establishing POSs to help expand into relatively underpenetrated regions whereby our POS partners, other than restaurant model partners, are typically entitled to a share of 20% to 30% of the transaction GMV after costs and expenses. For POS partners who are restaurant operators, they are generally entitled to keep the difference between the transaction GMV and the predetermined merchandise price they agreed with us. The success of our business expansion into these new regions depends on our stable relationship with existing POS partners and ability to attract new POS partners. Our revenue from unmanned retail business under the partner model amounted to RMB250.7 million, RMB762.4 million, RMB1,479.2 million, RMB1,612.3 million, RMB754.5 million and RMB803.0 million in 2019, 2020, 2021, 2022 and the six months ended June 30, 2022 and 2023, respectively. If we fail to retain our existing POS partners or attract new POS partners, we may not be able to maintain the existing scale of, or expand, our POS network, or if our POS partners decrease their scale of business, our POS network expansion plan may be disrupted and their revenue contribution will decrease, and thus our business, financial condition and results of operation may be materially and adversely affected.

Any system failure or malfunctioning of our operation systems that are connected to our POSs or our vending machines in our POS network will directly affect our ability to receive orders and payments, which could adversely affect our ability to carry out our business effectively and efficiently, and could materially and adversely affect our financial condition and results of operations.

Our business largely relies on the secure and efficient operation of our vending machines. We leverage our nation-wide POS network, and derive revenue from our unmanned retail business segment primarily from retail sales of merchandise through vending machines at Ubox POSs. In 2019, 2020, 2021, 2022 and the six months ended June 30, 2022 and 2023, our revenue from unmanned retail business amounted to approximately RMB1,539.9 million, RMB1,336.8 million, RMB1,915.1 million. RMB1,974.7 million, RMB913.4 million and RMB986.8 million, respectively, representing 56.5%, 70.3%, 71.6%, 78.4%, 79.9% and 78.8% of our total revenue for the same periods, respectively. Our operation system is the backbone of our retail platform. Each of the vending machines in our network is connected to our centralized operation system over the cloud operated by third-party cloud service providers to enable a range of functions such as constantly monitoring operating status of the vending machines in real time. Moreover, our vending machines are equipped with technologies such as vending machine payment system for receiving payments. In the event such as network breakdowns, software bugs, computer virus attacks, intrusion attacks, catastrophic incidents or system providers' failure to provide ongoing maintenance, the proper functioning of our operation systems and/or our vending machines, such as our vending machine's ability to receive orders and payments, may be affected, and our operation systems and/or our vending machines may therefore be unable to operate and our business operations may be disrupted. During the Track Record Period, there were one instance in each of 2019 and 2021 where our vending machines and operation systems were temporarily out of services for approximately 15 minutes and 4 minutes, respectively, due to system failures of third-party payment platforms, and our loss arising from each incident was estimated to be approximately RMB0.1 million. One similar instance also happened in 2022 due to system failure of third-party payment platform and our estimated loss was estimated to be approximately RMB0.05 million. Moreover, there were also one instance in 2019 where our vending machines and operation systems were temporarily out of service during our system upgrade with an estimated loss of approximately RMB0.03 million and also one instance in each of 2021 and 2022 where our database for restocking of merchandise was temporarily out of service for approximately 1.6 hours and 50 minutes with an estimated loss of approximately RMB0.03 million and RMB0.03 million, respectively. We cannot assure you that system failure or malfunctioning of our operation systems or our vending machines will not occur in the future. The occurrence of any incidents resulting in any system failure or malfunctioning of our operation systems or our vending machines in our POS network will directly affect our ability to receive orders and payments, which could adversely affect our ability to carry out our business effectively and efficiently, and could materially and adversely affect our financial condition and results of operations.

Failure to protect confidential information transmitted on our centralized operation system over the cloud operated by third-party cloud service providers could damage our relationship with our POS partners, harm our reputation, expose us to litigation and adversely affect our business.

Our business operations are dependent on the advantages and reliability of our centralized operation system. Each vending machine is connected to our centralized operation system over the cloud operated by third-party cloud service providers in mainland China, which enables our vending machines to instantly transmit data across our system, and allows operators to constantly monitor its operating status in real time to ensure optimal performance. Therefore, our centralized operation system stores, processes and transmits our and our POS partners' confidential information, including operational data and transaction data, over the cloud operated by third-party cloud services providers.

While we have taken steps to protect such confidential information and formulated policies on cybersecurity and data security covering data transmitted on our centralized operation system, the security and reliability of the cloud over which our confidential information is transmitted are beyond our control. Given that the cloud is operated by third-party cloud service providers, we cannot assure that the cloud is fully protected from any external threats, such as computer viruses, worms, hackers or other disruptive actions, which may lead to the leakage or misappropriation of our confidential information. Although to our knowledge there was no instance of any cybersecurity or data security breach during the Track Record Period and up to the Latest Practicable Date, we cannot assure that there will not be a privacy or data security breach because techniques used to sabotage or obtain unauthorized access to systems change frequently and generally are not recognized until they are launched against a target, we and the third-party cloud service providers may be unable to anticipate these techniques or to implement adequate preventative measures.

While we strive to maintain the integrity of our cybersecurity and data security, any failure or perceived failure to do so may result in proceedings or actions against us by our POS partners, government entities or others, and could damage our reputation and subject us to fines and damages. In addition, such events would lead to negative publicity and cause our POS partners to lose their trust and confidence in us, which may result in material and adverse effects on our ability to recruit new POS partners.

Our vending machines are integrated with technology-based retail platform and any interruption of the vending machines and the technology-based retail platform could impair our ability to provide products and services.

The continued operation of our technology-based retail platform enables us to efficiently conduct our unmanned retail business operations. See "Business — Our Technology-based Retail Platform." Therefore, our business operations is dependent on the proper functioning of our technology-based retail platform and any improper functioning or material failure of our technology-based retail platform could interrupt our business activities. Our technology-based retail platform is constructed based on complex algorithms which may contain "bugs" or undetected errors. Such errors may affect proper functioning and reliability of our technology-based retail platform. In addition, the orderly functioning of our technology-based retail platform relies on the internet infrastructure and telecommunication network in places where we operate, which may be subject to damage or interruption as a result of terrorist attacks, wars, earthquakes, floods, fires, power loss, telecommunication failures, epidemics, computer viruses, interruptions in access to our platform, hacking or other attempts to harm our platform, and similar events. Interruptions of our technology-based retail platform or the internet infrastructure and telecommunication network in places where we operate could harm our ability to deliver our products and services in an efficient manner, thus reduce our revenue and profit and damage our brand image if our technology-based retail platform is perceived to be unreliable. Furthermore, our vending machines, which form an extensive sales and distribution network, are strategically located in high foot traffic sites including schools, factories, restaurants, office premises, public venues and transportation hubs. The vending machines are vulnerable to break-ins, sabotage and vandalism.

If we experience frequent or persistent system failures on our technology-based retail platform, whether due to interruption or failures of our own technology-based retail platform or damage of our vending machines or instability of the internet infrastructure and telecommunication network in places where we operate, our reputation and brand could be severely harmed. Moreover, if we carry out initiatives to increase the reliability of our technology-based retail platform, it may cause us to incur heavy costs and reduce our operating margin, and may not be successful in reducing the frequency or duration of service interruptions.

We face risks related to natural disasters, epidemics and other public health emergencies, which could significantly disrupt our operations and financial condition.

Substantially all of our POSs are located at high foot traffic sites including schools, factories, restaurants, office premises, public venues and transportation hubs in mainland China and are fragile against any occurrence or taking place of force majeure events, acts of war, terrorist attacks, political unrest, social and economic chaos, natural disasters such as earthquakes, tsunamis, snowstorms, sandstorms, droughts and extreme and adverse bad weather conditions, widespread of public health problems such as outbreak of pandemics or epidemics, including avian influenza, swine influenza, severe acute respiratory syndrome, COVID-19 or other health problems with similar magnitude or effects which are out of control.

For instance, the global outbreak of COVID-19 had an adverse impact on the global economy across different sectors. In response, countries across the world imposed widespread lockdowns, closure of work places and restrictions on mobility and travel to contain the spread of the virus which disrupted business operations, supply chains and workforce availability, leading to substantial declines in business activity. The COVID-19 pandemic as well as the responses and measures taken by the governments and society as a whole in response to the COVID-19 pandemic, presented challenges to our business operations as well as consumers, suppliers and other participants in our business. Many places where our POSs were located were required to be closed temporarily or even permanently, which resulted in an unexpected disruption to our expansion plan in certain strategically selected geographical areas as well as loss resulting from accumulation of excessive inventory. In addition, the unprecedented outbreak of COVID-19 also hit some of our suppliers leading to delay or failure in supply of goods and machineries, compromised product quality or increased in costs. As a result, we recorded a decrease in revenue in each of our principal business segments in 2020, as compared to the corresponding period in 2019. The revenue from our unmanned retail business, our advertising and system support services, our merchandise wholesale, our vending machine sales and leases and others decreased by approximately 13.2%, 59.3%, 61.2%, 48.6% and 28.9% respectively in 2020 as compared with those in 2019, which was primarily due to the outbreak of COVID-19 and the corresponding measures implemented in response to the pandemic.

While our business operations and financial performance have recovered slightly in 2021 as the impact of COVID-19 wanes, COVID-19 resurged in various locations in mainland China in 2022, with particularly stringent counter-resurgence measures being taken in certain regions, including Beijing and Shanghai, resulting in closure of, and reduced consumer traffic and sales activities at, public places where our POSs were placed. Approximately 40.0% of our Ubox POSs as of December 31, 2022 (not taking into account the sales of POSs located in schools in July and August as they generally have limited or no sales during summer holiday) did not generate any sales for at least 60 days in 2022. In addition, our POSs located at restaurants were also severely affected as the regional resurgences of COVID-19 in mainland China had a negative impact on the catering industry in mainland China. Besides, as the downstream unmanned retail market and demand for our vending machines were negatively affected by macro-economic conditions and consumer demand in 2022, our revenue from vending machine sales and leases decreased by 23.5% from RMB44.2 million in 2021 to RMB33.8 million in 2022.

