PROSPECTUS | **Filed pursuant to Rule 424(b)(4)**
Registration No. 333-282977

3,750,000 Ordinary Shares

Mega Fortune Company Limited

This is the initial public offering of the ordinary shares of Mega Fortune Company Limited, par value $0.000001 per share ("Ordinary Shares"). We are offering on a firm commitment basis of 3,750,000 Ordinary Shares. The initial public offering price of the shares is $4 per Ordinary Share. Prior to the completion of this offering, there has been no public market for our Ordinary Shares. We have been approved to have our Ordinary Shares listed on the Nasdaq Capital Market ("NASDAQ") under the trading symbol MGRT.

The offering is being made on a "firm commitment" basis by D. Boral Capital. See "Underwriting."

Upon the completion of this offering, we will be a "controlled company" as defined under Nasdaq Stock Market Rules because Mericorn Company Limited ("Mericorn"), a company incorporated in the British Virgin Islands and wholly owned by Messrs. Ip Tsz Ying, Tin Sze Wai, Tam Tak Seng and Wong Ka Ki, each a 25% shareholder of Mericorn, will own 72.73% of our total outstanding Ordinary Shares assuming the underwriters do not exercise their over-allotment option, or 69.87% of our total outstanding Ordinary Shares if the underwriters exercise their over-allotment option in full. As a "controlled company," we are permitted to elect not to comply with certain corporate governance requirements. If we rely on these exemptions, you will not have the same protection afforded to shareholders of companies that are subject to these corporate governance requirements under the Nasdaq Listing Rules.

We are an "emerging growth company," as that term is used in the Jumpstart Our Business Startups Act of 2012, and are subject to reduced public company reporting requirements.

Investing in our Ordinary Shares is highly speculative and involves a significant degree of risk. See "Risk Factors" beginning on page 17 of this prospectus for a discussion of information that should be considered before making a decision to purchase our Ordinary Shares.

The terms "the Company", "Mega Fortune", "we", "us", "our company", and "our" refer to Mega Fortune Company Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands and its subsidiaries. We currently conduct our business through our wholly owned subsidiaries Ponte Fides Company Limited, a BVI company, and QBS System Limited, a Hong Kong company, which engage in the business of providing IoT solutions and services. The securities offered in this prospectus are securities of Mega Fortune Company Limited, our Cayman Islands holding company and investors are purchasing an interest in Mega Fortune Company Limited, not our Operating Entity in Hong Kong. We are not an operating company but rather a Cayman Islands holding company without material operations and our business is conducted by our subsidiary in Hong Kong and this structure involves unique risks to investors. Although we hold beneficial ownership in our operating entities in Hong Kong and currently do not have or intend to have any contractual arrangement to establish a variable interest entity (VIE) structure with any entity in mainland China, all the legal and operational risks associated with having operations in mainland China also apply to operations in Hong Kong. Chinese government could exercise significant oversight over the business in Hong Kong and Chinese regulatory authorities could disallow our business structure, which would likely result in a material change in our operations and/or a material change in the value of the securities are registering for sale, including that it could cause the value of such securities to significantly decline or become worthless. See *"Risk Factors — Recently, the mainland PRC government initiated a series of regulatory actions and statements to regulate business operations in certain areas in China with little or no advance notice, including cracking down on illegal activities in the securities market, enhancing supervision over China-based companies listed overseas using the variable interest entity structure, adopting new measures to extend the scope of cybersecurity reviews, and expanding the efforts in anti-monopoly enforcement. In the future, we may be subject to mainland PRC laws and regulations related to the current business operations of our operating subsidiary and Chinese government may intervene or influence our Hong Kong operating subsidiary's operation, any changes in such laws and regulations and interpretations may impair our ability to operate profitably, which could result in a material negative impact on their operations and/or the value of the securities we are registering for sale."*, *"If the PRC government chooses to extend the oversight and control over offerings that are conducted overseas and/or foreign investment to Hong Kong-based issuers, such action may significantly limit or completely*

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hinder our ability to offer or continue to offer Ordinary Shares to investors and cause the value of our Ordinary Shares to significantly decline or be worthless.", and "*We may become subject to a variety of PRC laws and other obligations regarding overseas listing rules and data security, and any failure to comply with applicable laws and obligations could have a material adverse effect on our business, financial condition and results of operations.*"

All of our operations are conducted by our subsidiary in Hong Kong. Our Company currently does not have any substantive operations in mainland China. Accordingly, the mainland PRC laws and regulations do not currently have any material impact on our business, financial condition and results of operations. However, in the event that we or our Hong Kong subsidiary were to become subject to mainland PRC laws and regulations, we could incur material costs to ensure compliance, and we or our Hong Kong subsidiary might be subject to fines, experience devaluation of securities or delisting, no longer be permitted to conduct offerings to foreign investors, and/or no longer be permitted to continue business operations as presently conduct. Although we have direct ownership of our operating entities in Hong Kong and currently do not have or intend to have any contractual arrangement to establish a variable interest entity ("VIE") structure with any entity in mainland China, we are still subject to legal and operational risks associated with our operating subsidiaries being based in Hong Kong and having all of its operations to date in Hong Kong. Additionally, the legal and operational risks associated in mainland China may also apply to operations in Hong Kong, and we face the risks and uncertainties associated with the complex and evolving PRC laws and regulations and as to whether and how the recent mainland PRC government statements and regulatory developments, such as those relating to data and cyberspace security, and anti-monopoly concerns, would be applicable to companies such as our operating entities or the Company, given our substantial operations in Hong Kong and the mainland Chinese government may exercise significant oversight over the business in Hong Kong. These risks could result in material changes in our operations and/or the value of the securities we are registering for sale or could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless. Recently, the mainland PRC government initiated a series of regulatory actions and statements to regulate business operations in certain areas in China with little advance notice, including a cracking down on illegal activities in the securities market, enhancing supervision over China-based companies listed overseas, adopting new measures to extend the scope of cybersecurity reviews, and expanding the efforts in anti-monopoly enforcement, which may in the future impact our ability to conduct out business, accept foreign investments or list on a U.S. or other foreign exchange if we were to become subject to such regulations. Nevertheless, since these statements and regulatory actions are new, it is highly uncertain how soon the legislative or administrative regulation making bodies will respond and what existing or new laws or regulations or detailed implementations and interpretations will be modified or promulgated, if any. It is also highly uncertain what the potential impacts such modified or new laws and regulations will have on our business operations, its ability to accept foreign investments and the listing of our Ordinary Shares on a U.S. or other foreign exchanges. If certain mainland PRC laws and regulations were to become applicable to a company in Hong Kong, such as our operating entity in the future, the application of such laws and regulations may have a material adverse impact on our business, financial condition and results of operations and our ability to offer or continue to offer securities to investors, any of which may cause the value of our securities, including the Ordinary Shares, to significantly decline or become worthless.

The Holding Foreign Companies Accountable Act, or the HFCA Act, was enacted on December 18, 2020. In accordance with the HFCA Act, trading in securities of any registrant on a national securities exchange or in the over-the-counter trading market in the United States may be prohibited if the PCAOB determines that it cannot inspect or fully investigate the registrant's auditor for three consecutive years beginning in 2021, and, as a result, an exchange may determine to delist the securities of such registrant. On December 29, 2022, a legislation entitled "Consolidated Appropriations Act, 2023" (the "Consolidated Appropriations Act") was signed into law by President Biden, which has shortened the Holding Foreign Companies Accountable Act's timeline for a potential trading prohibition from three years to two years, thus reducing the time period before our securities may be prohibited from trading or delisted if our auditor is unable to meet the PCAOB inspection requirement. The Company's auditor, WWC, P.C. is headquartered in the U.S. and the Public Company Accounting Oversight Board (United States) (the "PCAOB") currently has access to inspect the working papers of our auditor and our auditor is not subject to the determinations announced by the PCAOB on December 16, 2021, which determinations were vacated on December 15, 2022. The Holding Foreign Companies Accountable Act and related regulations currently does not affect the Company as the Company's auditor is subject to PCAOB's inspection and investigation. See "Risk Factors — *The Holding Foreign Companies Accountable Act, or the HFCA Act, and the related regulations are evolving quickly. Further implementations and interpretations of or amendments to the HFCA Act or the related regulations, or a PCAOB's determination of its lack of sufficient access to inspect our auditor, might pose regulatory risks to and impose restrictions on us because of our operations in Hong Kong. A potential consequence is that our Ordinary Shares may be delisted by the exchange. The delisting of our Ordinary Shares, or the threat of our Ordinary Shares being delisted, may materially and adversely affect the value of your investment. Additionally, the inability of the PCAOB to conduct full inspections of our auditor deprives our investors of the benefits of such inspections.*"

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There has been no cash flows and transfers of assets between the holding company and its subsidiaries as of end of the fiscal year 2023. See *Consolidated Financial Statements* and See *Summary of Risk Factors — Risks Relating to Doing Business in Hong Kong-We may become subject to a variety of PRC laws and other obligations regarding overseas listing rules and data security, and any failure to comply with applicable laws and obligations could have a material adverse effect on our business, financial condition and results of operations."* None of our subsidiaries has made any dividend payment or distribution to our holding company as of the date this response and they have no plans to make any distribution or dividend payment to the holding company in the near future. Neither the Company nor any of its subsidiaries has made any dividends or distributions to U.S. investors as of the date of this prospectus. All our subsidiaries are in Hong Kong and BVI, there is no restrictions on foreign exchange for our subsidiaries and holding company and they are able to transfer cash or assets among these entities, across borders and to US investors. Also, there is no restrictions and limitations on the abilities for them to distribute earnings from their businesses, including from subsidiaries to the parent company or from the holding company to the U.S. investors as well as the abilities to settle amounts owed. However, PRC may impose greater restrictions on our Hong Kong subsidiary' abilities to transfer cash out of Hong Kong and to the holding company, which could adversely affect our business, financial condition and results of operations. To the extent cash or assets in the business is in the PRC/Hong Kong or a PRC/Hong Kong entity, the funds or assets may not be available to fund operations or for other use outside of the PRC/Hong Kong due to interventions in or the imposition of restrictions and limitations on the ability of us or our subsidiaries by the PRC government to transfer cash or assets. See "Risk Factors — *We may become subject to a variety of PRC laws and other obligations regarding overseas listing rules and data security, and any failure to comply with applicable laws and obligations could have a material adverse effect on our business, financial condition and results of operations.*" We did not adopt or maintain any cash management policies and procedures as of the date of this prospectus. There is no further Cayman Islands, BVI or Hong Kong statutory restriction on the amount of funds which may be distributed by us by dividend.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

		Per Share		Total
Public offering price[(1)]	US$	4.00	$	15,000,000
Underwriting discounts and commissions[(2)(3)]	US$	0.30	$	1,125,000
Proceeds to us, before expenses[(4)(5)]	US$	3.70	$	13,875,000

(1) Initial public offering price per Ordinary Share is $4.00, being the midpoint of the estimated range of the initial public offering price.
(2) For a description of compensation payable to the underwriters, see "Underwriting."
(3) Represents underwriting discounts up to seven and one-half percent (7.5%) (or $0.30 per ordinary share), of gross proceeds of this offering. Does not include a non-accountable expense allowance equal to one percent (1%) of the gross proceeds received by us from the sales of the Ordinary Shares in this offering payable to the underwriters. See "Underwriting" for all compensation to be paid to the underwriters.
(4) Assumes no exercise of the underwriters' option to purchase additional ordinary shares.
(5) Excludes fees and expenses payable to the underwriters. See the section entitled "Underwriting — Underwriting Discounts and Expenses."

The offering is being made on a "firm commitment" basis. The underwriter is obligated to take and pay for all of the Ordinary Shares if any such Ordinary Shares are taken. We have granted D. Boral Capital, the underwriter (the "**Underwriter**"), an option for a period of 45 days after the closing of this offering to purchase up to fifteen percent (15%) of the total number of our Ordinary Shares to be offered by us pursuant to this offering (excluding Ordinary Shares subject to this option), solely for the purpose of covering over-allotments, at the public offering price less the underwriting discounts. If the Underwriter exercises this option in full, the total underwriting discounts payable will be $1,293,750.00 based on the offering price of $4 per Ordinary Share, and the total net proceeds to us, after underwriting discounts and expenses, will be $15,783,750. For a description of the other compensation to be received by the underwriter, see "Underwriting." If we complete this offering, net proceeds will be delivered to our company on the closing date.

The Underwriter expects to deliver the Ordinary Shares against payment as set forth under "Underwriting," on or about July 17, 2025.

D. BORAL CAPITAL

The date of this prospectus is July 15, 2025

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About this Prospectus

You should rely only on the information contained in this prospectus or in any related free-writing prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus or any free-writing prospectus. We are offering to sell, and seeking offers to buy, the Ordinary Shares only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is current only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the Ordinary Shares.

For investors outside the United States, neither we nor the Underwriter have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction, other than the United States, where action for that purpose is required. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the Ordinary Shares and the distribution of this prospectus outside the United States.

We were incorporated under the laws of the Cayman Islands as an exempted company with limited liability and a majority of our outstanding securities are owned by non-U.S. residents. Under the rules of the SEC, we currently qualify for treatment as a "foreign private issuer." As a foreign private issuer, we will not be required to file periodic reports and financial statements with the SEC as frequently or as promptly as domestic registrants whose securities are registered under the Securities Exchange Act of 1934.

Until and including August 9, 2025 (25 days after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

You should rely only on the information contained in this prospectus and any free writing prospectus we may authorize to be delivered to you. Neither we nor the Underwriter have authorized anyone to provide you with information different from, or in addition to, that contained in this prospectus and any related free writing prospectus. We and the Underwriter take no responsibility for and can provide no assurances as to the reliability of any information that others may give you. This prospectus is not an offer to sell, nor is it seeking an offer to buy, these securities in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus is only accurate as of the date of this prospectus, regardless of the time of delivery of this prospectus and any sale of our Ordinary Shares. Our business, financial condition, results of operations and prospects may have changed since that date.

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Other Pertinent Information

Unless otherwise indicated or the context requires otherwise, references in this prospectus to:

- "China" or the "PRC" are to the People's Republic of China, including the special administrative regions of Hong Kong and Macau, but excluding Taiwan, for the purpose of this prospectus only;
- "Chinese government", "PRC government", "PRC governmental authority", "PRC governmental authorities" are to the government and governmental authorities of mainland China, for the purpose of this prospectus only;
- "HK$" or "HKD" are to the Hong Kong dollar, the legal currency of Hong Kong;
- "Hong Kong" are to the Hong Kong Special Administrative Region of the People's Republic of China for the purposes of this prospectus only;
- "Mainland China" or "Mainland PRC" are to the People's Republic of China, excluding Taiwan, the special administrative regions of Hong Kong and Macau;
- "Mega Fortune" "we," "us," "our company," "the Company," "Registrant," and "our" are to Mega Fortune Company Limited, a Cayman Islands exempted company with limited liability incorporated on January 3, 2024, and its directly and indirectly owned subsidiaries;
- "Operating Entity" are to QBS System;
- "PRC laws" or "PRC laws and regulations" are to the laws and regulations of mainland China, for the purpose of this prospectus only;
- "QBS System" are to QBS System Limited, which was incorporated under the laws of Hong Kong on April 14, 2011, a wholly owned subsidiary of Ponte Fides;
- "PCAOB" are to the Public Company Accounting Oversight Board;
- "Ponte Fides" are to Ponte Fides Company Limited, which was incorporated under the laws of the British Virgin Islands on February 6, 2024, a wholly owned subsidiary of Mega Fortune;
- "shares", "Shares" or "Ordinary Shares" are to the ordinary shares of Mega Fortune, par value $0.0001 per share;
- "US$," "U.S. dollars," "$" and "dollars" are to the legal currency of the United States.