As the recovery of the economy and overall consumer traffic from the negative impact of COVID-19 is expected to be a gradual process, we are uncertain and cannot predict the extent to which the pandemic impacts our results of operations going forward. See "Summary — Recent Development" for latest development of our business operations. In addition, there is no assurance that another major disease outbreak will not happen in the future. Outbreak of major diseases may create uncertainties for our business operations which could materially and adversely affect the overall business sentiment, cause our business to suffer in ways that we cannot predict and affect our business, financial condition and results of operations.

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

We operate in the rapidly evolving unmanned retail industry, 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:

- maintain our leading position in the unmanned retail industry in mainland China;
- develop and introduce attractive, popular and innovative products and services to attract customers;
- retain existing customers and attract new customers, including merchandise wholesale customers;
- upgrade our technology to support the increased traffic and expanded product-and-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
- attract, retain and motivate qualified personnel and maintain good relations with them.

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

We operate in a highly competitive and rapidly evolving market in mainland China and we face intense competition.

The vending machine retail industry in mainland China is fragmented and has witnessed noticeable growth in the past few years. According to Frost & Sullivan, the market size of the vending machine retail in mainland China in terms of retail sales value increased from approximately RMB13.1 billion in 2017 to RMB28.9 billion in 2022, representing a CAGR of approximately 17.1%. 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 merchandise, 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 beverage companies, integrated logistics companies, convenience store brands and other retail channels. The widespread penetration of these convenience stores and other retail channels may reduce market demand for purchase through vending machines. 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 or force us to incur further losses. If we fail to compete effectively, we may lose market share and customers, and our business, financial condition and results of operations may be materially and adversely affected.

We are subject to risks of shortages or unavailability of merchandise due to disruptions to our operation, deterioration of business relationship with suppliers or potential changes of distribution methods by suppliers.

We rely on our suppliers to provide a stable supply of merchandise and vending machines, which are crucial to our unmanned retail business model, merchandise wholesale and vending machine sales and leases to meet customer needs. In 2019, 2020, 2021, 2022 and the six months ended June 30, 2022 and 2023, our cost of inventories sold accounted for 89.8%, 78.8%, 93.1%, 94.9%, 94.4% and 98.1% of our total cost of sales during the same periods, respectively.

We cannot assure 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 such as COVID-19, natural disasters, acts of war, terrorism and social and economic chaos. Moreover, we cannot guarantee that these parties will maintain the same level of quality in their products and services or will have the capacity 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. 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, which may adversely affect our business, financial condition and results of operations.

If we fail to manage our inventory effectively, our results of operations, financial condition and liquidity may be materially and adversely affected.

Our inventory primarily consists of vending machines, beverages and pre-packed food, some of which may have relatively short shelf life. As of December 31, 2019, 2020, 2021, 2022 and June 30, 2023, the balances of our inventories respectively amounted to RMB231.2 million, RMB150.2 million, RMB186.8 million, RMB143.9 million and RMB126.8 million, respectively. Our inventory turnover days in 2019, 2020, 2021, 2022 and for the six months ended June 30, 2023 were 55 days, 60 days, 51 days, 53 days and 43 days, respectively. In 2019 and 2020, our impairment loss of inventories charged to our consolidated statements of comprehensive income was approximately RMB2.5 million and RMB53.9 million, respectively.

The demand for our products are vulnerable to changes in consumer spending patterns, consumers' preferences and tastes, as well as implementation of various restrictive measures in response to the outbreak of pandemics or epidemics such as COVID-19. These changes are beyond our control and may lead to decreased demand or overstocking of our particular products. Furthermore, as we plan to continue expanding our product offerings, we expect to include a wider variety of products and raw materials in our inventory. The risk of obsolescence for our inventory increases as the age of our inventories increases, in particular beverages and pre-packed food. If we fail to respond timely and effectively to changes in our customers' needs and preferences, or any stringent measures in containing epidemics and pandemics, our sales revenue will decrease and the volume of obsolete and slow-moving inventory may increase, and we would need to discard expired beverages and pre-packed food or write off such inventory, in the event of which our financial position and results of operations may be materially and adversely affected.

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

The unmanned retail industry 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 customers, which requires substantial capital 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, financial condition and results of operations may be affected if we fail to fully utilize and integrate AI in our operations.

We believe the success of our business operation depends on our AI capabilities. We incorporate AI technologies into our technology-based retail platform to standardize and digitalize our business process, including site selection and merchandise mix optimization and procurement to vending machine restocking and maintenance. However, AI presents risks and challenges that may affect its adoption, and, therefore, our business and operational efficiency. AI algorithms may be flawed and contain undetected errors. Datasets may be insufficient or contain biased information. 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.

Advertisements shown on our digital advertising platform may subject us to penalties and other administrative actions.

We derive our revenues from advertising and system support services we provide on our digital advertising platform. PRC Law in relation to advertising require advertisers, advertising operators and advertising distributors to ensure that the content of the advertisements they prepare or distribute is fair and accurate and is in full compliance with the relevant laws and regulations. In addition, for advertising content related to specific types of products and services such as pharmaceuticals and medical instruments, advertisers, advertising operators and advertising distributors must confirm that the advertisers have obtained the requisite government approvals, including the advertiser's operating qualifications, proof of quality inspection of the advertised products and services, and, with respect to certain industries, government approvals of the content of the advertisement and filings with the local authorities. Pursuant to the relevant PRC Law, we are required to take steps to monitor the content of advertisements displayed on our platform. Complying with the relevant laws and regulations requires considerable resources and time, and could significantly affect our business operations. We cannot assure you that all the content contained in such advertisements or offers therein are true and accurate as required by the advertising laws and regulations, especially given that the interpretation and enforcement practices by relevant authorities which may change or may be determined based on prevailing laws and regulations at the time. If we are found to be in violation of applicable PRC Law, we may be subject to penalties including fines, confiscation of advertising income, orders to cease dissemination of the advertisements and orders to publish corrective information. In circumstances involving serious violations, the governmental authorities in mainland China may force us to terminate our online marketing services operations or revoke our licenses. If we become subject to any of the above penalties, our reputation may be harmed and our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our results of operation depend on the level of traffic and consumption and are thus subject to seasonal fluctuations.

We have experienced, and expect to continue to experience, seasonal fluctuations depending on the location of our POSs and the relevant time of a year in our results of operations. In general, we experience weaker performance in the first quarter of each year due to lower level of customer foot traffic and consumption from vending machines, especially outdoor ones, during winter. We typically record higher level of revenue from the second to fourth quarters of each year due to the warmer weather and relatively stronger demand for vending machine retail of beverages. We are also subject to seasonal fluctuations in demand from particular scenarios. For example, POSs at schools typically record lower level of revenue 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.

Our reputation, performance and financial condition could be adversely affected by any failure to maintain effective quality control mechanism and food safety monitoring system.

Product quality and food safety is fundamental and crucial to our business. Due to the rapid expansion and geographical coverage of our nation-wide POS network, maintaining consistent quality control and food safety depend on the effectiveness of our quality control mechanisms and food safety monitoring system, which in turn depends on the design and management of our quality control mechanism and food safety monitoring system, the implementation of the quality control measures and initiatives by our staff and our suppliers. For more details on our quality control systems, see "Business — Quality Control." There can be no assurance that our quality control mechanism and food safety monitoring system will remain effective. The quality of the products provided by our suppliers are subject to factors beyond our control. We may be subject to complaints or even food safety incidents as well, and our financial condition, performance and goodwill will therefore be seriously affected. Any significant failure or deterioration of our quality control systems could have a material adverse effect on our reputation, results of operations and financial condition.

According to the applicable PRC Law, both manufacturers and vendors of products shall be responsible for food safety and quality of products being sold. The Product Quality Law and Food Safety Law of the PRC requires vendors to establish a mechanism integrated with purchase acceptance, product quality management, employee health management system and food safety self-inspection system, holding us responsible for the food safety and product quality to meet the relevant standards. Accordingly, we are subject to the supervision and on-site inspection by the relevant administrative authorities. Any failure to comply with the aforesaid requirements and standards may result in administrative penalties against us and, in more extreme cases, criminal proceedings may be brought against us and our management. If any quality issues are found in the products we sell, we may also be ordered by the relevant government authorities to rectify the quality issues such as to repair or replace the products we sold or make refunds and compensation to our customers.

Our retail business is subject to risks of food safety issues and defective products. At our POSs, we sell merchandise and products manufactured by third parties, some of which may be defective. Moreover, our Non-Ubox POS operators sell merchandise sourced by them at our POSs. There can be no assurance that we will be able to detect all safety issues or defects in the merchandise we offer. We maintain limited third party liability or product liability insurance in relation to the merchandise, including mobile devices, we sell at our POS. We cannot assure you that product liability claims against us will not arise in the future. In the event that the consumption of our products results in any damage to our customers, we may face product liabilities claims and be held liable to pay compensation and recover the damages to the customers. The attention of our management and resources may be distracted by the claims. In the case that any of such claims materializes, we may incur monetary loss, our reputation may be harmed, and may harm our growth and profitability, which may in turn adversely affect our business, financial condition and results of operations.

We rely on external suppliers to produce customized vending machines.

We rely on external suppliers to produce customized vending machines for our business. We cannot guarantee that (i) the supply of vending machines is in a timely manner, stable and free from unexpected interruption; (ii) there will not be any significant increase in procurement costs of such vending machines following an increase in our production costs for any reason beyond our control; (iii) the qualities of such products could always meet our expectation and satisfy our quality control; (iv) the products manufactured by those external suppliers are free from any third parties infringement, dilution or misappropriation of any third party's intellectual property rights; and (v) no leakage of our procurement plans and business strategies by such external suppliers despite our great effort to preserve our confidential business information.

We may discover latent defects in the vending machines that were not apparent at the point of purchase. Such defects may be discovered before or after the warranty period has expired. If the products we lease to merchandise wholesale customers fail to function as expected and we are unable to resolve the functionality issues in a timely manner, our relationships with such customers may be damaged. In addition, any defects or malfunction of our products could cause the loss of customers or revenues, delays in revenue recognition, increased levels of product returns or replacements, damage to our market reputation and significant increases in warranty claims and other expenses, all of which could result in a material decrease in our profitability. The occurrence of any of the above events will have adverse impact on our operation, financial and business conditions.