Our business is conducted by our subsidiary in Hong Kong, using the Hong Kong dollar. Our consolidated financial statements are presented in U.S. dollars. In this prospectus, we refer to assets, obligations, commitments, and liabilities in our consolidated financial statements in U.S. dollars. These dollar references are based on the exchange rate of HKD to U.S. dollars, determined as of a specific date or for a specific period. Changes in the exchange rate will affect the amount of our obligations and the value of our assets in terms of U.S. dollars which may result in an increase or decrease in the amount of our obligations (expressed in dollars) and the value of our assets, including accounts receivable (expressed in dollars).

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PROSPECTUS SUMMARY

This summary highlights certain information contained elsewhere in this prospectus. You should read the entire prospectus carefully, including our financial statements and related notes and the risks described under "Risk Factors" beginning on page 17. We note that our actual results and future events may differ significantly based upon a number of factors. This prospectus contains information from an industry report commissioned by us dated January 8, 2025 and prepared by Migo Corporation Limited, an independent research firm, to provide information regarding our industry and our market position in Hong Kong. We refer to this report as the "MIGO Industry Report." The reader should not put undue reliance on the forward-looking statements in this document, which speak only as of the date on the cover of this prospectus.

Overview

We are a holding company incorporated as an exempted company with limited liability in the Cayman Islands. Our ordinary shares offered in this prospectus are shares of our Cayman Islands holding company. As a holding company with no material operations of our own, we conduct our business through our operating subsidiary in Hong Kong. We own 100% equity interest of all our subsidiaries and do not have a variable interest entity, or VIE, structure.

We are an Internet of Things ("IoT") solution provider in Hong Kong. Through our operating subsidiary QBS System Limited ("QBS System"), founded in 2011, we have specialized in delivering comprehensive IoT solutions and services across various industries. Our vision is to become the preferred choice for IoT solutions for enterprises and projects in the Asia-Pacific region. We plan to achieve this through helping enterprises undergo digital transformation, launch IoT initiatives, upscale existing IoT applications, or IoT solutions with legacy systems. QBS System's business service portfolio includes the provision of IoT Integration Solution Services, IoT Maintenance and Support services, BPO services and trading sales.

Our Industry and Market Opportunity

With the continued growth and sophistication of Internet of Things ("IoT") products and services, and the realization by ever more businesses of their ability to enhance their own customer offerings, the Company has focused on providing a proprietary set of products and services to and implementation of them for a focused universe of industries (specifically retail, entertainment and logistic and transportation for manufacturer) and leading enterprises within these industries.

Our IoT Platform

Our IoT customer platform relies upon an evolving, integrated blend of proprietary and generic products and services tailored to our focus industries and customized appropriately for particular clients.

Our Competitive Strengths

We believe the following strengths differentiate us from our competitors and are key drivers of our success:

- **Increased efficiency and productivity:**

QBS System enables companies to optimize operations and automate processes to increase efficiency and productivity. For example, we use IoT sensors to monitor equipment performance, predict maintenance needs, and reduce downtime.

- **Cost savings:**

QBS System helps companies save costs by improving operational efficiency, reducing waste, and optimizing resource utilization. For example, IoT sensors monitor energy consumption and optimize usage, leading to cost savings.

- **Competitive advantage for our customers:**

Companies that adopt IoT can gain a competitive advantage by differentiating themselves from competitors, improving their products and services, and providing better customer experiences. For example, our IoT-related services can help companies offer personalized services, such as customized product recommendations and targeted marketing.

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- **Enhance efficiency:**

QBS System can enable companies to enhance efficiency by developing innovative products and services that leverage IoT technology. For example, our IoT-related services can help companies offer subscription-based services, such as predictive maintenance and remote monitoring.

- **Improved Customer Experiences:**

QBS System can enable companies to improve customer experiences by providing personalized, real-time services and support. For example, IoT sensors monitor customer usage patterns and provide customized recommendations.

Our Products

Our bundled product and service platforms, well recognized within their industry segments, including smart building solutions, smart bench, location based services, IoT solution, maintenance and support.

Our Growth Strategy

In order to enhance our competitive position and expand our market, we intend to continue to pursue the following strategies and leverage our strengths to further grow our business in three major ways:

1. Sales & Marketing: empower the QBS System brand name in approaching a broader class of clients.
2. Products/services for enhancing customer loyalty: to help customers to be more profitable, more efficient.
3. Human Resources: attract talent in different areas to broaden our products and services and enhance our project management capability.

Corporate History and Structure

Mega Fortune Company Limited ("Mega Fortune" or the "Company") is an exempted company incorporated in the Cayman Islands, with limited liability on January 3, 2024 as a holding company. The Company operates, through its wholly owned subsidiaries, Ponte Fides Company Limited ("Ponte Fides"), a holding company in the BVI and QBS System, an operating entity in Hong Kong.

The Company is the parent company of Ponte Fides, a BVI business company incorporated on February 6, 2024, which in turn wholly owns QBS System, a Hong Kong company incorporated on April 14, 2011.

Prior to the Reorganization described below, QBS System was owned entirely by Flywheel Advanced Technology, Inc. (FWFW:OTC US) ("FWFW"), an OTC listed company. FWFW owned all one hundred (100) ordinary shares of QBS System; QBS System Pty Ltd was owned entirely by QBS System. QBS System owned 1,000 ordinary shares of QBS System Pty Ltd. The 100 shares of QBS System and 1,000 shares of QBS System Pty Ltd constitute all the issued and outstanding shares of each of QBS System and QBS System Pty Ltd, respectively.

Reorganization:

On January 3, 2024, Mega Fortune was incorporated in the Cayman Islands by FWFW and one ordinary share was issued to International Corporation Services Ltd as a nominee shareholder. On January 30, 2024, International Corporation Services Ltd. transferred its share to FWFW and caused an additional 99,999 ordinary shares to be issued to FWFW, totaling 100,000 ordinary shares to FWFW as the sole shareholder of Mega Fortune. FWFW is an OTC listed company.

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On February 6, 2024, Ponte Fides was incorporated in the British Virgin Islands by Mega Fortune, and 1,000 ordinary shares of Ponte Fides were issued to Mega Fortune.

On April 29, 2024, all issued and outstanding shares of QBS System were transferred by its sole shareholder FWFW to Ponte Fides in exchange for HK$100 as Ponte Fides is also an indirect wholly owned subsidiary of FWFW.

On July 5, 2024, 100,000 shares (the "Shares") of Mega Fortune were transferred by its sole shareholder FWFW to Mericorn Company Limited ("Mericorn") pursuant to a Share Purchase Agreement. The aggregate purchase price for the Shares was HK$56,360,000. Mericorn transferred to FWFW 9.38% of the total issued and outstanding equity of Elison Virtus Company Limited ("Elison") in satisfaction of the purchase price of the Shares. Elison holds all of the issued and outstanding equity of Flywheel Financial Strategy (Hong Kong) Company Limited, a company principally engaged in wealth management services. Each of Ip Tsz Ying, Tin Sze Wai, Tam Tak Seng and Wong Ka Ki owns a 25% equity interest of Mericorn.

On July 8, 2024, all 1,000 shares of QBS System Pty Ltd, a company incorporated in Australia were transferred by its sole shareholder QBS System to Wong Ka Ki for a consideration of AUD10,000.

On October 23, 2024, Mega Fortune effected a 100 for 1 forward split/share subdivision approved by its shareholders resulting to the change of par value of the Ordinary Shares from US$0.0001 to US$0.000001. Pursuant to such resolutions approved by its shareholders, the authorized share capital is US$50,000 divided into 50,000,000,000 Ordinary Shares of a par value of US$0.000001 each, and the number of issued and outstanding Ordinary Shares has been subdivided from 100,000 shares to 10,000,000 shares.

Since the Company and its subsidiaries are and were effectively controlled by the same controlling shareholders before and after the Reorganization, they are considered under common control. The above-mentioned transactions were accounted for as a recapitalization. The consolidation of the Company and its subsidiaries has been accounted for at historical cost and prepared on the basis as if the aforementioned transactions had become effective as of the beginning of the first period presented in the accompanying consolidated financial statements.

Following the Reorganization, the Company has subsidiaries in Hong Kong and the BVI. Details of the subsidiaries of the Company are set out below:

Name of Entity	Date of Incorporation	Place of Incorporation	% of Indirect or Direct Ownership	Principal Activities
Ponte Fides Company Limited	February 6, 2024	British Virgin Islands	100	Holding Company
QBS System Limited	April 14, 2011	Hong Kong	100	Provision of Internet of Things ("IoT") solutions and services

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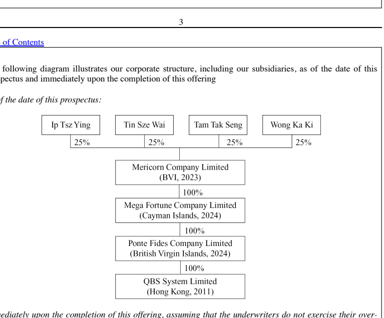
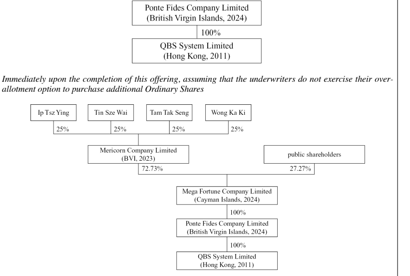
The following diagram illustrates our corporate structure, including our subsidiaries, as of the date of this prospectus and immediately upon the completion of this offering

As of the date of this prospectus:



Immediately upon the completion of this offering, assuming that the underwriters do not exercise their over-allotment option to purchase additional Ordinary Shares



Implications of Being a "Foreign Private Issuer"

We are a foreign private issuer within the meaning of the rules under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). As such, we are exempt from certain provisions applicable to United States domestic public companies. For example:

- we are not required to provide as many Exchange Act reports, or as frequently, as a domestic public company;
- for interim reporting, we are permitted to comply solely with our home country requirements, which are less rigorous than the rules that apply to domestic public companies;
- we are not required to provide the same level of disclosure on certain issues, such as executive compensation;

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- we are exempt from provisions of Regulation FD aimed at preventing issuers from making selective disclosures of material information;
- we are not required to comply with the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act; and
- our insiders are not required to comply with Section 16 of the Exchange Act requiring such individuals and entities to file public reports of their share ownership and trading activities and establishing insider liability for profits realized from any "short-swing" trading transaction.

Implications of Being an "Emerging Growth Company"

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act (the "JOBS Act"), and we are eligible to take advantage of certain exemptions from various reporting and financial disclosure requirements that are applicable to other public companies that are not emerging growth companies, including but not limited to (1) presenting only two years of audited financial statements and only two years of related management's discussion and analysis of financial condition and results of operations in this prospectus, (2) not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), (3) reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and (4) exemptions from the requirements of holding a non-binding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We intend to take advantage of these exemptions. As a result, investors may find investing in our Ordinary Shares less attractive.

In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended (the "Securities Act"), for complying with new or revised accounting standards. As a result, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We intend to take advantage of such extended transition period.

We could remain an emerging growth company for up to five years, or until the earliest of (1) the last day of the first fiscal year in which our annual gross revenues exceed $1.235 billion, (2) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our Ordinary Shares that is held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter and we have been publicly reporting for at least 12 months, or (3) the date on which we have issued more than $1 billion in non-convertible debt during the preceding three-year period.

Implications of Being a Controlled Company

Upon the completion of this offering, Mericorn Company Limited ("Mericorn") will own 72.73% of our total voting power, assuming that the underwriters do not exercise their over-allotment option to purchase additional Ordinary Shares, or 69.87% of our total voting power, assuming that the over-allotment option to purchase additional Ordinary Shares is exercised by the underwriters in full. Each of Messrs. Ip Tsz Ying, Tin Sze Wai, Tam Tak Seng, and Wong Ka Ki is a 25% shareholder of Mericorn. As a result, we will be a "controlled company" as defined under the Nasdaq Stock Market Rules because Mericorn, will hold more than 50% of the voting power for the election of directors. As a "controlled company," we will be permitted to elect not to comply with certain corporate governance requirements. See "*Risk Factors — Risks related to our Ordinary Shares and this offering. We will be a "controlled company" as defined under the Nasdaq Stock Market Rules. As a result, we may rely on exemptions from certain corporate governance requirements and holders of our Ordinary Shares may not have the same protections generally available to stockholders of other companies listed on stock exchanges in the United States.*"

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Selected Condensed Consolidated Financial Schedules of the Company and Its Subsidiaries

Consolidated Statements of Operations and Comprehensive Income Data:

	For the Years Ended September 30, 2024	2023
Revenues	$ 3,325,990	$ 3,247,543
Cost of revenues	(1,533,099)	(1,972,633)
Total operating expenses	(1,248,043)	(722,364)
Total other income, net	30,750	65,172
Income tax expenses	(174,064)	(81,164)
Net income	**$ 401,534**	**$ 536,554**

Consolidated Balance Sheets Data:

	As of September 30, 2024	As of September 30, 2023
Cash and cash equivalents	$ 371,918	$ 619,570
Other Current Assets	2,354,898	1,603,501
Total Non-Current Assets	701,390	43,284
Total Assets	**3,428,206**	**2,266,355**
Total Current Liabilities	(1,592,586)	(834,432)
Total Non-Current Liabilities	(477,604)	(479,412)
Total Liabilities	**(2,070,190)**	**(1,313,844)**
Total shareholders' equity	**$ 1,358,016**	**$ 952,511**

Consolidated Statements of Cash Flow Data:

	For the Years Ended September 30, 2024	2023
Net cash used in operating activities	$ (99,794)	$ (32,724)
Net cash used in investing activities	(771)	(1,737)
Net cash used in financing activities	(146,843)	(289,683)
Net decrease in cash and cash equivalents	**(247,408)**	**(324,144)**
Effect of exchange rate changes on cash and cash equivalents	(244)	2,187
Cash and cash equivalents, beginning of year	619,570	941,527
Cash and cash equivalents, end of year	**$ 371,918**	**$ 619,570**

Corporate Information

Our principal executive offices are located at Unit 327, 3/F, 16W, 16 Science Park West Avenue, Shatin, New Territories, Hong Kong. Our telephone number at this address is +852 2144 2638. Our registered office in the Cayman Islands is located at the offices of International Corporation Services Ltd, P.O. Box 472, Harbour Place, 2nd Floor, 103 South Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands. Our agent for service of process in the United States is Cogency Global Inc. located at 122 East 42nd Street, 18th Floor, New York, NY 10168. Investors should contact us for any inquiries through the address and telephone number of our principal executive offices. Our website is *https://qbssystem.com/*. The information contained on our website is not a part of this prospectus.

Summary of Risk Factors

We are a holding company incorporated as an exempted company with limited liability in the Cayman Islands; investing in our Ordinary Shares involves significant risks. All of our revenues are generated by our Hong Kong operating subsidiary. You should carefully consider all of the information in this prospectus before making an investment in our Ordinary Shares. We are subject to a number of risks, including risks that may prevent us from achieving our business objectives or may adversely affect our business, financial condition, results of operations, cash flows and prospects.

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Risks Related to Our Business

- We have a limited history, making it difficult to forecast our future results of operations, albeit our principal operating subsidiary, QBS System, has been in business since 2011. (see page 17 of this prospectus)
- The industry in which we participate is intensely competitive, and if we do not compete effectively, our operating results could be harmed (see page 17 of this prospectus).
- If we fail to upgrade, enhance and expand our products, technology and services to meet customer needs and preferences, the demand for our products, solutions and services may materially diminish (see page 18 of this prospectus).
- We have derived and may continue to derive most of our revenue from our IoT Integration Solution Services, and related products and services, which account for over 55% of our total revenue. We also expect to generate significant revenue from these products and solutions in the future. If the market for our core products and solutions ceases to exist or diminishes significantly, our business, results of operations and financial condition would be materially and adversely affected (see page 18 of this prospectus).
- The average selling prices of our products and services may decrease from time to time due to technological advancement, and we may not be able to pass onto our suppliers such decreases, which may in turn adversely affect our profitability (see page 19 of this prospectus).
- If we are unable to maintain or enhance our brand recognition, our business, results of operations and financial condition may be materially and adversely affected (see page 19 of this prospectus).
- Our revenue and profit sustainability depend on our ability to maintain our competitiveness through providing high quality products and services (see page 20 of this prospectus).

Risks Related to Our Operations

- We have incurred net gains and positive cash flows from historic operating activities in the past, and we may not continue to achieve or sustain profitability (see page 20 of this prospectus).
- Our business requires significant financial resources, but we may not be able to obtain these in a timely manner and on favorable terms or at all (see page 21 of this prospectus).
- We may not be able to price our products at our desired margins as a result of any decrease in our bargaining power or changes in market conditions (see page 21 of this prospectus).
- High customer concentration exposes us to all of the risks faced by our major customers and may subject us to significant fluctuations or declines in revenues (see page 21 of this prospectus).
- We may be unable to make the substantial research and development investments that are required to remain competitive in our business (see page 22 of this prospectus).
- Cybersecurity incidents, including data security breaches or computer viruses, could harm our business by disrupting our delivery of services, damaging our reputation or exposing us to liability (see page 23 of this prospectus).
- The Holding Foreign Companies Accountable Act, or the HFCA Act, and the related regulations are evolving quickly. Further implementations and interpretations of or amendments to the HFCA Act or the related regulations, or a PCAOB's determination of its lack of sufficient access to inspect our auditor, might pose regulatory risks to and impose restrictions on us because of our operations in Hong Kong. A potential consequence is that our ordinary shares may be delisted by the exchange. The delisting of our ordinary shares, or the threat of our ordinary shares being delisted, may materially and adversely affect the value of your investment. Additionally, the inability of the PCAOB to conduct full inspections of our auditor deprives our investors of the benefits of such inspections. (see page 24 of this prospectus).

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Risks Relating To The Industry In Which We Operate

- We operate in a highly competitive market for IoT products and services (see page 27 of this prospectus).
- Failure to comply with, or changes in, laws and regulations applicable to our businesses could have a material adverse effect on our reputation, results of operations or financial condition, or have other adverse consequences (see page 27 of this prospectus).
- Failure to comply with privacy, data protection and cyber security laws and regulations could have a materially adverse effect on our reputation, results of operations or financial condition, or have other adverse consequences (see page 27 of this prospectus).

Risks Relating To Doing Business in Hong Kong

- Recently, the mainland PRC government initiated a series of regulatory actions and statements to regulate business operations in certain areas in China with little or no advance notice, including cracking down on illegal activities in the securities market, enhancing supervision over China-based companies listed overseas using the variable interest entity structure, adopting new measures to extend the scope of cybersecurity reviews, and expanding the efforts in anti-monopoly enforcement. In the future, we may be subject to mainland PRC laws and regulations related to the current business operations of our operating subsidiary and Chinese government may intervene or influence our Hong Kong operating subsidiary's operation, any changes in such laws and regulations and interpretations may impair our ability to operate profitably, which could result in a material negative impact on their operations and/or the value of the securities we are registering for sale. (see page 29 of this prospectus).
- If the PRC government chooses to extend the oversight and control over offerings that are conducted overseas and/or foreign investment to Hong Kong-based issuers, such action may significantly limit or completely hinder our ability to offer or continue to offer Ordinary Shares to investors and cause the value of our Ordinary Shares to significantly decline or be worthless. (see page 33 of this prospectus).
- The enforcement of laws and rules and regulations in the PRC can change quickly with little advance notice. Additionally, the PRC laws and regulations and the enforcement of such that apply or are to be applied to Hong Kong can change quickly with little or no advance notice. As a result, the Hong Kong legal system embodies uncertainties which could limit the availability of legal protections, which could result in a material change in our operating subsidiary's operations and/or the value of the securities we are offering. (see page 33 of this prospectus).
- It may be difficult for U.S. regulators, such as the Department of Justice, the SEC, and other authorities, to conduct investigation or collect evidence in Hong Kong (see page 34 of this prospectus).
- The enactment of Law of the PRC on Safeguarding National Security in the Hong Kong Special Administrative Region (the "Hong Kong National Security Law") could impact our operating subsidiary in Hong Kong (see page 34 of this prospectus).
- There are some political risks associated with conducting business in Hong Kong (see page 35 of this prospectus).

Risks Related To This Offering And Ownership Of Our Ordinary Shares

- Future sales of a substantial amount of our Ordinary Shares may cause our stock price to decline (see page 36 of this prospectus).
- Limited trading volume of our Ordinary Shares may impact our share price (see page 36 of this prospectus).
- Our stock price may be volatile and may result in substantial losses for investors (see page 36 of this prospectus).

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- We will be a "controlled company" as defined under the Nasdaq Stock Market Rules. As a result, we may rely on exemptions from certain corporate governance requirements and holders of our Ordinary Shares may not have the same protections generally available to stockholders of other companies listed on stock exchanges in the United States (see page 37 of this prospectus).
- Our Ordinary Shares may be thinly traded and you may be unable to sell at or near ask prices or at all if you need to sell your shares to raise money or otherwise desire to liquidate your shares (see page 37 of this prospectus).
- We have broad discretion in the use of the net proceeds from this offering and may not use them effectively (see page 39 of this prospectus).

These risks are discussed more fully in the section titled "Risk Factors" beginning on page 17 of this prospectus, and other information included in this prospectus. These should be reviewed for a discussion of these and other risks and uncertainties that we face.

Regulatory Development in the PRC

Hong Kong is a special administrative region of the PRC and the basic policies of the PRC regarding Hong Kong are reflected in the Basic Law of the Hong Kong Special Administrative Region, or the Basic Law, which is a national law of the PRC and the constitutional document for Hong Kong. The Basic Law provides Hong Kong with a high degree of autonomy and executive, legislative and independent judicial powers, including that of final adjudication under the principle of "one country, two systems." However, there is no assurance that there will not be any changes in the economic, political and legal environment in Hong Kong in the future. If there is a significant change to current political arrangements between Mainland China and Hong Kong, companies operating in Hong Kong will face similar regulatory risks as those operated in the PRC, including their ability to offer securities to investors, list their securities on a U.S. or other foreign exchange, and conduct their business or accept foreign investment. In light of PRC government's recent expansion of authority in Hong Kong, there are risks and uncertainties which we cannot foresee for the time being, and rules, regulations and the enforcement of laws in the PRC can change quickly with little or no advance notice. The PRC government may intervene or influence the current and future operations in Hong Kong at any time or may exert more oversight and control over offerings conducted overseas and/or foreign investment in issuers like us.

We are aware that, recently, the PRC government initiated a series of regulatory actions and statements to regulate business operations in certain areas in mainland China with little advance notice, including a cracking down on illegal activities in the securities market, enhancing supervision over mainland China-based companies listed overseas using the variable interest entity structure, adopting new measures to extend the scope of cybersecurity reviews, and expanding the efforts in anti-monopoly enforcement. For example, on July 6, 2021, the General Office of the Communist Party of China Central Committee and the General Office of the State Council jointly issued a document to crack down on illegal activities in the securities market and promote the high-quality development of the capital market, which, among other things, requires the relevant governmental authorities to strengthen cross-border oversight of law-enforcement and judicial cooperation, to enhance supervision over mainland China-based companies listed overseas, and to establish and improve the system of extraterritorial application of the PRC securities laws. On December 28, 2021, Cybersecurity Review Measures were published by Cyberspace Administration of China or the CAC, National Development and Reform Commission, Ministry of Industry and Information Technology, Ministry of Public Security, Ministry of State Security, Ministry of Finance, Ministry of Commerce, People's Bank of China, State Administration of Radio and Television, China Securities Regulatory Commission ("CSRC"), State Secrecy Administration and State Cryptography Administration and became effective on February 15, 2022, which provides that, Critical Information Infrastructure Operators ("CIIOs") that purchase internet products and services and Online Platform Operators engaging in data processing activities that affect or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office. On July 7, 2022, CAC promulgated the Measures for the Security Assessment of Data Cross-border Transfer, effective on September 1, 2022, which requires the data processors to apply for data cross-border security assessment coordinated by the CAC under the following circumstances: (i) any data processor transfers important data to overseas; (ii) any critical information infrastructure operator or data processor who processes personal information of over 1 million people provides personal information to overseas; (iii) any data processor who provides personal information to overseas and has already provided personal information of more than 100,000 people or sensitive personal information of more than 10,000 people to overseas

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since January 1st of the previous year; and (iv) other circumstances under which the data cross-border transfer security assessment is required as prescribed by the CAC. We believe we are fully in compliance with the regulations or policies that have been issued by the CAC to date. As advised by our Chinese counsel, Guangdong Wesley Law Firm, that the Company and its subsidiaries are not subject to the regulations and rules issued by CAC.

On February 17, 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (the "New Overseas Listing Rules") with five interpretive guidelines, which took effect on March 31, 2023.The New Overseas Listing Rules require Chinese domestic enterprises to complete filings with relevant governmental authorities and report related information under certain circumstances, such as: a) an issuer making an application for initial public offering and listing in an overseas market; b) an issuer making an overseas securities offering after having been listed on an overseas market; c) a domestic company seeking an overseas direct or indirect listing of its assets through single or multiple acquisition(s), share swap, transfer of shares or other means. The new rules provide that the determination as to whether a Chinese domestic company is indirectly offering and listing securities on an overseas market shall be made on a substance over form basis, and if the issuer meets the following conditions, the offering and listing shall be determined as an indirect overseas offering and listing by a Chinese domestic company: (i) any of the revenue, profit, total assets or net assets of the Chinese domestic entity is more than 50% of the related financials in the issuer's audited consolidated financial statements for the most recent fiscal year; (ii) the senior managers in charge of business operation and management of the issuer are mostly Chinese citizens or with regular domicile in China, the main locations of its business operations are in China or main business activities are conducted in China. We are headquartered in Hong Kong with all our executive officers and directors based in Hong Kong who are not Chinese citizens, all of our assets are located in Hong Kong and all of our revenues and profits are generated by our subsidiary in Hong Kong. We are advised by our Chinese counsel, Guangdong Wesley Law Firm, that the Company is not subject to the New Overseas Listing Rules.

On February 24, 2023, the CSRC, the Ministry of Finance, the National Administration of State Secretes Protection and the National Archives Administration released the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Companies, or the Confidentiality and Archives Administration Provisions, which took effect on March 31, 2023. PRC domestic enterprises seeking to offer securities and list in overseas markets, either directly or indirectly, shall establish and improve the system of confidentiality and archives work, and shall complete approval and filing procedures with competent authorities, if such PRC domestic enterprises or their overseas listing entities provide or publicly disclose documents or materials involving state secrets and work secrets of state organs to relevant securities companies, securities service institutions, overseas regulatory agencies and other entities and individuals. As of the date of this prospectus, as confirmed by our PRC counsel, Guangdong Wesley Law Firm, these new laws and guidelines have not impacted the Company's ability to conduct its business, offering securities to foreign investors, or list and trade on a U.S. or other foreign exchange. The Company is headquartered in Hong Kong and it owns 100% equity interest of its subsidiary in Hong Kong and does not have a VIE structure in China. However, any change in foreign investment regulations, and other policies in China or related enforcement actions by China government could result in a material change in our operations and the value of our Ordinary Shares and could significantly limit or completely hinder our ability to offer our Ordinary Shares to investors or cause the value of our Ordinary Shares to significantly decline or be worthless.

Therefore, based on the PRC laws and regulations effective as of the date of this prospectus and subject to interpretations of these laws and regulations that may be adopted by PRC government authorities, as advised by Guangdong Wesley Law Firm, neither we, nor our operating subsidiary in Hong Kong are currently required to obtain any permission or approval from the PRC government authorities, including the CSRC and CAC, to operate our business, list on the U.S. exchanges, or offer the securities to foreign investors. As of the date of this prospectus, neither we nor our operating subsidiary have ever applied for any such permission or approval.

However, given the uncertainties arising from the PRC and Hong Kong legal systems, including uncertainties regarding the interpretation and enforcement of the PRC laws and the significant authority of the PRC government to intervene or influence the offshore holding company headquartered in Hong Kong, there remains significant uncertainty in the interpretation and enforcement of relevant PRC cybersecurity laws and other regulations. Since the New Overseas Listing Rules was newly promulgated, its interpretation, application and enforcement remain unclear and there also remains significant uncertainty as to the enactment, interpretation and implementation of other regulatory requirements related to overseas securities offerings and other capital markets activities.

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Risks Relating to China Southern Airlines Company Limited and the Shares

Our business is subject to risks from China's economic and political environment in Mainland China and Hong Kong. Our business and results of operations are subject to the economic and political environment in Mainland China and Hong Kong. The economy in Mainland China differs from the economies of most countries in the world in many respects, including the extent of government involvement, the level of development, growth rate, control of foreign exchange and allocation of resources. The PRC government has implemented measures in the past to control the growth of the economy of Mainland China, which has resulted in the slowdown of economic growth in Mainland China. The PRC government may implement further measures to control the growth of the economy of Mainland China, which may have a negative effect on our business and results of operations. The PRC government also exercises control over the allocation of resources, rates and availability of credit, currency exchange rates and other matters in Mainland China. The PRC government may also implement measures from time to time to control inflation or deflation. Such measures may have a negative effect on our business and results of operations. The PRC legal system is based on written statutes and prior court decisions may have limited precedential value. The PRC legal system is subject to uncertainties regarding the interpretation and enforcement of laws and regulations. Our business and results of operations may be affected by such uncertainties. The PRC government has exercised and may continue to exercise significant influence over the operations of Mainland China based companies. The PRC government may also impose additional taxes on companies in Mainland China. Our business and results of operations may be affected by such measures.