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

We rely on third-party payment service providers for our customers' payment channels. If these third-party payment service providers do not perform adequately or if our relationships with these third-party payment service providers were to terminate, our vending machines' ability to receive orders or payment could be adversely affected, which would have a direct impact on our business performance. If any of these third-party payment service providers have any interruptions or delays in such platforms in the future, we may not be able to locate suitable alternatives, and our business could also be harmed. In addition, an increase in the fees charged by our third-party payment service providers would result in an increase in our operating expenses, which may adversely affect our financial condition and results of operations.

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 our third-party payment service providers to comply with the applicable rules and regulations may materially and adversely affect our business, financial condition and results of operations.

We have incurred net losses, accumulated losses and negative operating cash flow during the Track Record Period, which we may continue to experience in the near future.

We incurred net losses of approximately RMB1,184.2 million, RMB188.2 million, RMB283.1 million, RMB128.4 million and RMB147.4 million in 2020, 2021, 2022 and the six months ended June 30, 2022 and 2023, respectively, and our accumulated losses amounted to RMB1,073.2 million, RMB1,258.2 million, RMB1,542.7 million and RMB1,695.2 million as of December 31, 2020, 2021, 2022 and June 30, 2023, respectively. In addition, we had negative net cash from operating activities of RMB31.9 million in 2020. We cannot assure that we will be able to generate net profits or positive cash flow from operating activities in the near future. Our ability to achieve and maintain profitability depends on various factors, including but not limited to, maintaining existing and attracting new POS partners, merchandisers, advertisers and merchandise wholesale customers, controlling costs and expenses and increasing our revenues, and the effectiveness of our advertising and promotional activities. Furthermore, if we are unable to successfully offset our increased costs and expenses with an appropriate increase in our revenue and margins, our financial condition and results of operations may be materially and adversely affected. As such, we may not be able to fund our operating expenses and expenditures and may be unable to fulfil our financial obligations as they become due, which may result in voluntary or involuntary dissolution or liquidation proceedings of our Company and a total loss of your investment.

We may incur impairment losses relating to goodwill and other intangible assets, which could materially affect our profits.

As of December 31, 2019, 2020, 2021, 2022 and June 30, 2023, we had intangible assets, comprising goodwill, internally generated software and purchased software, of RMB318.4 million, RMB136.2 million, RMB118.6 million, RMB102.9 million and RMB95.2 million, respectively. We recognized impairment loss of intangible assets of RMB2.2 million and RMB9.7 million as of December 31, 2019 and 2020, respectively, and impairment loss of goodwill of RMB158.4 million as of December 31, 2020.

There are inherent uncertainties in the estimates, judgments and assumptions used in assessing recoverability of goodwill and intangible assets. Economic, legal, regulatory, competitive, reputational, contractual, and other factors could result in future declines in the operating results of our business or market values that do not support the carrying value of the goodwill and other intangible assets. Any reduction in or impairment of the value of goodwill or intangible assets will result in a charge against our profits, which could have a material adverse impact on our results of operations and financial condition.

We may incur gross loss in our vending machine sales and leases and others segments, and we may not be able to sustain our gross profit margins.

During the Track Record Period, we experienced fluctuations in gross profit and gross profit margin of our vending machine sales and leases and others segments. We recorded gross profit of RMB15.1 million, RMB13.9 million, RMB10.8 million, RMB3.0 million and RMB3.2 million in 2019, 2021, 2022 and the six months ended June 30, 2022 and 2023, respectively, and gross loss of RMB32.2 million in 2020 for vending machine sales and leases, and recorded gross profit of RMB127.6 million, RMB11.8 million, RMB9.1 million, RMB3.0 million and RMB10.6 million in 2019, 2021, 2022 and the six months ended June 30, 2022 and 2023, respectively, and gross loss of RMB189.6 million in 2020 for our others segment. Also, we recorded gross profit margin of 16.6%, 31.4%, 31.9%, 18.5% and 27.0% in 2019, 2021, 2022 and the six months ended June 30, 2022 and 2023, respectively, and negative gross profit margin of 68.5% in 2020 for vending machine sales and leases, and recorded gross profit margin of 49.5%, 2.7%, 4.9%, 5.0% and 12.2% in 2019, 2021, 2022 and the six months ended June 30, 2022 and 2023, respectively, and negative gross profit margin of 103.5% in 2020 for others segment.

We experienced gross loss in vending machine sales and leases and others segments primarily as a result of the outbreak of COVID-19. There is no assurance that our profitability including our gross profit and gross profit margin of our vending machine sales and leases and other services may return to the level prior to the outbreak of COVID-19. In response to the outbreak of COVID-19, we explored business opportunities and fine tuned our business strategies. However, our evolving business strategies make it difficult to evaluate the risks and challenges we may encounter. The risks and uncertainties we may face include challenges to our ability to refine our product offerings and services to cater shifting customers' preferences, to anticipate and respond to macro-economic changes and changes in local markets where we operate, to successfully expand our geographic reach and expand our POS network in the manner we planned, to forecast our revenue and cost of sales and manage capital expenditures for our current and future operations. If we fail to address the risks and challenges that we face, our business, financial condition and results of operations may be materially and adversely affected.

Our results of operations could be materially affected by the share of results of associates and a joint venture.

We have invested in a number of companies such as operators of machines and other FMCG retail businesses, and developers of relevant software and hardware, that could potentially assist the expansion of our POS network or create synergies. As of December 31, 2019, 2020, 2021, 2022 and June 30, 2023, our investments accounted for using the equity method were RMB54.6 million, RMB61.0 million, RMB76.5 million, RMB62.7 million and RMB58.9 million, respectively. Our share of losses in investments accounted for using the equity method were RMB7.2 million, RMB3.5 million, RMB4.1 million, RMB15.3 million, RMB4.8 million and RMB3.8 million in 2019, 2020, 2021, 2022 and June 30, 2022 and 2023, respectively. See Note 20 to the Accountant's Report as set out in Appendix I for details.

There can be no assurance that our investments in joint venture(s) and associates will achieve the results intended and guarantee a share of profits. Any loss incurred by these joint venture(s) and associates shall be apportioned among our Group and other shareholders of the joint venture(s) and associates, and we may be subject to liquidity risk as a result. Our investments in the joint venture(s) and associates are not as liquid as other investment products because the reported profits of these joint venture(s) and associates under the equity accounting will not result in our cash inflow until dividends are received by us. Also, if there is no share of results or dividends from the joint venture(s) or associates, we will be subjected to liquidity risk and our financial condition or result or operations could be materially affected.

Furthermore, the possibility to promptly dispose of our interests in the joint venture(s) or associates in response to changing economic, financial and investment conditions is uncertain. The market is affected by various factors, such as general economic conditions, availability of financing, interest rates and supply and demand, many of which are beyond our control. We cannot be certain as to whether we will be able to sell any of our interests in these joint venture(s) and associates for the price or on the terms that are acceptable to or set by us. Therefore, the liquidity nature of our investment in these joint venture(s) and associates may significantly limit our ability to respond to adverse changes in their performance.

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

We have invested, and in the future, may invest, in a diverse array of businesses, technologies and ventures, and may enter into acquisitions and alliances from time to time. See "History and Development — Evolution of Our Group." Such endeavors may involve significant risks and uncertainties.

We have invested in a number of companies that are complementary to our growth strategies, such as software developers and vending machine operators, and may invest in other joint ventures, associates or companies in the future as we deem appropriate. 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.

We face certain risks associated with our cooperation with Non-Ubox POS operators.

We cooperate with our Non-Ubox POS operators. As of June 30, 2023, we had 1,153 Non-Ubox POS operators. Our cooperation with Non-Ubox POS operators may be continuously employed in broader areas in mainland China, which aligns with our expansion strategy and is crucial to our future operations. Such cooperation subjects us to several risks, each of which may impact our ability to collect fees and charges from our Non-Ubox POS operators, or may harm our brand image, business performance and results of operations:

- *Control over Non-Ubox POS operators*. Our business performance relies on our Non-Ubox POS operators, some of whom source and sell merchandise from third parties selected by them. We cannot fully control our Non-Ubox POS operators' action and our contractual rights and remedies are limited. There is no guarantee that our Non-Ubox POS operators will share our concern on merchandise quality and food safety. Therefore, our business and operating results are deemed to be hurt unless our Non-Ubox POS operators duly comply with applicable laws and regulations such as food safety related laws in their course of business and perform their obligations consistent with our required standards such as those set out in our cooperation agreements.

- *Revenues realized from our vending machines*. The revenues we realize are linked to our Non-Ubox POS operators' profitability. Our revenues and margins could be adversely affected or deteriorated by the worsen sales trend of our Non-Ubox POS operators. Our strategy of expansion would suffer as well.

- *Contractual relationship with Non-Ubox POS operators*. We generally enter into agreements with our Non-Ubox POS operators for sale of merchandise at our vending machines for a term of one to five years. We compete against other industry players and cannot assure that we will be able to maintain contractual relationships with our Non-Ubox POS operators. In the event that we fail to renew contracts with our Non-Ubox POS operators or attract new Non-Ubox POS operators for any reasons, our revenue may be adversely affected.

- *Bankruptcy*. Non-Ubox POS operators' bankruptcy could have a substantial negative impact on our ability to collect payments due, and may have a negative impact on our brand image.

- *Litigation*. Our Non-Ubox POS operators may be subject to a variety of litigation risks from time to time, including but not limited to customer claims, personal-injury claims, employee allegations of improper termination. Each of these claims may increase the costs of our Non-Ubox POS operators and adversely affect their profitability, and may therefore limit the funds available for them to pay fees and charges and limit their ability to maintain the machines, which in turn could adversely affect our business and operating results and may adversely affect our brand image.

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

Our revenue decreased by 30.3% from RMB2,727.5 million in 2019 to RMB1,902.0 million in 2020, increased by 40.7% from RMB1,902.0 million in 2020 to RMB2,676.2 million in 2021, decreased by 5.9% from RMB2,676.2 million in 2021 to RMB2,519.2 million in 2022, and increased by 9.6% from RMB1,143.1 million for the six months ended June 30, 2022 to RMB1,252.7 million for the same period in 2023. Our gross profit decreased by 58.0% from RMB1,329.2 million in 2019 to RMB558.6 million in 2020, increased by 97.1% from RMB558.6 million in 2020 to RMB1,101.1 million in 2021, decreased by 2.2% from RMB1,101.1 million in 2021 to RMB1,076.7 million in 2022, and increased by 1.5% from RMB510.2 million for the six months ended June 30, 2022 to RMB518.0 million for the same period in 2023.