Our business and results of operations may be affected by the outbreak of epidemics in Mainland China and Hong Kong. Our business and results of operations in Mainland China and Hong Kong may be affected by the outbreak of epidemics in Mainland China and Hong Kong, such as the outbreak of avian influenza, severe acute respiratory syndrome, or SARS, or other epidemics in Mainland China and Hong Kong. The outbreak of epidemics in Mainland China and Hong Kong may have a negative effect on our business and results of operations. The outbreak of epidemics in Mainland China and Hong Kong may also have a negative effect on the economy of Mainland China and Hong Kong, which may have a negative effect on our business and results of operations.

Fluctuations in exchange rates may affect our business. Our business and results of operations in the PRC may be affected by fluctuations in the exchange rates between the Renminbi and other currencies, including the Hong Kong dollar and the U.S. dollar. Changes in exchange rates may affect our revenues and our costs of operations, which may affect our profitability. We may also incur foreign currency exchange losses in connection with our operations in Mainland China and Hong Kong. The PRC government has implemented measures in the past to control the growth of the economy of Mainland China, which has resulted in the slowdown of economic growth in Mainland China. The PRC government may implement further measures to control the growth of the economy of Mainland China, which may have a negative effect on our business and results of operations. The PRC government also exercises control over the allocation of resources, rates and availability of credit, currency exchange rates and other matters in Mainland China. The PRC government may also implement measures from time to time to control inflation or deflation. Such measures may have a negative effect on our business and results of operations. The PRC legal system is based on written statutes and prior court decisions may have limited precedential value. The PRC legal system is subject to uncertainties regarding the interpretation and enforcement of laws and regulations. Our business and results of operations may be affected by such uncertainties. The PRC government has exercised and may continue to exercise significant influence over the operations of Mainland China based companies. The PRC government may also impose additional taxes on companies in Mainland China. Our business and results of operations may be affected by such measures.

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and economic transitions and international political events, including the of that administration under the Trump administration, may have a negative effect on our business and results of operations. The PRC government has exercised and may continue to exercise significant influence over the operations of Mainland China based companies. The PRC government may also impose additional taxes on companies in Mainland China. Our business and results of operations may be affected by such measures. The PRC government has implemented measures in the past to control the growth of the economy of Mainland China, which has resulted in the slowdown of economic growth in Mainland China. The PRC government may implement further measures to control the growth of the economy of Mainland China, which may have a negative effect on our business and results of operations. The PRC government also exercises control over the allocation of resources, rates and availability of credit, currency exchange rates and other matters in Mainland China. The PRC government may also implement measures from time to time to control inflation or deflation. Such measures may have a negative effect on our business and results of operations. The PRC legal system is based on written statutes and prior court decisions may have limited precedential value. The PRC legal system is subject to uncertainties regarding the interpretation and enforcement of laws and regulations. Our business and results of operations may be affected by such uncertainties. The PRC government has exercised and may continue to exercise significant influence over the operations of Mainland China based companies. The PRC government may also impose additional taxes on companies in Mainland China. Our business and results of operations may be affected by such measures.

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Risks Relating to China Southern Airlines Company Limited and the Shares

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Failure to comply with, or changes in, laws and regulations applicable to our businesses could have a material adverse effect on our reputation, results of operations or financial condition, or have other adverse consequences.

Our business is subject to a wide range of complex laws and regulations, including, but not limited to, the laws and regulations described in the "Regulations" section. Failure to comply with laws and regulations applicable to our operations or customer solutions and services could cause us to incur substantial costs or could result in the suspension or revocation of licenses or registrations, the limitation, suspension or termination of services, the imposition of consent orders or civil and criminal penalties, including fines, and lawsuits, including class actions, that could damage our reputation and have a materially adverse effect on our results of operation or financial condition.

In addition, changes in laws or regulations, or changes in the interpretation of laws or regulations by a regulatory authority, may decrease our revenues and earnings and may require us to change the manner in which we conduct some aspects of our business. According to our Hong Kong Legal Adviser, we have obtained all requisite licenses, permits and approvals for our business operations in Hong Kong including business registration certificate. Please refer to "Regulations" in this prospectus for applicable licensing requirements and regulatory frameworks in Hong Kong.

If the government of Hong Kong imposes any new or further licensing requirements, we may incur extra costs and human resources in complying with such requirements, laws and/or regulations and our business may be materially affected and we cannot guarantee that we will be able to obtain any additional licenses, if required. We cannot assure that there will not be any changes in the regulatory environment in respect of the IoT industries in Hong Kong, which may be unfavorable to our Group.

Failure to comply with privacy, data protection and cyber security laws and regulations could have a materially adverse effect on our reputation, results of operations or financial condition, or have other adverse consequences.

The collection, storage, hosting, transfer, processing, disclosure, use, security and retention and destruction of personal or business information is subject to Hong Kong and other foreign privacy, data protection and cyber security laws and ordinances. These laws and ordinances, which are not uniform, generally do one or more of the following: regulate the collection, storage, hosting, transfer (including in some cases, the transfer outside the country of collection), processing, disclosure, use, security and retention and destruction of personal information; require notice to individuals of privacy practices; give individuals certain access and correction rights with respect to their personal information; and regulate the use or disclosure of personal information for secondary purposes such as marketing. Under certain

circumstances, some of these laws require us to provide notification to affected individuals, customers, data protection authorities and/or other regulators in the event of a data breach. In many cases, these laws apply not only to third-party transactions, but also to transfers of information among the Company and its subsidiaries.

We believe that providing insights from data, including artificial intelligence and machine learning, will become increasingly important to the value that our solutions and services deliver to our customers. However, the ability to provide data-driven insights may be constrained by current or future regulatory requirements or ethical considerations that could restrict or impose burdensome and costly requirements on our ability to leverage data in innovative ways.

Complying with privacy, data protection and cyber security laws and requirements may result in significant costs to our business and require us to amend certain of our business practices. Further, enforcement actions and investigations by regulatory authorities related to data security incidents and privacy violations continue to increase. The future enactment of more restrictive laws, rules or regulations and/or future enforcement actions or investigations could have a materially adverse impact on us through increased costs or restrictions on our businesses and noncompliance could result in significant regulatory penalties and legal liability and damage our reputation. In addition, data security events and concerns about privacy abuses by other companies are changing consumer and social expectations for enhanced privacy and data protection. As a result, even the perception of noncompliance, whether or not valid, may damage our reputation.

RISKS RELATING TO DOING BUSINESS IN HONG KONG

Heightened tensions in international relations, particularly between the United States and China, may adversely impact our business, financial condition, and results of operations.

Recently there have been heightened tensions in international relations, particularly between the United States and China. These tensions have affected both diplomatic and economic ties among countries. Heightened tensions could reduce levels of trade, investments, technological exchanges, and other economic activities between the major economies. The existing tensions and any further deterioration in the relationship between the United States and China may have a negative impact on the general, economic, political, and social conditions in both countries and, given our reliance on the Chinese market, adversely impact our business, financial condition, and results of operations.

On August 9, 2023, the Biden administration released an executive order and an advanced notice of proposed rule-making (the "ANPRM") providing a conceptual framework for outbound investment controls focused on China. Further to this ANPRM, on June 21, 2024, the U.S. Department of the Treasury (the "U.S. Treasury") issued a proposed rule on outbound U.S. investments involving China that generally follows the ANPRM. On October 28, 2024, the U.S. Treasury issued a Final Rule to implement the executive order of August 9, 2023. The Final Rule became effective on January 2, 2025. The Final Rule targets investments involving persons and entities associated with "countries of concern," including China, and it imposes investment prohibition and notification requirements on a wide range of investments in companies engaged in certain types of activities relating to three sectors: (1) advanced microchips and microelectronics, (2) quantum computing, and (3) artificial intelligence systems ("Covered Activities"), with persons from countries of concern engaged in these Covered Activities included in the definition of "Covered Foreign Persons." Investments by U.S. persons subject to the Final Rule, which are defined as "covered transactions," include acquisitions of equity interests, certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The Final Rule excludes some investments from the scope of covered transactions, including those in publicly traded securities listed on a national stock exchange. The Final Rule is aimed at exerting greater U.S. government oversight over U.S. direct and indirect investments involving China, and may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including us. We do not believe we are a Covered Foreign Person under the Final Rule. However, to the extent that we are deemed a Covered Foreign Person engaged in the development of Covered Activities, the Final Rule could limit our ability to raise capital from U.S. investors generally, in which case our ability to raise such capital may be significantly and negatively affected, which could be detrimental to our capital raising capacity and our business, financial condition and prospects.

Additionally, the United States has recently proposed to impose multiple rounds of tariffs on a wide range of goods imported from multiple countries, including China, and China has responded with retaliatory tariffs. Since February 2025, the U.S. administration has increased the total tariff level for imported Chinese goods to 145% and additional tariff increase could be imposed as the trade tension between the two countries continues to heighten.

On April 11, 2025, China has responded by hiking its tariff on U.S. imports to 125%. In June 2025, China and U.S. reached a framework agreement that U.S. will impose 55% tariff on Chinese goods. Historically, tariffs have led to increased trade and political tensions, between the U.S. and China, as well as between the U.S. and other countries. Political tensions as a result of trade policies could reduce trade volume, cross-border investment, technological exchange, and other economic activities between major economies, resulting in a material adverse effect on global economic conditions and the stability of global financial and stock markets. Moreover, the heightened geopolitical uncertainty and potential for further escalation may discourage investments in securities issued by China-based issuers and affect the global macroeconomic environment. For example, it has been reported that the U.S. administration may consider imposing further restrictions or prohibitions on listing and trading of securities of Chinese companies on U.S. stock exchanges. Any such geopolitical developments could materially and adversely affect our offering, financing, overall financial performance and prices of our Ordinary Shares.

We rely on dividends and other distributions on equity paid by our Operating Entity to fund any cash and financing requirements we may have. In the future, funds may not be available to fund operations or for other use outside of Hong Kong, due to interventions in, or the imposition of restrictions and limitations on, our ability or our Hong Kong subsidiary by the PRC government to transfer cash. Any limitation on the ability of our Operating Entity to make payments to us could have a material adverse effect on our ability to conduct our business and might materially decrease the value of our Ordinary Shares or cause them to be worthless.

We are a holding company incorporated as an exempted company with limited liability under the laws of the Cayman Islands, and we rely on dividends and other distributions on equity paid by our Operating Entity in Hong Kong and elsewhere for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. If our Operating Entity incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us.

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us. See "Regulations — Regulations related to Hong Kong taxation." The PRC laws and regulations do not currently have any material impact on transfers of cash from Mega Fortune to the Operating Entity or from the Operating Entity to Mega Fortune, our shareholders and U.S. investors. However, the Chinese government may, in the future, impose restrictions or limitations on our ability to transfer money out of Hong Kong, to distribute earnings and pay dividends to and from the other entities within our organization, or to reinvest in our business outside of Hong Kong. Such restrictions and limitations, if imposed in the future, may delay or hinder the expansion of our business to outside of Hong Kong and may affect our ability to receive funds from our Operating Entity. The promulgation of new laws or regulations, or the new interpretation of existing laws and regulations, in each case, that restrict or otherwise unfavorably impact the ability or way we conduct our business, could require us to change certain aspects of our business to ensure compliance, which could decrease demand for our services, reduce revenues, increase costs, require us to obtain more licenses, permits, approvals or certificates, or subject us to additional liabilities. To the extent any new or more stringent measures are required to be implemented, our business, financial condition and results of operations could be adversely affected and such measures could materially decrease the value of our Ordinary Shares, potentially rendering them worthless.

Recently, the mainland PRC government initiated a series of regulatory actions and statements to regulate business operations in certain areas in China with little or no advance notice, including cracking down on illegal activities in the securities market, enhancing supervision over China-based companies listed overseas using the variable interest entity structure, adopting new measures to extend the scope of cybersecurity reviews, and expanding the efforts in anti-monopoly enforcement. In the future, we may be subject to mainland PRC laws and regulations related to the current business operations of our operating subsidiary and Chinese government may intervene or influence our Hong Kong operating subsidiary's operation, any changes in such laws and regulations and interpretations may impair our ability to operate profitably, which could result in a material negative impact on their operations and/or the value of the securities we are registering for sale.

Although we have direct ownership of our Operating Entity and currently do not have or intend to have any subsidiary or any contractual arrangement to establish a VIE structure with any entity in mainland China, we are still subject to certain legal and operational risks associated with one of our Operating Entity being based in Hong Kong and having all of their operations to date in Hong Kong, and our executive offices being based in Hong Kong. Additionally, all the legal and operational risks associated with having operations in mainland China also apply to operations in Hong Kong,

and we face the risks and uncertainties associated with the complex and evolving PRC laws and regulations and as to whether and how the recent PRC government statements and regulatory developments, such as those relating to data and cyberspace security and anti-monopoly concerns, would be applicable to our Operating Entity or Mega Fortune, and the Chinese government may exercise significant oversight over the conduct of business in Hong Kong. In the event that we or our Operating Entity were to become subject to PRC laws and regulations, we could incur material costs to ensure compliance, and we or our Operating Entity might be subject to fines, experience devaluation of securities or delisting, no longer be permitted to conduct offerings to foreign investors, and/or no longer be permitted to continue business operations as presently conducted. Our organizational structure involves risks to the investors, and Chinese regulatory authorities could disallow this structure, which would likely result in a material change in our operations and/or a material change in the value of the securities Mega Fortune is registering for sale, including the risk that such event could cause the value of such securities to significantly decline or become worthless. Moreover, there are substantial uncertainties regarding the interpretation and application of PRC laws and regulations including, but not limited to, the laws and regulations related to our business and the enforcement and performance of our arrangements with customers in certain circumstances. The laws and regulations are sometimes vague and may be subject to future changes, and their official interpretation and enforcement may involve substantial uncertainty. 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 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.

The uncertainties regarding the enforcement of laws and the fact that rules and regulations in China can change quickly with little advance notice, along with the risk that the Chinese government may intervene or influence our Hong Kong operating subsidiary's operations at any time could result in a material change in our Hong Kong operating subsidiary's operations and/or the value of the securities we are registering.

We may become subject to a variety of PRC laws and other obligations regarding overseas listing rules and data security, and any failure to comply with applicable laws and obligations could have a material adverse effect on our business, financial condition and results of operations.

Mega Fortune is a holding company incorporated as an exempted company with limited liability under the laws of the Cayman Islands with a subsidiary operating and based in Hong Kong. As of the date of this prospectus, we have no subsidiary, VIE structure or any direct operations in mainland China, nor do we intend to have any subsidiary or VIE structure or to acquire any equity interests in any domestic companies in mainland China, and we are not controlled by any companies or individuals of mainland China. Further, we are headquartered in Hong Kong, with our chief executive officer, chief financial officer and all members of the board of directors of Mega Fortune based in Hong Kong and none being a citizen of mainland China. All of our revenues and profits are generated by our operating entities in Hong Kong. Moreover, pursuant to the Basic Law of the Hong Kong Special Administrative Region, or the Basic Law, PRC laws and regulations shall not be applied in Hong Kong except for those listed in Annex III of the Basic Law (which is confined to laws relating to national defense, foreign affairs and other matters that are not within the scope of autonomy). Therefore, as confirmed by our PRC counsel, Guangdong Wesley Law Firm, as of the date of this prospectus, we would not be subject to filing requirements with the CSRC under Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (the "New Overseas Listing Rules").

We are aware that, recently, the PRC government initiated a series of regulatory actions and statements to regulate business operations in certain areas in mainland China with little advance notice, including a cracking down on illegal activities in the securities market, enhancing supervision over mainland China-based companies listed overseas using the variable interest entity structure, adopting new measures to extend the scope of cybersecurity reviews, and expanding the efforts in anti-monopoly enforcement. For example, on July 6, 2021, the General Office of the Communist Party of China Central Committee and the General Office of the State Council jointly issued a document to crack down on illegal activities in the securities market and promote the high-quality development of the capital market, which, among other things, requires the relevant governmental authorities to strengthen cross-border oversight of law-enforcement and judicial cooperation, to enhance supervision over mainland China-based companies listed overseas, and to establish and improve the system of extraterritorial application of the PRC securities laws. On December 28, 2021, Cybersecurity Review Measures were published by Cyberspace Administration of China or the CAC, National Development and Reform Commission, Ministry of Industry and Information Technology, Ministry of Public Security, Ministry of State Security, Ministry of Finance, Ministry of Commerce, People's Bank

of China, State Administration of Radio and Television, China Securities Regulatory Commission ("CSRC"), State Secrecy Administration and State Cryptography Administration and became effective on February 15, 2022, which provides that, Critical Information Infrastructure Operators ("CIIOs") that purchase internet products and services and Online Platform Operators engaging in data processing activities that affect or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office. On July 7, 2022, CAC promulgated the Measures for the Security Assessment of Data Cross-border Transfer, effective on September 1, 2022, which requires the data processors to apply for data cross-border security assessment coordinated by the CAC under the following circumstances: (i) any data processor transfers important data to overseas; (ii) any critical information infrastructure operator or data processor who processes personal information of over 1 million people provides personal information to overseas; (iii) any data processor who provides personal information to overseas and has already provided personal information of more than 100,000 people or sensitive personal information of more than 10,000 people to overseas since January 1st of the previous year; and (iv) other circumstances under which the data cross-border transfer security assessment is required as prescribed by the CAC. We believe we are fully in compliance with the regulations or policies that have been issued by the CAC to date. As advised by our Chinese counsel, Guangdong Wesley Law Firm, that the Company and its subsidiaries are not subject to the regulations and rules issued by CAC.

On February 17, 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (the "New Overseas Listing Rules") with five interpretive guidelines, which took effect on March 31, 2023. The New Overseas Listing Rules require Chinese domestic enterprises to complete filings with relevant governmental authorities and report related information under certain circumstances, such as: a) an issuer making an application for initial public offering and listing in an overseas market; b) an issuer making an overseas securities offering after having been listed on an overseas market; c) a domestic company seeking an overseas direct or indirect listing of its assets through single or multiple acquisition(s), share swap, transfer of shares or other means. The new rules provide that the determination as to whether a Chinese domestic company is indirectly offering and listing securities on an overseas market shall be made on a substance over form basis, and if the issuer meets the following conditions, the offering and listing shall be determined as an indirect overseas offering and listing by a Chinese domestic company: (i) any of the revenue, profit, total assets or net assets of the Chinese domestic entity is more than 50% of the related financials in the issuer's audited consolidated financial statements for the most recent fiscal year; (ii) the senior managers in charge of business operation and management of the issuer are mostly Chinese citizens or with regular domicile in China, the main locations of its business operations are in China or main business activities are conducted in China. We are headquartered in Hong Kong with all our executive officers and directors based in Hong Kong who are not Chinese citizens, all of our assets are located in Hong Kong and all of our revenues and profits are generated by our subsidiary in Hong Kong. We are advised by our Chinese counsel, Guangdong Wesley Law Firm, that the Company is not subject to the New Overseas Listing Rules.

On February 24, 2023, the CSRC, the Ministry of Finance, the National Administration of State Secretes Protection and the National Archives Administration released the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Companies, or the Confidentiality and Archives Administration Provisions, which took effect on March 31, 2023. PRC domestic enterprises seeking to offer securities and list in overseas markets, either directly or indirectly, shall establish and improve the system of confidentiality and archives work, and shall complete approval and filing procedures with competent authorities, if such PRC domestic enterprises or their overseas listing entities provide or publicly disclose documents or materials involving state secrets and work secrets of state organs to relevant securities companies, securities service institutions, overseas regulatory agencies and other entities and individuals. As of the date of this prospectus, as confirmed by our PRC counsel, Guangdong Wesley Law Firm, these new laws and guidelines have not impacted the Company's ability to conduct its business, offering securities to foreign investors, or list and trade on a U.S. or other foreign exchange. The Company is headquartered in Hong Kong and it owns 100% equity interest of its subsidiary in Hong Kong and does not have a VIE structure in China. However, any change in foreign investment regulations, and other policies in China or related enforcement actions by China government could result in a material change in our operations and the value of our Ordinary Shares and could significantly limit or completely hinder our ability to offer our Ordinary Shares to investors or cause the value of our Ordinary Shares to significantly decline or be worthless.

Given the uncertainties arising from the PRC and Hong Kong legal systems, including uncertainties regarding the interpretation and enforcement of the PRC laws and the significant authority of the PRC government to intervene or influence the offshore holding company headquartered in Hong Kong, there are significant uncertainty in the interpretation and enforcement of relevant PRC cybersecurity laws and other regulations. Since the New Overseas

Listing Rules was newly promulgated, its interpretation, application and enforcement remain unclear and there also remains significant uncertainty as to the enactment, interpretation and implementation of other regulatory requirements related to overseas securities offerings and other capital markets activities.

If the New Overseas Listing Rules become applicable to us or our operating subsidiary in Hong Kong, if our operating subsidiary is deemed to be a CIIO, or if the Measures for Cybersecurity Review (2021) or the PRC Personal Information Protection Law become applicable to our operating subsidiary in Hong Kong, the business operation of the operating subsidiary and the listing of our Ordinary Shares in the United States could be subject to the CAC's cybersecurity review or the CSRC Overseas Issuance and Listing review in the future.

While we do not believe we are covered by the permission requirements from CSRC or CAC, investors of our company and our business may face potential uncertainty from enactment, interpretation and implementation of regulatory requirements and the actions taken by the PRC government affecting our business, overseas securities offerings and other capital market activities. If we and our subsidiaries (i) do not receive or maintain such permissions or approvals, should the approval be required in the future by the PRC government, (ii) inadvertently conclude that such permissions or approvals are not required, or (iii) applicable laws, regulations, or interpretations change and we are required to obtain such permissions or approvals in the future, our operations and financial conditions could be materially adversely affected, and our ability to offer securities to investors could be significantly limited or completely hindered and the securities currently being offered may substantially decline in value and be worthless. If the applicable laws, regulations, or interpretations change and our operating subsidiary become subject to the CAC or CSRC review, we cannot assure you that our operating subsidiary will be able to comply with the regulatory requirements in all respects and our current practice of collecting and processing personal information may be ordered to be rectified or terminated by regulatory authorities.

Moreover, if there is a significant change to the current political arrangements between the PRC and Hong Kong, or the applicable laws, regulations, or interpretations change, and/or if we were required to obtain such permissions or approvals in the future in connection with the listing or continued listing of our securities on a stock exchange outside of the PRC, it is uncertain how long it will take for us to obtain such approval, and, even if we obtain such approval, the approval could be rescinded. Any failure to obtain or a delay in obtaining the necessary permissions from the PRC authorities to conduct offerings or list outside of the PRC may subject us to sanctions imposed by the CSRC, CAC, or other PRC regulatory authorities. It could include fines and penalties, proceedings against us, and other forms of sanctions, and our ability to conduct our business, invest into the Mainland China as foreign investments or accept foreign investments, ability to offer or continue to offer Ordinary Shares to investors or list on the U.S. or other overseas exchange may be restricted, and the value of our Ordinary Shares may significantly decline or be worthless, our business, reputation, financial condition, and results of operations may be materially and adversely affected. The CSRC, the CAC, or other PRC regulatory agencies also may take actions requiring us, or making it advisable for us, to halt this offering before settlement and delivery of our Ordinary Shares. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur. In addition, if the CSRC, the CAC, or other regulatory PRC agencies later promulgate new rules requiring that we obtain their approvals for this offering, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties and/or negative publicity regarding such an approval requirement could have a material adverse effect on the trading price of our securities.

As of the date of this prospectus, we are advised by our Hong Kong counsel, Stevenson, Wong & Co., that the Company is not required to obtain permission or approval from Hong Kong authorities to register and offer the securities to foreign investors or list and trade on a U.S. or other foreign exchange. Should there be any change in applicable laws, regulations, or interpretations, and we or any of our subsidiaries are required to obtain such permissions or approvals in the future, we will strive to comply with the then applicable laws, regulations, or interpretations. However, if we did become subject to PRC laws/authorities, we could incur material costs to ensure compliance, be subject to fines, experience devaluation of securities or delisting, no longer being able to conduct offerings to foreign investors, and no longer be permitted to continue our current business operations. To the extent cash or assets in the business is in the PRC/Hong Kong or a PRC/Hong Kong entity, the funds or assets may not be available to fund operations or for other use outside of the PRC/Hong Kong due to interventions in or the imposition of restrictions and limitations on the ability of us or our subsidiaries by the PRC government to transfer cash or assets. We currently have no operation or subsidiary in China, we or our subsidiaries are not required to obtain from Chinese authorities to operate our business and to offer the securities being registered to foreign investors. Hong Kong is a special administrative region of the

PRC and the basic policies of the PRC regarding Hong Kong are reflected in the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China, providing Hong Kong with a high degree of autonomy and executive, legislative and independent judicial powers, including that of final adjudication under the principle of "one country, two systems". Pursuant to the Basic Law of the Hong Kong Special Administrative Region, PRC laws and regulations shall not be applied in Hong Kong except for those listed in Annex III of the Basic Law (which are confined to laws relating to national defense, foreign affairs and other matters that are not within the scope of autonomy). Also, we or our subsidiaries, are not covered by permissions requirements from CSRC, CAC or any other governmental agency. We have received all requisite permissions or approvals, i.e. certificates of incorporation and business registration certificates that have been obtained by our subsidiary in Hong Kong, for our business operations and no permission or approval has been denied. If we or any of our subsidiaries do not receive or maintain permissions or approvals, inadvertently conclude that such permissions or approvals are not required, or applicable laws, regulations, or interpretations change and we or our subsidiaries are required to obtain such permissions or approvals in the future, it could significantly limit or completely hinder our ability to offer or continue to offer our securities to investors and cause the value of our securities to significantly decline or become worthless.

If the PRC government chooses to extend the oversight and control over offerings that are conducted overseas and/or foreign investment to Hong Kong-based issuers, such action may significantly limit or completely hinder our ability to offer or continue to offer Ordinary Shares to investors and cause the value of our Ordinary Shares to significantly decline or be worthless

Recent statements, laws and regulations by the PRC government, including the Measures for Cybersecurity Review (2021), the PRC Personal Information Protection Law and the Draft Rules on Overseas Listing published by CSRC on December 24, 2021 have indicated an intent to exert more oversight and control over offerings that are conducted overseas and/or foreign investments in Mainland China-based issuers. It remains uncertain as to the enactment, interpretation, and implementation of regulatory requirements related to overseas securities offering and other capital markets activities due to the possibility that laws, regulations, or policies in the PRC could change rapidly in the future.

It remains uncertain whether the PRC government will adopt additional requirements or extend the existing requirements to apply to our operating subsidiary. It is also uncertain whether the Hong Kong government will be mandated by the PRC government, despite the constitutional constraints of the Basic Law, to control over offerings conducted overseas and/or foreign investment of entities in Hong Kong, including our operating subsidiary. Any actions by the PRC government to exert more oversight and control over offerings (including of businesses, like us, whose operations are entirely in Hong Kong) that are conducted overseas and/or foreign investments in Hong Kong-based issuers could significantly limit or completely hinder our ability to offer or continue to offer securities to investors. If there is a significant change to current political arrangements between Mainland China and Hong Kong, or the applicable laws, regulations, or interpretations change, and, in such event, if we are required to obtain such approvals in the future and we do not receive or maintain the approvals or is denied permission from Mainland China or Hong Kong authorities, we will not be able to list our Ordinary Shares on a U.S. exchange, or continue to offer securities to investors, which would materially affect the interests of the investors and cause significant the value of our Ordinary Shares significantly decline or be worthless.

The enforcement of laws and rules and regulations in the PRC can change quickly with little advance notice. Additionally, the PRC laws and regulations and the enforcement of such that apply or are to be applied to Hong Kong can change quickly with little or no advance notice. As a result, the Hong Kong legal system embodies uncertainties which could limit the availability of legal protections, which could result in a material change in our operating subsidiary's operations and/or the value of the securities we are offering.

As one of the conditions for the handover of the sovereignty of Hong Kong to China, China accepted conditions such as Hong Kong's Basic Law. The Basic Law ensured Hong Kong will retain its currency (the Hong Kong Dollar), legal system, parliamentary system, and people's rights and freedom for fifty years from 1997.

This agreement has given Hong Kong the freedom to function with a high degree of autonomy. The Special Administrative Region of Hong Kong is responsible for its domestic affairs, including, but not limited to, the judiciary and courts of last resort, immigration, and customs, public finance, currencies, and extradition. Hong Kong continues using the English common law system. However, if the PRC government attempts to alter its agreement to allow Hong Kong to function autonomously, this could potentially impact Hong Kong's common law legal system and may in turn bring about uncertainty in, for example, the enforcement of our contractual rights. This could, in turn,

materially and adversely affect our operating subsidiary's business and operations. Additionally, intellectual property rights and confidentiality protections in Hong Kong may not be as effective as in the United States or other countries. Accordingly, we cannot predict the effect of future developments in the Hong Kong legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-emption of local regulations by national laws. These uncertainties could limit the legal protections available to us, including the ability to enforce agreements with the customers.

It may be difficult for U.S. regulators, such as the Department of Justice, the SEC, and other authorities, to conduct investigation or collect evidence in Hong Kong.

Shareholder claims or regulatory investigation that are common in the United States may be difficult to pursue as a matter of law or practicality in Hong Kong. Generally, in PRC, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigations initiated outside PRC. Although the authorities in PRC and Hong Kong may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with regulatory authorities in the Unities States — including the SEC and the Department of Justice — may not be efficient in the absence of a mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the PRC territory. While detailed interpretation of or implementation rules under Article 177 have yet to be promulgated, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within Hong Kong may further increase the difficulties you face in protecting your interests.

Our results of operations are subject to fluctuations in the exchange rate between the U.S. dollar and the Hong Kong dollar.