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 technology development, market trends and consumer preferences;

- explore, attract and cooperate with merchandise wholesale customers, POS partners, karaoke booth franchisees and merchants on favourable terms;

- develop our technology-based retail platform with new functionalities on a timely basis;

- expand our geographic presence to further extend our customer reach;

- enhance and maintain favourable brand recognition for our Group and product offerings;

- effectively manage our relationships with external vending machines manufacturers;

- maintain and expand margins through sales growth and efficiency initiatives;

There can be no assurance that we can successfully execute our business strategies in the manner or time that we expect. Our financial and operating results may not meet the expectations of public market analysts or investors, which could cause the future price of our [**REDACTED**] to decline. In addition, we expect to recognize some of our expenses related to the [**REDACTED**] in 2023, which will impact our financial performance for the respective years. You should not rely on our historical results to predict our future financial performance.

If our preferential tax treatment becomes unavailable, our results of operations may be adversely affected.

During the Track Record Period, we enjoyed preferential tax treatment under relevant preferential tax policies. We cannot assure that we will continue to enjoy similar preferential tax treatment in the future. Our subsidiaries in mainland China are generally subject to enterprise income tax at the statutory rate of 25% pursuant to the EIT Law, except for certain subsidiaries which enjoyed preferential tax treatment. Our Company was granted the qualification as "High and New Technology Enterprise" in 2017 and we renewed our qualification in 2020, thus we were entitled to preferential tax rate of 15% in 2019, 2020, 2021, 2022 and the six months ended June 30, 2022 and 2023. Shenzhen Youbaokesi and Youbao Anglai, two of our subsidiaries, were granted the "High and New Technology Enterprise" in 2016 and renewed the qualification in 2019. As a result, Shenzhen Youbaokesi and Youbao Anglai were entitled to a preferential income tax rate of 15% in 2019, 2020, 2021 and the six months ended June 30, 2022. Also, Shenzhen Youbaokesi, which applied for the qualification as "High and New Technology Enterprise", was entitled to preferential income tax rate of 15% in 2022 and the six months ended June 30, 2023 upon the renewal of such qualification in December 2022. If we cease to be entitled to preferential tax treatment, our income tax expenses may increase, which would adversely affect our results of operations.

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

Deferred tax assets are recognized for tax loss carry-forwards to the extent that the recognition of the related tax benefits through the future taxable profits is probable. Based on our accounting policies, we recognize deferred tax assets relating to certain temporary differences and tax losses when we consider it is probable that future taxable profit will be available and as a result, the temporary differences or tax losses can be utilized. The outcome of the actual utilization of such temporary differences or tax losses may be different.

As of December 31, 2019, 2020, 2021, 2022 and June 30, 2023, our deferred income tax assets amounted to RMB50.2 million, RMB42.3 million, RMB41.8 million, RMB36.7 million and RMB40.5 million, respectively. In addition, we had deferred income tax liabilities of RMB1.8 million, RMB1.6 million, RMB1.9 million, RMB2.1 million and RMB2.5 million as of December 31, 2019, 2020, 2021, 2022 and June 30, 2023, respectively. In the application of our accounting policies, significant management judgement is required to assess the recognition of deferred income tax assets in future reporting periods, based on historical experiences and amount of forecasted future taxable profits at the relevant times together with future tax planning strategies. However, if there is a significant adverse change in our performance, some or all of the relevant deferred income tax assets may need to be written off and charged to the income statement, which could have an adverse effect on our financial condition. Furthermore, utilization of deferred income tax assets significantly depends on our management's judgment as to whether sufficient profits or taxable temporary differences will be available in the future. Any consequent changes in management judgement or future operating results would deviate these accounting estimates of deferred income tax assets from their actual results and the recoverability of deferred tax assets recognized in our financial statements, and hence could materially and adversely affect our financial condition and results of operation in the future years.

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

The value of our property and equipment represent a significant portion of the assets on our consolidated balance sheet. As of December 31, 2019, 2020, 2021, 2022 and June 30, 2023, we recorded property and equipment of RMB589.5 million, RMB305.2 million, RMB398.8 million, RMB296.3 million and RMB223.6 million, respectively, and also recorded right-of-use assets of RMB570.9 million, RMB446.2 million, RMB359.5 million, RMB289.1 million and RMB247.1 million, respectively. During the Track Record Period, we recognized impairment loss of property and equipment of RMB1.2 million, RMB140.3 million and RMB1.4 million for the years ended December 31, 2019, 2020 and 2021, respectively, and impairment loss of right-of-use assets of RMB51.7 million for the year ended December 31, 2020 primarily attributable to our karaoke booths in operation as an impact of COVID-19 outbreak. For details of the accounting treatment, see Notes 16 and 17 to the Accountant's Report as set out in Appendix I.

The value of property and equipment 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. We may continue to recognize impairment losses for property and equipment and right-of-use assets in the future in the event the business and financial performances of certain karaoke booths or non-core types of machines fail to meet our management's expectation, in which case our financial condition and results of operations may be materially and adversely affected.

We are exposed to credit risk of our customers and we may experience delays or defaults in settling our trade and other receivables.

Our trade receivables as of December 31, 2019, 2020, 2021, 2022 and June 30, 2023 were approximately RMB362.0 million, RMB200.7 million, RMB144.5 million, RMB77.4 million and RMB75.9 million, respectively. Our loss allowance provision for trade receivables in 2019, 2020, 2021, 2022 and June 30, 2023 were approximately RMB31.6 million, RMB39.5 million, RMB24.1 million, RMB22.8 million and RMB11.8 million, respectively. In 2019, 2020, 2021, 2022 and the six months ended June 30, 2023, our trade receivables turnover days were approximately 108 days, 183 days, 85 days, 77 days and 54 days, respectively. In addition, our net impairment losses on financial assets primarily comprised impairment losses on trade and other receivables, amounting to RMB10.9 million, RMB58.4 million, RMB28.2 million, RMB9.3 million, RMB6.9 million and RMB0.8 million in 2019, 2020, 2021, 2022 and the six months ended June 30, 2022 and 2023, respectively. In the event that a significant number of our customers fail to settle the trade receivables in full for any reason, our cashflow level may be adversely affected, and we may have to make provision for impairment, write-off the receivables and/or incur legal costs to recover the outstanding sum from our customers, which may in turn have a material and adverse impact on our business, financial conditions and results of operations.

We are exposed to risks associated with POSs operated under partner model with cooperation agreements signed by us.

As of June 30, 2023, we had entered into cooperation agreements with the site owners for the use of POS sites for all the POSs under the direct operation model and a part of the POSs under the partner model (excluding restaurant model partners). Some of the POSs under the cooperation agreements signed by us were operated under partner model. In the event that we decide to change a POS from direct operation model to partner model, we generally allow our POS partner to maintain that POS and bear the occupancy fees and utility costs without terminating the existing cooperation agreement with the site owner.

Although our POS partners shall be responsible for the occupancy fees and utility costs even if we entered into cooperation agreements with site owners under partner model, we are contractually liable to the site owners as a party to the cooperation agreements. We cannot assure you that all our POS partners will reimburse us in a timely manner for payment of occupancy fees and utility costs. In the event of significant delay or default in payment of the occupancy fees and utility costs, our cashflow level may be adversely affected, and our financial condition could also be adversely affected.

Our results of operations and financial condition may be adversely affected by the recoverability of our prepayments, deposits and other receivables. Our allowance on impairment losses on deposits and other receivables may not be sufficient to cover actual losses on our deposits and other receivables in the future.

There are uncertainties about the recoverability of our prepayments, deposits and other receivables. Our prepayments mainly comprise (i) prepayments for purchase of machines, (ii) prepayments for purchase of inventories, (iii) prepayments for POSs expenses, (iv) prepayments for [**REDACTED**] expenses, and (v) others. As of December 31, 2019, 2020, 2021, 2022 and June 30, 2023, we recorded prepayments of RMB254.4 million, RMB188.6 million, RMB214.8 million, RMB249.9 million and RMB254.0 million, respectively.

In order to ensure stable supply and lock in price as a precaution against any potential adverse impact of market price, and to secure favourable POSs site locations, we made prepayment for purchase of inventories arise from the contractual obligation with merchandise suppliers as we submit estimated demands for merchandise for the next month to them and deposit the corresponding purchase price to suppliers' accounts in full or in part in accordance with the terms of the relevant contract in advance as prepayment. Also, we made prepayments for POSs expenses arise from the contractual obligations with site owners, pursuant to which we shall pay in advance the POSs operation expenses, which primarily include occupancy fees and utility costs, monthly, quarterly or semi-annually.

Our deposits and other receivables primarily comprise deposits, amount due from POS partners, advances to and receivables from business partners and advances to staffs. Under our partner model, our Company may make advances to POS partners for payment of POSs occupancy fees, which would be deducted from their share of transaction GMV and are typically settled on a monthly basis. As of December 31, 2019, 2020, 2021, 2022 and June 30, 2023, our amount due from POS partners was RMB19.8 million, RMB 39.7 million, RMB71.3 million, RMB36.1 million and RMB26.2 million, respectively, representing approximately 3.6%, 11.7%, 27.7%, 22.4% and 16.6% of our other receivables, respectively.

There is no guarantee that our merchandise suppliers, site owners, POS partners or other counterparties will perform their obligations in a timely manner and we are subject to recoverability or credit risk in relation to our prepayments, deposits and other receivables. If we are not able to recover the prepayments, deposits and other receivables as scheduled, our financial position and results of operations may be affected.