Exchange rate fluctuations between the U.S. dollar and the Hong Kong dollar, as well as inflation in Hong Kong may negatively affect our earnings. Expenses associated with our Hong Kong operations, including facilities-related expenses, are incurred in Hong Kong dollars, and personnel-related expenses are incurred in Hong Kong dollars. Consequently, inflation in Hong Kong will have the effect of increasing the dollar cost of our operations in Hong Kong, unless it is offset on a timely basis by a devaluation of the Hong Kong dollar, as applicable, relative to the U.S. dollar. We cannot predict any future trends in the rate of inflation in Hong Kong or the rate of devaluation of the Hong Kong dollar, as applicable, against the U.S. dollar. In addition, we are exposed to the risk of fluctuation in the value of the Hong Kong dollar vis-a-vis the U.S. dollar. While the Hong Kong government has continued to pursue a fixed exchange rate policy, with the Hong Kong dollar pegged at approximately HK$7.80 to $1.00, we cannot assure you that such policy will be maintained. Any significant appreciation of the Hong Kong dollar against the U.S. dollar would cause an increase in our Hong Kong dollar expenses, as applicable, as recorded in our U.S. dollar denominated financial reports, even though the expenses denominated in Hong Kong dollars, as applicable, will remain unchanged. In addition, exchange rate fluctuations in currency exchange rates in countries or areas other than Hong Kong where we operate and do business may also negatively affect our earnings.

Risks relating to the economic, political, legal and social conditions in Hong Kong.

Any adverse changes in the economic, political, legal and social conditions of Hong Kong may lead to an adverse impact on the demand for our services and may result in deteriorating financial performance of our Group.

Furthermore, we cannot assure you that there will not be any political movements or large scale political unrest in Hong Kong, which may in turn adversely impact the market or lead to disruption of the general economic, political and social conditions in Hong Kong. If such unrest or movement persists for a substantial period of time, it may lead to such disruption, and our overall business, results of operations and financial condition may be adversely affected.

The enactment of Law of the PRC on Safeguarding National Security in the Hong Kong Special Administrative Region (the "Hong Kong National Security Law") could impact our operating subsidiary in Hong Kong.

On June 30, 2020, the Standing Committee of the PRC National People's Congress adopted the Hong Kong National Security Law. This law defines the duties and government bodies of the Hong Kong National Security Law for safeguarding national security and four categories of offences — secession, subversion, terrorist activities,

and collusion with a foreign country or external elements to endanger national security — and their corresponding penalties. On July 14, 2020, the U.S. President signed the Hong Kong Autonomy Act, or HKAA, into law, authorizing the U.S. administration to impose blocking sanctions against individuals and entities who are determined to have materially contributed to the erosion of Hong Kong's autonomy. On August 7, 2020, the U.S. government imposed HKAA-authorized sanctions on eleven individuals, including the former HKSAR chief executive Carrie Lam. On October 14, 2020, the U.S. State Department submitted to relevant committees of Congress the report required under HKAA, identifying persons materially contributing to "the failure of the Government of China to meet its obligations under the Joint Declaration or the Basic Law." The HKAA further authorizes secondary sanctions, including the imposition of blocking sanctions, against foreign financial institutions that knowingly conduct a significant transaction with foreign persons sanctioned under this authority. The imposition of sanctions may directly affect the foreign financial institutions as well as any third parties or customers dealing with any foreign financial institution that is targeted. It is difficult to predict the full impact of the Hong Kong National Security Law and HKAA on Hong Kong and companies located in Hong Kong. If our Hong Kong subsidiary is determined to be in violation of the Hong Kong National Security Law or the HKAA by competent authorities, our subsidiary's business operations, financial position and results of operations could be materially and adversely affected.

There are some political risks associated with conducting business in Hong Kong.

Our business operations are principally in Hong Kong. Accordingly, our business and financial conditions will be affected by the political and legal developments in Hong Kong. During the period covered by the financial information incorporated by reference into and included in this prospectus, we derive all of our revenue from operations in Hong Kong and, specifically, from QBS System. Any adverse economic, social and/or political conditions, material social unrest, strike, riot, civil disturbance or disobedience, as well as significant natural disasters, may affect the market and may adversely affect the business operations of our operating subsidiary. Hong Kong is a special administrative region (SAR) of the PRC and the basic policies of the PRC regarding Hong Kong are reflected in the Basic Law, namely, Hong Kong's constitutional document, which provides Hong Kong with a high degree of autonomy and executive, legislative and independent judicial powers, including that of final adjudication under the principle of "one country, two systems". However, due to long-arm provisions under the current PRC laws and regulations, there remain regulatory and legal uncertainty with respect to the implementation of the PRC laws and regulations to Hong Kong. As a result, there is no guarantee that the PRC government may not choose to implement the PRC laws and regulations to Hong Kong and exercise significant direct influence and discretion over the operation of our operating subsidiary in the future and, it will not have a material adverse impact on our business, financial condition and results of operations, due to changes in laws, political environment or other unforeseeable reasons. There is no assurance that there will not be any changes in the economic, political and legal environment in Hong Kong in the future. Since all of our operating subsidiary's operations are based in Hong Kong, any change of such political arrangements may pose an immediate threat to the stability of the economy in Hong Kong, thereby directly and adversely affecting our results of operations and financial positions.

Hong Kong became a special administrative region of the PRC when its sovereignty was returned to the PRC. We cannot assure you that the economic, political and legal developments in Hong Kong will not be adversely affected as a result of the exercise of sovereignty by the PRC over Hong Kong. If there is any material adverse change in the general economic, political and legal developments in Hong Kong, our operations and financial position may be adversely affected.

Based on certain recent development including the Hong Kong National Security Law issued by the Standing Committee of the PRC National People's Congress in June 2020, the U.S. State Department has indicated that the United States no longer considers Hong Kong to have significant autonomy from China and President Trump signed an executive order and Hong Kong Autonomy Act, or HKAA, to remove Hong Kong's preferential trade status and to authorize the U.S. administration to impose blocking sanctions against individuals and entities who are determined to have materially contributed to the erosion of Hong Kong's autonomy. The United States may impose the same tariffs and other trade restrictions on exports from Hong Kong that it places on goods from Mainland China. These and other recent actions may represent an escalation in political and trade tensions involving the U.S, the PRC and Hong Kong, which could potentially harm our business. It is difficult to predict the full impact of the HKAA on Hong Kong and companies with operations in Hong Kong like us. Furthermore, legislative or administrative actions in respect of China-U.S. relations could cause investor uncertainty for affected issuers, including us, and the market price of our Ordinary Shares could be adversely affected.

RISKS RELATED TO THIS OFFERING AND OWNERSHIP OF OUR ORDINARY SHARES

Future sales of a substantial amount of our Ordinary Shares may cause our stock price to decline.

Upon completing this offering, we will have 13,750,000 Ordinary Shares outstanding assuming underwriter does not exercise over-allotment option. Our principal stockholders, directors and executive officers will beneficially own 10,000,000 of these shares. These stockholders will be subject to the limitations of Rule 144 under the Securities Act of 1933, as amended (which are discussed under "Shares Eligible for Future Sale"), applicable restrictions on transfer contained in lock up agreements with the underwriters. We cannot predict when these stockholders may sell their shares or in what volumes. However, the market price of our Ordinary Shares could decline significantly if these stockholders sell a large number of shares into the public market after this offering or if the market believes that these sales may occur. We may also issue our Ordinary Shares from time to time as consideration for future acquisitions and investments. In the event any such acquisition or investment is significant, the number of Ordinary Shares that we may issue could in turn be significant. In addition, we may also grant registration rights covering those shares in connection with any such acquisitions and investments.

Limited trading volume of our Ordinary Shares may impact our share price.

Even if we achieve a wider dissemination of our Ordinary Shares by means of the Ordinary Shares offered pursuant to this prospectus, we are uncertain as to whether an active trading market in our Ordinary Shares will develop. As a result, relatively small trades may have a significant impact on the price of our Ordinary Shares.

Our stock price may volatile and may result in substantial losses for investors.

The market price of our Ordinary Shares may be volatile. The stock market in general has been highly volatile in 2024 and 2025 and may continue to be volatile in the remainder of 2025 and beyond. The volatility in Ordinary Share price may be unrelated to our operating performance. In addition, the trading price of our Ordinary Shares could be subject to wide fluctuations in response to:

- our prospects as perceived by others;
- variations in our operating results and our achievement of key business targets;
- changes in securities analysts' recommendations or earnings estimates;
- differences between our reported results and those expected by investors and securities analysts;
- announcements of new contracts or service offerings by us or our competitors;
- market reaction to any acquisitions, joint ventures or strategic investments announced by us or our competitors; and
- general economic or stock market conditions unrelated to our operating performance.

Fluctuations in our stock price as a result of any of the foregoing factors may result in substantial losses for investors.

Operating results may vary from quarter to quarter due to changes in timing and profitability.

Because our operating results are primarily generated from number of significant active IoT projects and installations, operating results in any given fiscal quarter can vary depending on the timing of progress achieved and changes in the estimated profitability of the projects and installations being reported. Progress on projects in certain areas may also be delayed by weather conditions. Such delays, if they occur, may result in inconsistent quarterly operating results due to more or less progress than anticipated being achieved on certain projects and installations, which may in turn lead to reduced prices for our stock.

Our largest shareholder, will be able to control and exert significance influence over our company following this offering, and their interests may be different from or conflict with those of the holders of our Ordinary Shares.

Mericorn Company Limited ("Mericorn"), a British Virgin Islands business company wholly owned by Messrs. Ip Tsz Ying, Tin Sze Wai, Tam Tak Seng and Wong Ka Ki, will control more than 50% of the voting power of our Company after the offering. As more than 50% of the voting power for the election of directors is held by Mericorn following this offering, we are a "controlled company" as defined under Rule 5615(c)(1) of the Nasdaq Listing Rules. See "Principal Shareholders." In addition to the elections of our directors, Mericorn is and will continue to be able to exert a significant degree of influence or actual control over other management and affairs and control matters requiring an approval from a majority of shareholders, including the merger, consolidation or sale of all or substantially all of our assets, and any other significant transaction. Their interests might not always be aligned with the interests of our other shareholders.

We will be a "controlled company" as defined under the NASDAQ Stock Market Rules. As a result, we may rely on exemptions from certain corporate governance requirements and holders of our Ordinary Shares may not have the same protections generally available to stockholders of other companies listed on stock exchanges in the United States.

Because more than 50% of the voting power for the election of our directors will be controlled by Mericorn Company Limited following the completion of the offering, we will be a "controlled company" as defined under Rule 5615(c)(1) of the Nasdaq Listing Rules. As a "controlled company", we qualify for exemptions from several of Nasdaq's corporate governance requirements, including requirements that:

- a majority of the board of directors consist of independent directors;
- compensation of officers be determined or recommended to the board of directors by a majority of its independent directors or by a compensation committee comprised solely of independent directors; and
- director nominees be selected or recommended to the board of directors by a majority of its independent directors or by a nominating committee that is composed entirely of independent directors.

Accordingly, to the extent that we may choose to rely on one or more of these exemptions, our shareholders would not be afforded the same protections generally as shareholders of other Nasdaq-listed companies as long as these individuals control more than 50% of the voting power of our Company and our board determines to rely upon one or more of such exemptions.

There has been no public market for our Ordinary Shares prior to this offering, and if an active trading market does not develop you may not be able to resell our Ordinary Shares at or above the price you paid, or at all.

Prior to this public offering, there has been no public market for our Ordinary Shares. Our Ordinary Shares have been approved to list on NASDAQ. If an active trading market for our Ordinary Shares does not develop after this offering, the market price and liquidity of our Ordinary Shares will be materially adversely affected. The public offering price for our Ordinary Shares has been determined by negotiations between us and the underwriters and may bear little or no relationship to the market price for our Ordinary Shares after the public offering. You may not be able to sell any Ordinary Shares that you purchase in the offering at or above the public offering price. Accordingly, investors should be prepared to face a complete loss of their investment.

Our Ordinary Shares may be thinly traded and you may be unable to sell at or near ask prices or at all if you need to sell your shares to raise money or otherwise desire to liquidate your shares.

After our Ordinary Shares begin trading on NASDAQ, our Ordinary Shares may be "thinly-traded", meaning that the number of persons interested in purchasing our Ordinary Shares at or near bid prices at any given time may be relatively small or non-existent. This situation may be attributable to a number of factors, including the fact that we are relatively unknown to stock analysts, stock brokers, institutional investors and others in the investment community that generate or influence sales volume, and that even if we came to the attention of such persons, they tend to be risk-averse and might be reluctant to follow an unproven company such as ours or purchase or recommend the purchase of our shares until such time as we became more seasoned. As a consequence, there may be periods of several days or more when trading activity in our shares is minimal or non-existent, as compared to a seasoned issuer which has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on the share price. A broad or active public trading market for our Ordinary Shares may not develop or be sustained.

If securities or industry analysts do not publish research or reports about our business, or if they publish a negative report regarding our Ordinary Shares, the price of our Ordinary Shares and trading volume could decline.

Any trading market for our Ordinary Shares may depend in part on the research and reports that industry or securities analysts publish about us or our business. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade us, the price of our Ordinary Shares would likely decline. If one or more of these analysts cease coverage of our Company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause the price of our Ordinary Shares and the trading volume to decline.

The market price for our Ordinary Shares may be volatile.

The trading price of our Ordinary Shares may be volatile and could fluctuate widely due to factors beyond our control. This may happen because of the broad market and industry factors, like the performance and fluctuation of the market prices of other companies with business operations located mainly in Hong Kong or China that have listed their securities in the United States.

The market price for our Ordinary Shares may be volatile and subject to wide fluctuations due to factors such as:

- the perception of U.S. investors and regulators of U.S. listed Hong Kong companies;
- actual or anticipated fluctuations in our operating results;
- changes in financial estimates by securities research analysts;
- negative publicity, studies or reports;
- conditions in the Hong Kong retail, entertainment and logistics market;
- our capability to catch up with the new developments and innovations in the industry;
- changes in the economic performance or market valuations of other retail, entertainment and logistics companies;
- announcements by us or our competitors of acquisitions, strategic partnerships, joint ventures or capital commitments;
- addition or departure of key personnel;
- fluctuations of exchange rates between and Hong Kong dollar and the U.S. dollar; and
- general economic or political conditions in Hong Kong.

In addition, the securities market has from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our Ordinary Shares.

Because our initial public offering price is substantially higher than our pro forma net tangible book value per share, you will experience immediate and substantial dilution.

If you purchase Ordinary Shares in this offering, you will pay more for your Ordinary Shares than the amount paid by existing shareholders for their Ordinary Shares on a per Ordinary Share basis. As a result, you will experience immediate and substantial dilution of $3.01 per Ordinary Share, representing the difference between (i) our as adjusted net tangible book value per Ordinary Share of $0.99 as of September 30, 2024, after giving effect to this offering, and (ii) the initial public offering price per share of $4.00 per Ordinary Share, assuming the underwriters do not exercise their over-allotment option. See "Dilution" for a more complete description of how the value of your investment in our Ordinary Shares will be diluted upon the completion of this offering.

Volatility in our Ordinary Share price may subject us to securities litigation.

The market for our Ordinary Shares may have, when compared to seasoned issuers, significant price volatility and we expect that our share price may continue to be more volatile than that of a seasoned issuer for the indefinite future. In the past, plaintiffs have often initiated securities class action litigation against a company following periods of volatility in the market price of its securities. We may, in the future, be the target of similar litigation. Securities litigation could result in substantial costs and liabilities and could divert management's attention and resources.

We have broad discretion in the use of the net proceeds from this offering and may not use them effectively.

Our management will have broad discretion in the application of the net proceeds, including for any of the purposes described in the section entitled "Use of Proceeds," and you will not have the opportunity as part of your investment decision to assess whether the net proceeds are being used appropriately. Because of the number and variability of factors that will determine our use of the net proceeds from this offering, their ultimate use may vary substantially from their currently intended use. The failure by our management to apply these funds effectively could harm our business.

In order to raise sufficient funds to enhance operations, we may have to issue additional securities at prices which may result in substantial dilution to our shareholders.

If we raise additional funds through the sale of equity or convertible debt, our current shareholders' percentage ownership will be reduced. In addition, these transactions may dilute the value of Ordinary Shares outstanding. We may have to issue securities that may have rights, preferences and privileges senior to our Ordinary Shares. We cannot provide assurance that we will be able to raise additional funds on terms acceptable to us, if at all. If future financing is not available or is not available on acceptable terms, we may not be able to fund our future needs, which would have a material adverse effect on our business plans, prospects, results of operations and financial condition.

We are not likely to pay cash dividends in the foreseeable future.

We currently intend to retain any future earnings for use in our operations and expansion of our business. Accordingly, we do not expect to pay any cash dividends in the foreseeable future but will review this policy as circumstances dictate. Should we determine to pay dividends in the future, our ability to do so will depend upon the receipt of dividends or other payments from our subsidiaries, which may from time to time, be subject to restrictions on its ability to make distributions to us, including restrictions on the conversion of Hong Kong dollars into U.S. dollars, and other regulatory restrictions.

You may face difficulties in protecting your interests as a shareholder, as Cayman Islands law provides substantially less protection when compared to the laws of the United States and it may be difficult for a shareholder of ours to effect service of process or to enforce judgements obtained in the United States courts.

Our corporate affairs are governed by our current Memorandum and Articles of Association and by the Companies Act (as revised) and common law of the Cayman Islands. The rights of shareholders to take legal action against our directors and us, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law. Decisions of the Privy Council (which is the final court of appeal for British overseas territories such as the Cayman Islands) are binding on a court in the Cayman Islands. Decisions of the English courts, and particularly the Supreme Court of the United Kingdom and the Court of Appeal are generally of persuasive authority but are not binding on the courts of the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedents in the United States. In particular, the Cayman Islands may have a less developed body of securities laws as compared to the United States and provide significantly less protection to investors. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action before the United States federal courts. The Cayman Islands courts are also unlikely to impose liabilities against us in original actions brought in the Cayman Islands, based on certain civil liability provisions of United States securities laws.

Currently, our operations are conducted outside the United States, and all of our assets are located outside the United States. All of our directors and officers are nationals or residents of jurisdictions other than the United States and a substantial portion of their assets are located outside the United States. As a result, it may be difficult for a

shareholder to effect service of process within the United States upon these persons, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

Travers Thorp Alberga, our counsel as to Cayman Islands law, has advised us that there is uncertainty as to whether the courts of the Cayman Islands would: (i) recognize or enforce judgments of U.S. courts obtained against us or our directors or officers that are predicated upon the civil liability provisions of the federal securities laws of the United States or the securities laws of any state in the United States, or (ii) entertain original actions brought in the Cayman Islands against us or our directors or officers that are predicated upon the federal securities laws of the United States or the securities laws of any state in the United States.

Travers Thorp Alberga has informed us that although there is no statutory enforcement in the Cayman Islands of judgments obtained in the federal or state courts of the United States (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments), a judgment *in personam* obtained in such jurisdiction will be recognized and enforced in the courts of the Cayman Islands at common law, without any re-examination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided such judgment (a) is given by a competent foreign court with jurisdiction to give the judgment, (b) imposes a specific positive obligation on the judgment debtor (such as an obligation to pay a liquidated sum or perform a specified obligation), (c) is final and conclusive, (d) is not in respect of taxes, a fine or a penalty; (e) has not been obtained by fraud; and (f) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands. However, the Cayman Islands courts are unlikely to enforce a judgment obtained from the U.S. courts under civil liability provisions of the U.S. federal securities law if such judgment is determined by the courts of the Cayman Islands to give rise to obligations to make payments that are penal or punitive in nature. Because such a determination has not yet been made by a court of the Cayman Islands, it is uncertain whether such civil liability judgments from U.S. courts would be enforceable in the Cayman Islands. A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

Stevenson, Wong & Co., our counsel as to Hong Kong law, has advised us that judgments of United States courts will not be directly enforced in Hong Kong. There are currently no treaties or other arrangements providing for reciprocal enforcement of foreign judgments between Hong Kong and the United States. However, the common law permits an action to be brought upon a foreign judgment. That is to say, a foreign judgment itself may form the basis of a cause of action since the judgment may be regarded as creating a debt between the parties to it. In a common law action for enforcement of a foreign judgment in Hong Kong, the enforcement is subject to various conditions, including but not limited to, that the foreign judgment is a final judgment conclusive upon the merits of the claim, the judgment is for a liquidated amount in a civil matter and not in respect of taxes, fines, penalties, or similar charges, the proceedings in which the judgment was obtained were not contrary to natural justice, and the enforcement of the judgment is not contrary to public policy of Hong Kong. Such a judgment must be for a fixed sum and must also come from a "competent" court as determined by the private international law rules applied by the Hong Kong courts. The defenses that are available to a defendant in a common law action brought on the basis of a foreign judgment include lack of jurisdiction, breach of natural justice, fraud, and contrariness to public policy. However, a separate legal action for collection of a debt must be commenced in Hong Kong in order to recover such debt from the judgment debtor.

As a result of all of the above, our shareholders may have more difficulty in protecting their interests through actions against us or our officers, directors or major shareholders than would shareholders of a corporation incorporated in a jurisdiction in the United States.

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to United States domestic public companies.

We are a foreign private issuer within the meaning of the rules under the Exchange Act. As such, we are exempt from certain provisions applicable to United States domestic public companies. For example:

- we are not required to provide as many Exchange Act reports, or as frequently, as a domestic public company;
- for interim reporting, we are permitted to comply solely with our home country requirements, which are less rigorous than the rules that apply to domestic public companies;
- we are not required to provide the same level of disclosure on certain issues, such as executive compensation;

- we are exempt from provisions of Regulation FD aimed at preventing issuers from making selective disclosures of material information;
- we are not required to comply with the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act; and
- we are not required to comply with Section 16 of the Exchange Act requiring insiders to file public reports of their share ownership and trading activities and establishing insider liability for profits realized from any "short-swing" trading transaction.

We are required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we will file reports on Form 6-K as a foreign private issuer. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

Because we are a foreign private issuer and are exempt from certain NASDAQ corporate governance standards applicable to U.S. issuers, you may have less protection than you would have if we were a domestic issuer.

The Nasdaq Listing Rules require listed companies to have, among other things, a majority of its board members be independent. As a foreign private issuer, however, we are permitted to follow home country practice in lieu of the above requirements. The Company currently intends to follow the requirements of the Nasdaq Listing Rules without relying on the exemption provided for foreign private issuers under Marketplace Rule 5615(a)(3). However, we may choose to rely on such exemption to follow certain corporate governance practices of our home country practice in the future. The corporate governance practice in our home country, the Cayman Islands, does not require a majority of our board to consist of independent directors. Thus, although a director must act in the best interests of the Company, it is possible that fewer board members will be exercising independent judgment and the level of board oversight on the management of our Company may decrease as a result. In addition, the Nasdaq Listing Rules also requires U.S. domestic issuers to have a compensation committee of at least two members and each committee member must be an independent director. We, as a foreign private issuer, are not subject to such requirement, if we choose to follow our home country practice. The Nasdaq Listing Rules may require shareholder approval for certain corporate matters, such as requiring that shareholders be given the opportunity to vote on all equity compensation plans and material revisions to those plans for certain ordinary share issuances. We intend to comply with the requirements of the Nasdaq Listing Rules in determining whether shareholder approval is required on such matters and to appoint a nominating and corporate governance committee. However, we may consider following home country practice in lieu of the requirements under the Nasdaq Listing Rules with respect to certain corporate governance standards in the future which may afford less protection to investors.

Although as a foreign private issuer we are exempt from certain corporate governance standards applicable to US domestic issuers, if we cannot satisfy, or continue to satisfy, the listing requirements and other rules of the Nasdaq Capital Market, our securities may be delisted, which could negatively impact the price of our securities and your ability to sell them.

Our Ordinary Shares are approved for listing on the Nasdaq Capital Market. We cannot assure you that we will be able to meet the continued listing requirements of the Nasdaq in the future.

In addition, following this offering, in order to maintain our listing on the Nasdaq Capital Market, we will be required to comply with certain rules the Nasdaq Capital Market, including those regarding minimum stockholders' equity, minimum share price, minimum market value of publicly held shares, and various additional requirements. Even if we initially meet the listing requirements and other applicable rules of the Nasdaq Capital Market, we may not be able to continue to satisfy these requirements and applicable rules. If we are unable to satisfy the Nasdaq Capital Market criteria for maintaining our listing, our securities could be subject to delisting.

If the Nasdaq Capital Market delists our securities from trading, we could face significant consequences, including:

- a limited availability for market quotations for our securities;
- reduced liquidity with respect to our securities;

- a determination that our Ordinary Shares is a "penny stock," which will require brokers trading in our Ordinary Shares to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our Ordinary Shares;
- limited amount of news and analyst coverage; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

We are an "emerging growth company" within the meaning of the Securities Act, and if we take advantage of certain exemptions from disclosure requirements available to emerging growth companies, this could make it more difficult to compare our performance with other public companies.

We are an "emerging growth company" within the meaning of the Securities Act, as modified by the JOBS Act. Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such an election to opt out is irrevocable. We have elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

In "Changing world economy" risks applicable to us, we will be subject to political decisions, economic and trade policies of the PRC government, which may have a material adverse effect on our business and results of operations.

We is being in a world of "changing world economy". A decision of the PRC or any other jurisdiction to change its economic policies, including but not limited to, the imposition of tariffs, quotas or other restrictions on imports or exports, or other protectionist measures, could have a material adverse effect on our business and results of operations. Uncertainty and the impact of the United States-China trade war, including the imposition of tariffs by the United States on certain products imported from the PRC and retaliatory tariffs imposed by the PRC on certain products imported from the United States, and any further escalation of such trade war may have a material adverse effect on our business and results of operations. We cannot predict the future trade policy, treaties, taxes, tariffs or other actions that may be taken by the United States or the PRC or other countries and how such actions may affect our business and results of operations. Political decisions by the United States or the PRC or other countries may also have a material adverse effect on our business and results of operations.

If we are deemed to be a passive foreign private company or a controlled foreign corporation, U.S. taxpayers may be subject to adverse U.S. federal income tax consequences.

Generally, if a corporation and its subsidiaries and other companies in which it owns a sufficient ownership interest, taken as a whole, are primarily engaged in passive activities or if 50% or more of its assets by value, determined on a quarterly basis, are attributable to assets that produce or are held for the production of passive income, we would be treated as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes. Such characterization could result in adverse U.S. tax consequences to our U.S. shareholders. For example, if we are a PFIC, our U.S. shareholders will be required to report gain realized on the sale of our ordinary shares or ADSs as ordinary income, and to pay an interest charge in connection with such gain, and certain dividends paid by us to our U.S. shareholders would not be eligible for the reduced tax rate applicable to qualified dividend income. For more detailed discussion of the tax consequences to U.S. holders of our ordinary shares or ADSs if we are deemed to be a PFIC, see "Taxation — U.S. Federal Income Tax Considerations — Passive Foreign Investment Company" in this prospectus.

Moreover, if any of our non-U.S. subsidiaries or affiliates is deemed to be a controlled foreign corporation, or CFC, for U.S. tax purposes, our U.S. shareholders may be required to report their pro rata share of our income and gain from such subsidiaries or affiliates on a current basis, which may have a material adverse effect on our results of operations and cash flows. We cannot assure you that we will not be treated as a CFC or a PFIC in any taxable year.

Our ability to pay dividends and other distributions to our shareholders may be limited and your investment may be materially and adversely affected if we are deemed a passive foreign investment company.

Our ability to pay dividends and other distributions to our shareholders may be limited and your investment may be materially and adversely affected if we are deemed a PFIC in any taxable year. For more information regarding the tax consequences to us of our status as a PFIC, see "Taxation — U.S. Federal Income Tax Considerations — Passive Foreign Investment Company" in this prospectus.

Risks relating to our ADSs and ordinary shares

The market price for our ADSs and ordinary shares may be volatile, which could result in substantial losses to investors purchasing our ADSs in this offering.

Prior to this offering, there has been no public market for our ordinary shares or ADSs representing our ordinary shares. We have applied for listing of our ADSs representing our ordinary shares on the Nasdaq Global Market. We cannot assure you that our ADSs will be approved for listing on the Nasdaq Global Market. Even if our ADSs are approved for listing on the Nasdaq Global Market, we cannot assure you that a trading market will develop for our ADSs representing our ordinary shares or that the market for our ADSs representing our ordinary shares will be liquid. The market price for our ADSs representing our ordinary shares may be volatile and may fluctuate significantly in response to, among other factors, our operating results, the trading price of our ADSs representing our ordinary shares, and the overall performance of the Chinese economy and of companies in the Chinese healthcare industry. In addition, the market price for our ADSs representing our ordinary shares may be affected by broad market fluctuations and general economic and political conditions in the United States and China. Such fluctuations may have a material adverse effect on your investment in our ADSs representing our ordinary shares. The market price for our ADSs representing our ordinary shares may also be affected by, among other factors, the following:

If an active market for our ADSs representing our ordinary shares does not develop, investors in our ADSs representing our ordinary shares may be unable to sell their ADSs representing our ordinary shares at or above the price they paid for our ADSs representing our ordinary shares, or at any price, and investors may lose all or part of their investment.

Prior to this offering, there has been no public market for our ordinary shares or ADSs representing our ordinary shares. We have applied for listing of our ADSs representing our ordinary shares on the Nasdaq Global Market. We cannot assure you that our ADSs will be approved for listing on the Nasdaq Global Market. Even if our ADSs are approved for listing on the Nasdaq Global Market, we cannot assure you that a trading market will develop for our ADSs representing our ordinary shares or that the market for our ADSs representing our ordinary shares will be liquid. The market price for our ADSs representing our ordinary shares may be volatile and may fluctuate significantly in response to, among other factors, our operating results, the trading price of our ADSs representing our ordinary shares, and the overall performance of the Chinese economy and of companies in the Chinese healthcare industry. In addition, the market price for our ADSs representing our ordinary shares may be affected by broad market fluctuations and general economic and political conditions in the United States and China. Such fluctuations may have a material adverse effect on your investment in our ADSs representing our ordinary shares. The market price for our ADSs representing our ordinary shares may also be affected by, among other factors, the following:

If we are required in the future and sometime prior to our effective research review or clinical trial testing, We may need to obtain additional funds to finance our operations, which may be difficult or impossible to obtain on acceptable terms, or at all. If we are unable to obtain funds when needed, we may be forced to delay, reduce or eliminate our research and development programs or other operations.