During the years ended December 31, 2020, 2021 and 2022, based on the results of the impairment assessments, we recognized impairment provisions of RMB36.3 million, RMB24.3 million, RMB4.7 million, respectively, against the amount of deposits and other receivables. Besides, as of December 31, 2019, 2020, 2021, 2022 and June 30, 2023, we recorded allowance for impairment of deposits and other receivables of RMB24.1 million, RMB55.9 million, RMB80.2 million, RMB72.0 million and RMB64.5 million, respectively. Our allowance for impairment of amount due from POS partners was RMB2.3 million, RMB5.1 million, RMB12.0 million, RMB10.6 million and RMB3.8 million as of December 31, 2019, 2020, 2021, 2022 and June 30, 2023, respectively, and our allowance coverage ratio was 9.5%, 9.1%, 14.9%, 14.8% and 5.8%, respectively.

Such allowance was determined by our management based on estimations and assumptions. If any of these assumptions or estimations does not materialize, or the performance of our business is not consistent with the assumptions or estimations, or the recoverability of the advances to and receivables from business partners, amounts due from POS partners and advances to staffs, and the deposits are lower than expected, or that our past allowance for advances to and receivables from business partners, amounts due from POS partners and advances to staffs, and the deposits becomes insufficient, we may need to make more allowance for such amounts due, which may in turn materially and adversely affect our business, financial position and results of operations.

Our financial assets at fair value through profit or loss are subject to fair value fluctuations and the valuation of such assets is subject to uncertainties due to the use of valuation techniques and market observable and unobservable inputs, which may in turn adversely affect our financial performance.

During the Track Record Period, our financial assets at fair value through profit or loss include wealth management products and investments in unlisted equity securities and have experienced fair value fluctuations. As of December 31, 2019, 2020, 2021, 2022 and June 30, 2023, our financial assets at fair value through profit or loss were RMB382.5 million, RMB166.8 million, RMB32.8 million, RMB36.1 million and RMB34.5 million, respectively, among which our investments in wealth management products amounted to RMB336.9 million, RMB132.1 million, nil, nil and nil as of December 31, 2019, 2020, 2021, 2022 and June 30, 2023, respectively. During the Track Record Period, the net realized gains generated from such wealth management products was RMB5.1 million in 2019, RMB6.3 million in 2020, RMB1.2 million in 2021, RMB0.2 million in 2022 and RMB0.07 million for the six months ended June 30, 2023, and the net unrealized gains of such wealth management products was RMB2.3 million in 2019, RMB4.6 million in 2020, and nil in 2021, 2022 and for the six months ended June 30, 2023. In addition, we recognized fair value loss on financial assets at fair value through profit or loss of RMB0.9 million, RMB18.3 million, RMB1.9 million and RMB1.6 million as of December 31, 2019, 2020, 2021 and June 30, 2023, respectively, and realized a fair value gain on financial assets at fair value through profit or loss of RMB3.3 million as of December 31, 2022. The returns on all of these wealth management products are not guaranteed, and therefore are designated as financial assets at fair value through profit or loss.

Fair value of our financial assets at fair value through profit or loss is estimated by using valuation techniques and on the basis of market observable and unobservable inputs. The use of unobservable inputs renders valuation uncertain, as changes of unobservable inputs such as expected return rate may change the fair value of wealth management products we purchased. The fair value fluctuation of our financial assets at fair value through profit or loss may continue to affect our results of operations in the future. We cannot assure you that market conditions and regulatory environment will remain stable or that we will generate such investment income from our financial assets at fair value through profit or loss in the future. As the fair value of our financial assets at fair value through profit or loss are subject to fluctuations, such uncertainty may adversely affect our financial performance.

Our success depends on our talented personnel. Any failure to attract and retain necessary talents may materially and adversely affect our business, prospects, financial condition and results of operation.

Our continued success depends on our ability to attract, motivate and retain talented personnel. We rely on the expertise and experiences of our employees throughout our business operations from product maintenance, merchandise supplements, product research and development as well as maintaining relationships with our suppliers and customers. Any loss of our key personnel could materially and adversely affect our ability to sustain and develop our business. We cannot assure that we will be able to recruit or retain a sufficient number of qualified employees for our business. Subject to failure to keep up with market average employee salary levels and other factors, any material increases in employee turnover rates and any failure to recruit and retain sufficient personnel may make our growth strategy difficult to implement. Any of the above would materially and adversely affect our business and results of operations.

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

In order to incentivize the management members and core employees of our Group to further promote the development of our Group and in recognition of our employees' contributions, we adopted the 2020 Incentive Scheme and the Pre-[**REDACTED**] Incentive Scheme. In accordance with the 2020 Incentive Scheme, we granted options to our management and core employees on January 23, 2020 to acquire up to 22,438,106 Shares at a price of RMB0.10 per Share. Furthermore, in September 2021, in order to motivate the management of Youbao Online, a subsidiary of our Group, our Group transferred 4% and 13% equity interest in Youbao Online to two of its management members, and recognized RMB1.5 million as share-based compensation expense based on the valuation performed by valuer engaged by the management. Also in January 2023, we have also granted options to 27 grantees to subscribe for a total of 37,750,000 Domestic Shares, representing approximately [**REDACTED**]% of the total issued share capital of our Company immediately after completion of the Conversion of Domestic Shares into H Shares and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and the options granted have not been exercised and remain outstanding), at an exercise price of RMB1.99 per option under the Pre-[**REDACTED**] Incentive Scheme.

In 2019, 2020, 2021, 2022 and the six months ended June 30, 2023, our share-based compensation expenses amounted to nil, RMB210.9 million, RMB1.5 million, nil and RMB49.5 million, respectively, all of which were recognized in our consolidated financial statements in accordance with IFRS. We believe the granting of share-based compensation is of significant importance to our ability to attract, retain and incentivize key personnel and other employees, and we may continue to grant share-based compensation awards in the future subject to compliance with the Listing Rules. As a result, we may continue to incur or even increase the expenses associated with share-based compensation, which may have an adverse effect on our financial performance. Any securities issued pursuant to our employee share option plan will also dilute the ownership interests of our shareholders.

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

From time to time, we may be exposed to intellectual property infringement claims and other proceedings as a result of our suppliers delivering to us counterfeited or fraudulent goods manufactured without proper authorizations, licenses or approvals and sold under the imitated labels or brands similar to the authentic ones. There is no assurance that our guidelines and instructions in place are sufficient to deter suppliers from delivering counterfeit products to us, and our inability to do so may result in adverse effects on our reputation, business and results of operations. In addition, we cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, copyrights or other intellectual property rights held by third parties. We may be subject to disputes, claims or other proceedings with copyright owners in relation to our use of music or songs in the ordinary course of our karaoke booth business or in our self-developed in-house products. Any such proceedings and claims could result in significant costs to us and divert the time and attention of our management personnel from the operation of our business. Regardless of the outcome of such proceedings and claims, our brand name and image may be adversely affected.

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 heavily 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 vending machines and karaoke booths, trademarks and/or brands in the market. Counterfeiters may illegally set up vending machines and karaoke booths 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, including prudent and careful selection of our suppliers. 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.

Our business operation needs various approvals, licenses and permits, which could be materially and adversely affected by any failure to obtain or renew any of these approvals, licenses and permits.

As the PRC Law require, we ought to maintain various approvals, licenses and permits to provide our unmanned retailing and other services in mainland China. Take our pre-packed food and beverage retail business as an example, Food Operation License (食品經營許可證) or Record-filing for Selling Only Pre-packaged Food (僅銷售預包裝食品備案) shall be acquired and maintained by each of our subsidiaries. We may take registrations for our karaoke booths business according to the Ministry of Culture and Tourism. The premises, transportation vehicles and vending machines we used for storage, logistics and sale are subject to compliance inspections by the regulatory authorities under the PRC Law. 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 subject to renewal and accreditation. 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.

As of the Latest Practicable Date, we have complied with the applicable laws and regulations to complete food safety procedures in all material respects. However, various standards of vending machines may be implemented in different regions, which increases the risks of our non-compliance. Our business, financial condition, results of operations and prospects therefore may be materially and adversely affected. We may experience difficulties or failures in obtaining the necessary approvals, licenses and permits for other merchandise. We may also 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 and/or maintain all licenses required by us to operate our business, 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 face risks associated with the misconduct or illegal activities of our POS partners, merchandise wholesale customers, mobile device resellers, employees, suppliers 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 POS partners, merchandise wholesale customers, mobile device resellers and employees, at different operational levels, either individually or in collusion with other employees, suppliers, customers or other third parties. 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 POS partners, merchandise wholesale customers, mobile device resellers and 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, business partners and customers. As the 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 include 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.

We have limited insurance coverage, which could expose us to significant costs and business disruption.

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 and properties. 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 in mainland China 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, and thereby materially and adversely affect our business, financial conditions and results of operation.

We may not receive further government grants and the loss of which may affect our financial performance.

In 2019, 2020, 2021, 2022 and the six months ended June 30, 2023, we recognized government grants of approximately RMB3.3 million, RMB5.4 million, RMB1.7 million, RMB5.1 million and RMB1.2 million, respectively, many of which were COVID-19 related. As government grants are typically awarded in the discretion of the relevant government agencies, there is no assurance that the government grants will be recurring in the future and that our Group will continue to receive the same or similar amount of government grants. If no or a smaller amount of government grant is received by to our Group in the future, other income will decrease correspondingly which may adversely affect our financial performance.

Our performance may be adversely affected by litigation or disputes.

From time to time, we may be involved in disputes with our POS partners, customers, suppliers, employees and other parties during the ordinary course of our business for various reasons, including but not limited to product infringement, intellectual properties infringements and labor disputes. The handling of contractual disputes and litigation proceedings can be extremely costly and time consuming. Should such disputes arise, our Directors' and members of senior management's attention, together with other internal resources may be significantly diverted to the handling of such matters. Moreover, our relationship with the relevant customer, supplier or employee may be adversely affected as a result of the legal proceedings and would ultimately affect our business operation, financial results and profitability.

Any claim against us could require us to pay for substantial damages and, whether or not successful, are costly and time-consuming to defend. It would, with or without merit, result in significant adverse publicity against us, and could have a material adverse effect on the marketability of our products and our reputation, which in turn, could have a material adverse effect on our business, financial condition and results of operations.

Our business and results of operations could be materially and adversely impacted by any negative publicity or failure or perceived failure to deal with customer complaints or adverse publicity involving our merchandise or services.

Our business depends on market recognition of our brand. Any customer complaints or negative publicity of news reports or allegations in printed and online media concerning our business, our Directors, Supervisors, members of senior management, employees or business partners, in particular food quality and safety and data privacy related issues, even if meritless or immaterial to our operations, may damage our brand and reputation. Any actual or perceived food safety concerns, contamination, reports on public health concerns and/or negative media attention concerning our competitors or beverage and snack producers across the food industry supply chain could affect customer perception of our business. Moreover, we may be required to spend significant time and incur substantial costs in response to allegations and negative publicity, and may not be able to diffuse them to the satisfaction of our investors and 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.

RISKS RELATING TO LEGAL, COMPLIANCE AND REGULATORY MATTERS

The interpretation, application, and enforcement of PRC laws may change from time to time, including the possibility of unexpected changes to the PRC laws and regulations that may occur before we are fully prepared for compliance. These potential changes may affect us.

Our operations in mainland China are governed by PRC laws and regulations. The PRC legal system is a law system based on written statutes, and prior court decisions may only be cited for reference. The interpretation and application of PRC laws and regulations including, but not limited to, the laws and regulations governing our business and the enforcement and performance of our business arrangements in certain circumstances, will be determined on an ad hoc basis depending on the facts and circumstances. Since late 1970s, the PRC government has been developing a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation over the past several decades has significantly enhanced the protections afforded to various forms of foreign investments in China. However, China is still in the process of perfecting its legal system, and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. The effectiveness and interpretation of newly enacted laws or regulations, including amendments to existing laws and regulations, may be delayed, and our business may be affected if we rely on laws and regulations which are subsequently adopted or interpreted in a manner different from our current understanding of these laws and regulations. New laws and regulations that affect existing and proposed future businesses may also be applied retroactively. We cannot predict what effect the interpretation of existing or new PRC laws or regulations may have on our business.

Any major changes in relation to food-related laws and regulations may affect our business.

Both vendors and manufacturers of the beverage and pre-packed food industry in mainland China must comply with PRC Law in relation to food, which require all enterprises engaged in the sale of food and beverage to obtain the Food Operation License or Record-filing for Selling Only Pre-packaged Food. They also set out safety standards with respect to food and food additives, packaging and containers, information to be disclosed on packaging as well as requirements for food facilities and equipment used for the transportation and sale of food. Besides, the revised Food Safety Law of the People's Republic of China (中華人民共和國食品安全法) and the Regulation on the Implementation of the Food Safety Law of the People's Republic of China (中華人民共和國食品安全法實施條例) stipulate that businesses engaged in sales of food should conduct their operation activities according to the applicable laws and regulations and food safety standards, establish a comprehensive food safety management system, and take effective measures to prevent and control food safety related risks to ensure the safety of the food produced. This may increase the compliance costs of beverage and food vendors and manufacturers, including us. In addition, initiatives such as the Action Plan for Oral Health (2019-2025) (健康口腔行動方案(2019-2025年)) by National Health Commission (國家衛生健康委) in 2019, which govern the sale of high-sugar beverage and snacks in kindergartens, primary and secondary schools may also affect our existing business activities or our new business plans. Any failure to comply with applicable food-related laws and regulations may result in order of rectification, fines, confiscation of illegal gains, order of suspension of operations, revocation of food operation permits and, in more extreme cases, prosecution for criminal liabilities. Furthermore, any changes on food-related regulation may increase our sales and operational costs which could adversely affect our business, financial condition and development prospects.

Any failure to protect our customer data, or the improper collection, use or disclosure of such data, as well as the uncertainties surrounding the cybersecurity review may subject us to the liabilities imposed by data privacy and protection laws and regulations, which may negatively impact our reputation and business.

In the ordinary course of our business, we collect and use information provided by customers, which may include their payment services' account names and information. We are subject to various laws and regulations regarding the collection, storage, sharing, use, disclosure and protection of personally identifiable information and data. In November 2016, the Standing Committee of the National People's Congress of the PRC (the "**SCNPC**") promulgated the Cyber Security Law, which requires, among others, that network operators take security measures to protect the network from unauthorized interference, damage and unauthorized access and prevent data from being divulged, stolen or tampered with. Network operators are also required to collect and use personal information in compliance with the principles of legitimacy, properness and necessity, and strictly within the scope of authorization by the subject of personal information unless otherwise prescribed by laws or regulations. On August 20, 2021, SCNPC passed the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》), which became effective on November 1, 2021. The

PRC Personal Information Protection Law lays out the fundamental rules for the collection, storage, use, processing, transmission, provision, disclosure, deletion of personal information in mainland China. The PRC Personal Information Protection Law further supplements the existing data protection regime previously established by the Cybersecurity Law and provides the circumstances under which a personal information processor could process personal information, which include but not limited to, where the consent of the individual concerned is obtained or where it is necessary for the conclusion or performance of a contract to which the individual is a contractual party. The collection of personal information should be conducted in a disciplined manner with as little impact on individuals' rights and interests as possible, and excessive collection of personal information is prohibited. On September 14, 2022, the CAC released the Notice of Public Consultation on the Decision on Amending the Cybersecurity Law of the People's Republic of China (Draft for Comments) (關於公開徵求《關於修改〈中華人民共和國網絡安全法〉的決定(徵求意見稿)》意見的通知), or the Draft Amendment of Cybersecurity Law. The Draft Amendment of Cybersecurity Law mainly increases the legal liability for violations under the current Cybersecurity Law, integrates and unifies the penalties for violation of network operation security protection obligations, violation of critical information infrastructure security protection obligations and violation of personal information protection obligations. Numerous regulations, guidelines and other measures have been and are expected to be adopted under the Cyber Security Law and the PRC Personal Information Protection Law. See "Regulatory Overview — Regulations Relating to Information Security and Privacy Protection" for details. Moreover, different regulatory bodies in mainland China, including the Ministry of Industry and Information Technology, the Cyberspace Administration of China (the "**CAC**") and the State Administration for Market Regulation, have enforced data privacy and protection laws and regulations with various standards and applications. Complying with these data privacy and protection laws and requirements could cause us to incur additional expenses or require us to alter or change our practices in a manner that could affect our business. We cannot assure you that our existing privacy and personal information protection system and technical measures will be considered sufficient under applicable laws and regulations, and we may be subject to government enforcement actions and investigations, fines, penalties, or suspension of our non-compliant operations, among other sanctions, which could materially and adversely affect our business and results of operations.

Besides, the Measures for Cybersecurity Review (網絡安全審查辦法) (the "**Cybersecurity Review Measures**") stipulates the mandatory requirement of cybersecurity review for companies which hold more than one million users' personal information when applying for a listing abroad. Our PRC Legal Advisor is of the view that such mandatory requirements of cybersecurity review are applicable to companies which are seeking a listing abroad and we are not required to initiate a submission for cybersecurity review in connection with the [**REDACTED**] under the Article 7 of the Cybersecurity Review Measures, as we are not applying for a listing abroad.

The Administration Governing the Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the "**Draft Cyber Data Security Regulations**") provides cross-border data transmission security and cybersecurity review standards for listing abroad and in Hong Kong and the protection of important data and personal information rights. According to Article 73 of the Draft Cyber Data Security Regulations, data processors refer to individuals and organizations that independently determine the purposes and methods of their data processing activities. If the listing in Hong Kong of a data processor affects or may affect national security, or any other data processing activities of a data processor affect or may affect national security, the data processor shall, in accordance with relevant state provisions, apply for a cybersecurity review. Our PRC Legal Advisor has advised us that the Draft Cyber Data Security Regulations is applicable to the data processing activities of our Company, if the draft regulations were to be implemented in their current form. However, the Draft Cyber Data Security Regulations does not provide the standard to determine the circumstances that would be determined to "affect or may affect national security." As of the Latest Practicable Date, the Draft Cyber Data Security Regulations was released for public comments only and its final version and effective date are subject to change.

The regulatory regime on data privacy and security in mainland China is relatively new. The interpretation and application of relevant laws, regulations and standards are evolving and may change, and new laws and regulations in this area may be promulgated in the future which may affect us. We may be subject to investigations and inspections by government authorities regarding our compliance with relevant laws and regulations. Any inability to adequately address data privacy and security concerns, even if unfounded, or to comply with applicable data security and privacy laws, regulations and standards, could result in additional cost and liability for us, damage our reputation and harm our business.

Regulatory measures on foreign currency conversion in mainland China may limit our foreign exchange transactions.

The Renminbi is not currently a freely convertible currency due to regulatory measures in mainland China on the convertibility of Renminbi into foreign currencies and in certain cases, the remittance of currency out of mainland China. We cannot assure that we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current foreign exchange regulatory measures in mainland China, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within mainland China that have the requisite licenses to conduct foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be approved in advance by SAFE.

Under the existing foreign exchange regulations, following the completion of the [**REDACTED**], we will be able to pay dividends in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, we cannot assure that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to Shareholders or to satisfy other foreign exchange requirements. If we fail to obtain approval from SAFE to convert Renminbi into any foreign currency for any of the above purposes, our capital expenditure plans and our business, operating results and financial position may be materially and adversely affected.

Payment of dividends may be subject to restrictions under the PRC Law.

Under the PRC Law, dividends may be paid only out of distributable profits. Distributable profits are the net profit as determined under PRC GAAP or HKFRS, whichever is the lower, less any recovery of accumulated losses and appropriations to statutory and other reserves required to be made. As a result, we may not have sufficient, or any, distributable profits to enable us to make dividend distributions to our Shareholders in the future, including periods for which our financial statements indicate that our operations have been profitable. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.

Moreover, as the calculation of distributable profits under PRC GAAP is different from the calculation under HKFRS in certain respects, our operating subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under HKFRS, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our operating subsidiaries to pay dividends to us could have a negative impact on our cash flows and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

Holders of our H Shares may be subject to income tax obligations in mainland China.

Under current PRC Law, non-mainland China resident individuals and non-mainland China resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares.

Non-mainland China resident individuals are required to pay mainland China individual income tax at a 20% rate under Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) for the interests, dividends and bonus they obtain from mainland China. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between mainland China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. Generally, in accordance with the Notice on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 Issued by the SAT (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》), domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends to overseas resident individuals in the jurisdiction of the tax treaty, withhold individual income tax at the rate of 10%. When a tax rate of 10% is not applicable, the withholding company shall: (a) return the excessive tax amount pursuant to due procedures if the applicable tax rate is lower than 10%; (b) withhold such foreign individual income tax at the effective tax rate agreed on if the applicable tax rate is between 10% and 20%; or (c) withhold such foreign individual income tax at a rate of 20% if no taxation treaty is applicable.

For non-mainland China resident enterprises that were established under foreign laws with no real management body in mainland China but have establishments or premises in mainland China, or for those which have no establishments or premises in mainland China but whose income is derived from mainland China, under the Enterprise Income Tax Law of the People‘s Republic of China (《中華人民共和國企業所得稅法》), dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are ordinarily subject to mainland China enterprise income tax at a 20% rate. In accordance with the Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the SAT, such tax rate has been reduced to 10%, subject to a further reduction under special arrangements or applicable treaties between mainland China and the jurisdiction of the residence of the relevant non-mainland China resident enterprise.

The interpretation and application of applicable PRC Law may change or may be determined based on prevailing laws and regulations at the time, including individual income tax on dividends paid to non-PRC resident Shareholders, and on gains realized on sale or other disposition of our H Shares. The PRC Law may also change. We cannot predict whether the relevant preferential tax treatment will be revoked in the future such that all non-mainland China resident individual holders will be subject to individual income tax in mainland China at a flat rate of 20%. If there is any change to applicable tax laws and regulations or in the interpretation or application of such laws and regulations, the value of your investment in our H Shares may be materially affected.

Investors may experience difficulties in effecting service of legal process and enforcing judgments against us, our Directors, Supervisors or members of senior management.

We are a company incorporated under the PRC Law and most of our assets and our subsidiaries are located within mainland China. Most of our Directors, Supervisors and members of senior management reside within mainland China. Most of the assets of these Directors, Supervisors and members of senior management may also be located within mainland China. As a result, it may not be possible to effect service of process outside of mainland China upon us or most of our Directors, Supervisors and members of senior management.

A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in mainland China only if the jurisdiction has a treaty with mainland China or if the jurisdiction has been otherwise deemed by mainland China courts to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements. However, mainland China is not a party to treaties providing for the reciprocal enforcement of judgments of courts with foreign countries such as the United States and the United Kingdom and enforcement in mainland China of judgments of a court in these jurisdictions may consequently be difficult or impossible. On July 14, 2006, the Supreme People's Court of the PRC and the Government of the Hong Kong Special Administrative Region signed the Arrangement between the Mainland and the HKSAR on Reciprocal Recognition and Enforcement of the Decisions of Civil and Commercial Cases under Consensual Jurisdiction (《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 "**2006 Arrangement**"). Under the 2006 Arrangement, where any designated mainland China court or Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement, the party concerned may apply to the relevant mainland China court or Hong Kong court for recognition and enforcement of the judgment. On January 18, 2019, the Supreme People's Court of the People's Republic of China and the Department of Justice under the Government of the Hong Kong Special Administrative Region signed 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**"). The 2019 Arrangement 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 the Hong Kong Special Administrative Region and the mainland China. The 2019 Arrangement does not include the requirement for a choice of court agreement in writing by the parties. The 2019 Arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme People's Court and the completion of the relevant legislative procedures in the Hong Kong Special Administrative Region. The 2019 Arrangement will, upon its effectiveness, supersedes the 2006 Arrangement. Therefore, before the 2019 Arrangement becomes effective, it may be difficult to enforce a judgment rendered by a Hong Kong court in China if the parties in the dispute do not agree to enter into a choice of court agreement in writing.

Our leased property interests may be defective and our lease agreements may not be registered, our right to lease the properties affected by such defects may be challenged, which could cause significant disruption to our business.

As of the Latest Practicable Date, (i) some of our leased properties with an aggregate of 61,809 sq.m., representing approximately 70.8% of our total leased GFA, the lessors of such leased properties had not been able to obtain or provide us with sufficient and valid building ownership certificates, (ii) the actual use of some of our leased properties with an aggregate GFA of 3,496 sq.m., representing approximately 4.0% of our total leased GFA, did not fit into the prescribed scope of usage shown on the relevant ownership certificates and (iii) the lessors could not provide to us documents proving that the corresponding approval procedures had been completed for some of our leased properties with an aggregate GFA of 4,103 sq.m., representing approximately 4.7% of our total leased GFA, built on collective land (集體用地) or allocated land (劃撥用地). If our lessors are not the owners of the properties or they have not been authorised by the relevant owners of the properties for leasing such properties from the relevant government authorities, our leases could be invalidated. If this occurs, we may face challenges from the legal owners of the properties or other third parties, and may be forced to vacate the relevant properties and relocate to a different site. We may incur additional expenses during the process, and our business, financial condition and results of operations may be negatively affected. In addition, 152 of our lease agreements with landlords have not been registered with the relevant government authorities as required in mainland China by PRC Law, which may expose us to potential fines of RMB1,000 to RMB10,000 for each non-registered lease agreement. The estimated total maximum penalty was RMB1.52 million as of the Latest Practicable Date.

We may be subject to adverse impact for our failure to register for and/or contribute to social insurance and housing provident funds on behalf of some of our employees.

During the Track Record Period, we did not register for and/or fully contribute to the social insurance and housing provident funds for certain employees. We estimate that the shortfall of social insurance payments in 2019, 2020, 2021, 2022 and the six months ended June 30, 2023 amounted to approximately RMB6.3 million, RMB2.0 million, RMB5.9 million, RMB2.6 million and RMB1.6 million, respectively, and the shortfall of housing provident fund contributions in 2019, 2020, 2021, 2022 and the six months ended June 30, 2023 amounted to approximately RMB0.5 million, RMB1.8 million, RMB1.6 million, RMB0.8 million and RMB0.4 million, respectively. We had accordingly made a provision in the amount of RMB4.3 million, RMB1.8 million, RMB4.0 million, RMB2.4 million and RMB1.4 million in 2019, 2020, 2021, 2022 and the six months ended June 30, 2023, respectively.

Pursuant to the relevant PRC Law, (i) in respect of under-contribution of social insurance within a prescribed period, we may be subject to an overdue charge of 0.05% of the delayed payment amount per day and the competent authority may further impose a fine of one to three times of the overdue amount if such payment is not made within the stipulated period; and (ii) in respect of outstanding housing provident fund contributions, we may be ordered to pay the outstanding housing provident fund contributions within a prescribed time period, and an application may be made to a people's court for compulsory enforcement if the payment of the outstanding housing provident fund contributions is not made after the expiration of the time limit. As advised by our PRC Legal Advisor, there is no expressed legal provision or regulation that imposes a penalty on the Group for such non-payment of housing provident fund contributions but we may be ordered to pay the outstanding amount of our housing provident fund within the prescribed period.

As of the Latest Practicable Date, we had not received any notification from the relevant in mainland China authorities requiring us to pay shortfalls or the penalties with respect to social insurance and housing provident funds. However, we cannot assure you that the relevant authorities in mainland China would not notify and require us in the future to complete registration and/or pay the outstanding contributions by a stipulated deadline. In case we fail to pay the outstanding contributions, or to complete the housing fund registration in accordance with PRC Law and as required by the relevant authorities in mainland China, we may be subject to a penalty fine and/or an order from the relevant people's court to enforce such payment. See "Business — Legal Proceedings and Compliance — Social Insurance and Housing Provident Funds" for further details.

Changes in the economic, social and political conditions in mainland China may have an adverse effect on our business, financial condition and results of our operation.

Our operations are conducted in mainland China, and our revenue is therefore derived from operations in mainland China. Therefore, any changes in the economic, social and political conditions in mainland China may have a great influence over our business, financial condition and results of operation. The economy of mainland China differs from the economies of certain other countries in various respects, including the level of development, the role of government, its growth profile and its foreign exchange regulation.

There is no assurance that the economy of mainland China will continue to develop rapidly and will remain as one of the fastest growing economy in terms of GDP growth in the future. Any slowdown of the Chinese economy may have a negative effect on our business. A substantial portion of the productive assets in mainland China is owned by the PRC Government. The PRC government also plays an active role in the Chinese economy through promoting fiscal and monetary policies and industrial policies that may change from time to time. Accordingly, our results of operations and financial conditions may be materially affected.

In addition, economic conditions in mainland China are sensitive to global economic conditions and the global economy including the economy of mainland China is facing challenges, including challenges following the global outbreak of COVID-19, the withdrawal of the United Kingdom from the European Union at the end of January 2020 and unrest in Ukraine in 2022 and 2023, which have resulted in volatility in financial and other markets recently. Moreover, there are also concerns over the trade and economic policies of the United States government, which have contributed to, among other things, tensions between the United States and mainland China. In particular, the imposition of tariffs on Chinese products by the United States may result in a decrease in mainland China's exports and a slowdown of the Chinese economy, which would in turn reduce domestic consumption. Any adverse change in the global or mainland China's economic conditions or government policies in mainland China could have a material adverse effect on the overall economic growth and the level of investments and expenditures in mainland China, which in turn could lead to a reduction in demand for our services and consequently have a material adverse effect on our businesses.

The enforcement of Chinese labor contract law, social insurance law and other labor related regulations may adversely affect our business, financial condition and results of operation.

Pursuant to PRC Labor Contract Law, or the Labor Contract Law, effective in January 2008 and amended in July 2013, and its implementation rules that became effective in September 2008, employers are subject to strict requirements in terms of signing labor contracts, minimum wages, paying remuneration, overtime working hours limitations, determining the terms of employees' probation and unilaterally terminating labor contracts. In the event that we decide to terminate the employment of some of our employees or otherwise change our employment or labor practices, the Labor Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations.

On October 28, 2010, the Standing Committee of the National People's Congress promulgated PRC Social Insurance Law, or the Social Insurance Law, which became effective on July 1, 2011. According to the Social Insurance Law, employees must participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance and maternity insurance and the employers must, as well as their employees or separately, pay the social insurance premiums for such employees.

The interpretation and enforcement practices of the Labor Contract Law, the Social Insurance Law and other labor related regulations (the "**labor-related laws and regulations**") may change or may be determined based on prevailing laws and regulations at the time, which may subject us to labor disputes or government investigations. If we are deemed to have violated relevant labor-related laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operation could be adversely affected.

Any force majeure event could materially and adversely affect our business and results of operations.

Any force majeure events, including the outbreak, or threatened outbreak, of any epidemic or pandemic in Hong Kong or mainland China, could materially and adversely affect the overall business sentiment and environment in mainland China, particularly if such outbreak is inadequately controlled. Some regions in mainland China are subject to earthquake, fire, bad weather, or other natural disaster. This, in turn, could materially and adversely affect domestic consumption, labor supply and, possibly, the overall rate of growth of the gross domestic product of mainland China. Our income is currently derived entirely from our operations in mainland China, and any labor shortages on contraction or slowdown in the growth of domestic consumption in mainland China could materially and adversely affect our business, financial condition and results of operations. In addition, if any of our employees are affected by any severe communicable disease, it could adversely affect or disrupt production levels and operations at the relevant stations or potentially require a closure of our facilities to prevent the spread of the disease. Any of these outcomes could materially and adversely affect our business, financial condition and results of operations. The spread of any epidemic or pandemic in mainland China may also affect the operations of our customers and suppliers, which could materially and adversely affect our business, financial condition, and results of operations.

RISKS RELATING TO OUR [REDACTED]

There has been no prior public market for our [REDACTED], and their liquidity and market price may be volatile.

Prior to the [**REDACTED**], there was no public market for our [**REDACTED**]. We cannot assure that a public market for our [**REDACTED**] with adequate liquidity and trading volume will develop and be sustained following the completion of [**REDACTED**]. In addition, the [**REDACTED**] of our H Shares is expected to be fixed by agreement between the [**REDACTED**] (for themselves and on behalf of the other [**REDACTED**]) and us, and may not be an indication of the market price of our [**REDACTED**] following the completion of the [**REDACTED**]. If an active public market for our [**REDACTED**] does not develop following the completion of [**REDACTED**], the market price and liquidity of our [**REDACTED**] could be materially and adversely affected.

The price and trading volume of our [**REDACTED**] may be highly volatile. Several factors, some of which are beyond our control, such as variations in our results of operations, changes in our pricing policy, the emergence of new technologies, strategic alliances or acquisitions, the addition or departure of key personnel, changes in profit forecast or recommendations by financial analysts, changes in ratings by credit rating agencies, litigation or the removal of the restrictions on share transactions, could cause large and sudden changes to the volume and price at which our [**REDACTED**] will trade.

In addition, the Hong Kong Stock Exchange and other securities markets have, from time to time, experienced significant price and volume volatility that is not related to the operating performance of any particular company.

Holders of our H Shares are subject to the risk that the price of our [REDACTED] could fall during the period before trading of our [REDACTED] begins.

The [**REDACTED**] of our H Shares is expected to be determined on the [**REDACTED**]. However, our Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be several business days after the [**REDACTED**]. As a result, investors may not be able to sell or deal in our H Shares during that period. The price and trading volume of the [**REDACTED**] may be highly volatile. Factors such as variations in our revenue, net profit and cash flows and announcements of new investments, strategic alliances and acquisitions, fluctuations in market prices for our products or fluctuations in market prices for other soft beverage companies could cause the market price of our [**REDACTED**] to change substantially. Any such developments may result in significant and sudden changes in the volume and price at which our [**REDACTED**] will trade. We cannot assure that these developments will not occur in the future. Accordingly, holders of our H Shares are subject to the risk that the price of our [**REDACTED**] could fall before trading begins as a result of adverse market conditions or other adverse developments, which could occur between the time of sale and the time trading begins.

Substantial future sales or the expectation of substantial sales of our [REDACTED] in the public market could cause the price of our [REDACTED] to decline.

Although our existing Shareholders are subject to restrictions on their sales of Shares within 12 months from the [**REDACTED**] as described in "[**REDACTED**]" in this document, future sales of a significant number of our [**REDACTED**] by our existing Shareholders in the public market after the [**REDACTED**], or the perception that these sales could occur, could cause the market price of our [**REDACTED**] to decline and could materially impair our future ability to raise capital through [**REDACTED**] of our H Shares. We cannot assure that our existing Shareholders will not dispose of Shares held by them or that we will not issue Shares pursuant to the general mandate to issue shares granted to our Directors as described in Appendix IV – Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions, upon the expiration of restrictions set out above. We have applied for part of the Company's Domestic Shares to circulate on the Hong Kong Stock Exchange after the completion of the [**REDACTED**]. According to the PRC Company Law, the Shares issued by the Company prior to the [**REDACTED**] (including a total of [**REDACTED**] H Shares to be converted from Domestic Shares held by 211 Shareholders of the Company) are restricted from [**REDACTED**] within one year from the [**REDACTED**]. Such restriction from trading will limit the number of [**REDACTED**] to be circulated on the market, which will in turn adversely affect the liquidity of the H Shares during such restriction period. If our application for the circulation of our relevant [**REDACTED**] on the Hong Kong Stock Exchange after the completion of the [**REDACTED**] is successful, any future sales (after the expiration of the restrictions set out above) of [**REDACTED**] by relevant Shareholders in the public market may affect the market price of the [**REDACTED**]. Moreover, if we convert a substantial amount of Domestic Shares into [**REDACTED**] to be listed and traded in the future at the Stock Exchange of Hong Kong, it may further increase the supply of the [**REDACTED**] in the market, which may affect the market price of the [**REDACTED**]. We cannot predict the effect, if any, that any future sales of Shares by our existing Shareholders, or the Shares available for sale by our existing Shareholders, or the issuance of Shares by the Company may have on the market price of the [**REDACTED**]. Sale or issuance of a substantial amount of Shares by our Shareholders or us, or the market perception that such sale or issuance may occur, could materially and adversely affect the prevailing market price of the [**REDACTED**].

As the [REDACTED] of our H Shares is higher than our consolidated net tangible book value per Share, purchasers of our H Shares in the [REDACTED] may experience immediate dilution upon such purchases.

As the [**REDACTED**] of our H Shares is higher than the consolidated net tangible assets per H Share immediately prior to the [**REDACTED**], purchasers of our H Shares in the [**REDACTED**] may experience an immediate dilution. Our existing Shareholders will receive an increase in the [**REDACTED**] adjusted consolidated net tangible asset value per H Share of their H Shares. In addition, holders of our H Shares may experience further dilution of their interest if we issue additional H Shares in the future to raise additional capital.

Our Single Largest Group of Shareholders have significant control over our Company and their interests may not be aligned with the interests of the other Shareholders.

Prior to and immediately following the completion of the [**REDACTED**], our Single Largest Group of Shareholders will remain having significant control over their interests in the issued share capital of our Company. Subject to, among others, the Articles of Association and the Hong Kong Listing Rules, the Single Largest Group of Shareholders by virtue of their beneficial ownership of the share capital of the Company, will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance to us and other Shareholders by voting at the general meeting of the Shareholders and at Board meetings. The interests of the Single Largest Group of Shareholders may differ from the interests of other Shareholders and the Shareholders are free to exercise their votes according to their interests. To the extent that the interests of the Single Largest Group of Shareholders conflict with the interests of other Shareholders, the interests of other Shareholders can be disadvantaged and harmed.

We may need additional capital, and the sale or issue of additional Shares or other equity securities could result in additional dilution to our Shareholders.

Notwithstanding our current cash and cash equivalents and the net [**REDACTED**] from the [**REDACTED**], we may require additional cash resources to finance our continued growth or other future developments. We cannot assure that financing will be available in the amounts or on terms acceptable to us, if at all. If we fail to raise additional funds, we may need to sell additional equity securities, which could result in additional dilution to our Shareholders.

We cannot assure you whether and when we will declare and pay dividends in the foreseeable future.

Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. Distribution of dividends shall be decided by our Board at their discretion and will be subject to the approval of the general meeting. A decision to declare or to pay dividends and the amount thereof depend on various factors, including but not limited to our results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or HKFRS (whichever is lower), our Articles of Association and other constitutional documents, the PRC Company Law and any other applicable PRC Law, market conditions, our strategy and projection for our business, contractual restrictions and obligations, taxation, regulatory restrictions and any other factors from time to time deemed by our Board of Directors as relevant to the declaration or suspension of dividends. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. Subject to any of the above constraints, we may not be able to pay dividends in accordance with our dividend policy. See "Financial Information — Dividend."

We published periodic financial information on the NEEQ in mainland China pursuant to applicable rules and regulations and you should be cautious and not place any reliance on financial information other than that disclosed in this document.

We were listed on the NEEQ in 2016 and delisted in 2019. Pursuant to applicable PRC Law, we were required to publish periodic financial information. Interim financial information published by us in mainland China is normally derived from its management accounts and is not audited or reviewed by independent auditors. Certain historical financial information not included in this document may not be directly comparable with our consolidated financial information contained in this document. Accordingly, financial information published in mainland China by us should not be relied upon by potential investors to provide the same quality of information associated with any consolidated financial information contained in this document.

We cannot guarantee the accuracy of facts, forecasts and statistics obtained from various independent third-party sources contained in this document.

This document contains information and statistics relating to the industry in which we operate. Such information and statistics have been derived from publicly available sources and industry report prepared by Frost & Sullivan. We believe that the sources of the information are appropriate for such information, and have taken reasonable care in the reproduction or extraction of such information for the purpose of disclosure in this document, however, we cannot assure that the quality or reliability of such source materials. They have not been prepared or independently verified by us, the Joint Sponsors, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**] or any of their respective affiliates or advisors, or any other persons or parties, excluding Frost & Sullivan, involved in the [**REDACTED**]. We cannot assure you that those facts, forecasts and statistics are accurate and reliable. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts.

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

This document contains certain statements and information relating to us that are based on beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words such as "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue" and other similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, business operations, liquidity and capital resources, some of which may not materialize or may change. You are cautioned that reliance on any forward-looking statement 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. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

Investors should read the entire document carefully and should not consider any particular statements in this document or in published media reports without carefully considering the risks and other information contained in this document.

Prior to the publication of this document, there has been coverage in the media regarding us and the [**REDACTED**], which contained 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 such media coverage or forward-looking statements. We make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. We disclaim any information in the media to the extent that such information is inconsistent or conflicts with the information contained in this document. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this document only and should not rely on any other information.