Prior to this offering, We is a clinic company that focuses primarily on research and other revenues to date and has not generated any revenue from product sales. We may need to obtain additional funds to finance our operations in the future, which may be difficult or impossible to obtain on acceptable terms, or at all. If we are unable to obtain funds when needed, we may be forced to delay, reduce or eliminate our research and development programs or other operations.

Future expenditures of this offering, our Chinese subsidiary Company in the United States subject to Revenue Rule 59-60 and Revenue Ruling 59-60 and other U.S. tax laws and regulations, and our ability to raise capital to finance our operations may depend on many factors, some of which are beyond our control, including, but not limited to, the success of our research and development programs, the extent of our ongoing research and development programs, the extent of our ongoing sales and marketing activities, the extent of our ongoing general and administrative activities, the extent to which we undertake business development efforts, the costs, timing and outcomes of regulatory review of our potential products, the costs of our ongoing activities, the costs of any future commercialization activities, the costs of obtaining, maintaining, defending and enforcing our patents and other intellectual property rights, the costs and timing of hiring new employees to support our ongoing operations, the costs of acquiring, licensing or investing in additional businesses, products and product candidates that we may identify in the future, and the costs of any future litigation or other adversary proceedings, all of which may be significant. Moreover, the following company-specific factors may should impact our future capital requirements:

- our ability to achieve revenue from our product candidates;
- the extent to which we are able to obtain, maintain, defend and enforce our patents and other intellectual property rights;
- our ability to establish and maintain collaborations, licensing or other arrangements;
- the rate of progress and cost of our clinical trials and other research and development activities;
- the costs of manufacturing our product candidates and any products we may commercialize;
- the costs of sales and marketing activities if we obtain marketing approval for our product candidates;
- the costs of any future litigation or other adversary proceedings;
- the costs of acquiring, licensing or investing in additional businesses, products and product candidates that we may identify in the future;
- our ability to attract, hire and retain qualified personnel;
- our ability to establish and maintain our corporate infrastructure and operations;
- our expected growth of the staff needed to develop our clinic;
- our operating expenses;
- our expectations and assumptions of company revenues;
- our expectations regarding our relationships with suppliers;
- our expectations regarding our market;
- our and our prospective partners' and suppliers' ability to maintain and expand a market of COVID-19 test kits in Europe and beyond markets;
- our expectations regarding our competitors;
- other factors not listed under "Risk Factors".

These forward-looking statements involve certain risks and uncertainties. Although we believe that our expectations stated in these forward-looking statements are reasonable, our expectations may prove to be materially inaccurate, and our forward-looking statements may prove to be materially inaccurate. Our forward-looking statements should not be relied upon as representing our views as of any subsequent date. We do not undertake any obligation to update our forward-looking statements to reflect events or circumstances arising after the date of this prospectus. We qualify all of our forward-looking statements by these cautionary statements. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is impossible for us to predict all risks, nor we may be able to assess the impact of all risks on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We cannot assure you that the results, events and circumstances reflected in our forward-looking statements will be achieved or occur. Moreover, neither we or any other person assume responsibility for the accuracy and completeness of our forward-looking statements. We are not under any obligation to update our forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated events. We qualify all of our forward-looking statements by these cautionary statements.

USE OF PROCEEDS

We are offering 1,000,000 shares of our ordinary shares, par value US$ 0.0001 per share, in the form of ADSs, pursuant to this prospectus. We estimate that the net proceeds from this offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately US$ 4.0 million, assuming an offering price of US$ 5.00 per ordinary share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and assuming that the underwriters do not exercise their option to purchase additional ordinary shares.

We intend to use the proceeds from this offering for the following purposes:

- to fund our research and development activities, including our clinical trials, and to pay for our general and administrative expenses, including our ongoing operations in the United States;
- to pay for our capital expenditures;
- to pay for our working capital and other general corporate purposes;
- to pay for the costs of our ongoing efforts to explore strategic alliances, joint ventures, licensing or other arrangements with third parties;
- to pay for the costs of our ongoing efforts to explore and pursue acquisitions of other companies, products and product candidates;
- to pay for the costs of our ongoing efforts to explore and pursue other opportunities to expand our business; and
- to pay for the costs of our ongoing efforts to explore and pursue other opportunities to expand our business.

We may also use a portion of the proceeds from this offering to pay for the costs of our ongoing efforts to explore and pursue other opportunities to expand our business.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our ordinary shares or on our ADSs representing our ordinary shares. We currently intend to retain all of our future earnings, if any, for use in the operation of our business and do not anticipate paying any cash dividends on our ordinary shares or our ADSs representing our ordinary shares in the foreseeable future. Our board of directors will determine the form, amount and timing of our dividends in the future.

If we determine to pay dividends on our ordinary Shares in the future, as a holding company, we will be dependent on receipt of funds from our subsidiaries.

Cash dividends, if any, on our ordinary Shares will be paid in U.S. dollars. We may rely on our subsidiaries in China to provide us with funds to pay dividends and other cash distributions to our shareholders and to service our debt, if any, which may in turn limit our ability to pay dividends and other distributions to our shareholders.

CAPITALIZATION

The following table as of the capitalization as of September 30, 2020:

- on a non-audited basis;
- on a pro forma basis to reflect the conversion into ordinary shares of all the Ordinary Shares to be in the Offering, as described in "Description of Share Capital — History of Share Issuances" in this prospectus, immediately prior to the closing of this offering; and
- on a pro forma basis to reflect the conversion into ordinary shares of all the Ordinary Shares to be in the Offering, as described in "Description of Share Capital — History of Share Issuances" in this prospectus, immediately prior to the closing of this offering, and the sale of the ordinary shares in this offering, assuming an offering price of US$ 5.00 per ordinary share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

You should read this table in conjunction with our consolidated financial statements and the related notes included in this prospectus.

	As of September 30, 2020		
	Actual	Pro forma	Pro forma as adjusted
	US$	US$	US$
Current liabilities			
Accrued and other liabilities	1,000,000	1,000,000	1,000,000
Non-current liabilities			
Bank loans, non-current	1,000,000	1,000,000	1,000,000
Shareholders' Equity			
Ordinary shares, par value US$0.0001 per share; 5,000,000,000 shares authorized; 1,000,000,000 issued and outstanding, actual; [illegible] issued and outstanding, pro forma; [illegible] issued and outstanding, pro forma as adjusted[1]	[illegible]	[illegible]	[illegible]
Additional paid in capital	[illegible]	[illegible]	[illegible]
Accumulated deficit	[illegible]	[illegible]	[illegible]
Accumulated other comprehensive income	[illegible]	[illegible]	[illegible]
Total Shareholders' Equity	[illegible]	[illegible]	[illegible]
Total capitalization	[illegible]	[illegible]	[illegible]

[1] Will depend on the amount of the offering and the exchange rate.

The pro forma information discussed above is illustrative only. Our capitalization as of the date of our initial public offering, which is expected to occur following the date of this prospectus, may be substantially different from the information set forth above.

DILUTION

If you invest in our Ordinary Shares, your interest in our Ordinary Shares will be diluted to the extent of the difference between the offering price per share of our Ordinary Shares and our net tangible book value per share of our Ordinary Shares immediately after this offering. Our net tangible book value as of September 30, 2020 was US$ [illegible], or US$ [illegible] per Ordinary Share, based on [illegible] Ordinary Shares outstanding as of September 30, 2020 and after giving effect to the conversion of our Ordinary Shares into Ordinary Shares.

Our pro forma net tangible book value as of September 30, 2020, after giving effect to the conversion of our Ordinary Shares into Ordinary Shares, and the sale of the Ordinary Shares in this offering, assuming an offering price of US$ 5.00 per Ordinary Share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us, would be US$ [illegible], or US$ [illegible] per Ordinary Share. This pro forma information represents an immediate increase in net tangible book value of US$ [illegible] per Ordinary Share to our existing shareholders and an immediate dilution of US$ [illegible] per Ordinary Share to new investors in this offering.

The following table illustrates this per share dilution:

	US$
Initial public offering price per Ordinary Share	[illegible]
Pro forma net tangible book value per Ordinary Share as of September 30, 2020	[illegible]
Increase in net tangible book value per Ordinary Share attributable to pro forma adjustments	[illegible]
Pro forma net tangible book value per Ordinary Share after giving effect to the offering	[illegible]
Dilution per Ordinary Share to new investors in this offering	[illegible]

The following table as of the date of our initial public offering, which is expected to occur following the date of this prospectus, and after giving effect to the conversion of our Ordinary Shares into Ordinary Shares, and the sale of the Ordinary Shares in this offering, assuming an offering price of US$ 5.00 per Ordinary Share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us, would be US$ [illegible], or US$ [illegible] per Ordinary Share.

	Ordinary Shares		Total Consideration		Average Price Per Ordinary Share
	Number	Percent	Amount	Percent	
			US$		US$
Existing shareholders	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Existing shareholders	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Dilution for Investors in the Offering. Investors will incur immediate and substantial dilution in the amount of the difference between the offering price per share of our Ordinary Shares and our net tangible book value per share of our Ordinary Shares immediately after this offering. Our net tangible book value as of September 30, 2020 was US$ [illegible], or US$ [illegible] per Ordinary Share, based on [illegible] Ordinary Shares outstanding as of September 30, 2020 and after giving effect to the conversion of our Ordinary Shares into Ordinary Shares. Our pro forma information discussed above is illustrative only.

The following table illustrates this per share dilution:

	US$
Initial public offering price per Ordinary Share	[illegible]
Pro forma net tangible book value per Ordinary Share as of September 30, 2020	[illegible]
Increase in net tangible book value per Ordinary Share attributable to pro forma adjustments	[illegible]
Pro forma net tangible book value per Ordinary Share after giving effect to the offering	[illegible]
Dilution per Ordinary Share to new investors in this offering	[illegible]

The following table as of the date of our initial public offering, which is expected to occur following the date of this prospectus, and after giving effect to the conversion of our Ordinary Shares into Ordinary Shares, and the sale of the Ordinary Shares in this offering, assuming an offering price of US$ 5.00 per Ordinary Share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us, would be US$ [illegible], or US$ [illegible] per Ordinary Share.

	Ordinary Shares		Total Consideration		Average Price Per Ordinary Share
	Number	Percent	Amount	Percent	
			US$		US$
Existing shareholders	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Existing shareholders	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EXCHANGE RATE INFORMATION

Our business is primarily conducted in Hong Kong and all of our revenues are received and denominated in Hong Kong dollars, and a portion of our expenses are denominated in Hong Kong dollars. We have a Hong Kong subsidiary and a Chinese subsidiary and we may rely on dividends and other distributions on equity paid by our Hong Kong subsidiary and our Chinese subsidiary to us to fund any cash and financing requirements we may have from time to time. Any limitation on the ability of our Hong Kong subsidiary and our Chinese subsidiary to make payments to us, or any requirement that our Hong Kong subsidiary and our Chinese subsidiary obtain approval from, or satisfy other requirements of, governmental authorities in Hong Kong or China before paying dividends or other distributions to us, could have a material adverse effect on our business, financial condition and results of operations.

The Company's financial statements are expressed in U.S. dollars. Any transactions which are denominated in currencies other than U.S. dollars will be recorded at the exchange rates prevailing on the dates of the transactions. Gains and losses from the translation of foreign currency assets and liabilities into the functional currency are included in our results of operations. The functional currency of our Company is the U.S. dollar. The functional currency of our Hong Kong subsidiary is the Hong Kong dollar. The functional currency of our Chinese subsidiary is the Chinese Yuan. The reporting currency of our Company is the U.S. dollar. Our Company's financial statements are translated from functional currency into U.S. dollars using the exchange rate on the balance sheet date for assets and liabilities, and the average rate for the period for revenues, expenses and cash flows. Translation adjustments are reported in other comprehensive income in shareholders' equity. Translation of foreign currency transactions into U.S. dollars for the period ended December 31, 2019 and 2020 and for the nine months ended September 30, 2020 and 2021 have been made at the following exchange rates:

	Nine months ended September 30,		Year ended December 31,		
	2021	2020	2020	2019	2018
Balance sheet items, except for shareholders' equity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shareholders' equity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Items in the statements of comprehensive income and cash flows	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source: www.xe.com

Our business is primarily conducted in Hong Kong and all of our revenues are received and denominated in Hong Kong dollars, and a portion of our expenses are denominated in Hong Kong dollars. We have a Hong Kong subsidiary and we may rely on dividends and other distributions on equity paid by our Hong Kong subsidiary to us to fund any cash and financing requirements we may have from time to time. Any limitation on the ability of our Hong Kong subsidiary to make payments to us, or any requirement that our Hong Kong subsidiary obtain approval from, or satisfy other requirements of, governmental authorities in Hong Kong before paying dividends or other distributions to us, could have a material adverse effect on our business, financial condition and results of operations.

The Company's financial statements are expressed in U.S. dollars. Any transactions which are denominated in currencies other than U.S. dollars will be recorded at the exchange rates prevailing on the dates of the transactions. Gains and losses from the translation of foreign currency assets and liabilities into the functional currency are included in our results of operations. The functional currency of our Company is the U.S. dollar. The functional currency of our Hong Kong subsidiary is the Hong Kong dollar. The functional currency of our Chinese subsidiary is the Chinese Yuan. The reporting currency of our Company is the U.S. dollar. Our Company's financial statements are translated from functional currency into U.S. dollars using the exchange rate on the balance sheet date for assets and liabilities, and the average rate for the period for revenues, expenses and cash flows. Translation adjustments are reported in other comprehensive income in shareholders' equity. Translation of foreign currency transactions into U.S. dollars for the period ended December 31, 2019 and 2020 and for the nine months ended September 30, 2020 and 2021 have been made at the following exchange rates:

	Nine months ended September 30,		Year ended December 31,		
	2021	2020	2020	2019	2018
Balance sheet items, except for shareholders' equity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shareholders' equity	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Items in the statements of comprehensive income and cash flows	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source: www.xe.com

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth our capitalization and indebtedness as of September 30, 2020:

- on a non-audited basis;
- on a pro forma basis to reflect the conversion into ordinary shares of all the Ordinary Shares to be in the Offering, as described in "Description of Share Capital — History of Share Issuances" in this prospectus, immediately prior to the closing of this offering; and
- on a pro forma basis to reflect the conversion into ordinary shares of all the Ordinary Shares to be in the Offering, as described in "Description of Share Capital — History of Share Issuances" in this prospectus, immediately prior to the closing of this offering, and the sale of the ordinary shares in this offering, assuming an offering price of US$ 5.00 per ordinary share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

You should read this table in conjunction with our consolidated financial statements and the related notes included in this prospectus.

	As of September 30, 2020		
	Actual	Pro forma	Pro forma as adjusted
	US$	US$	US$
Current liabilities			
Accrued and other liabilities	1,000,000	1,000,000	1,000,000
Non-current liabilities			
Bank loans, non-current	1,000,000	1,000,000	1,000,000
Shareholders' Equity			
Ordinary shares, par value US$0.0001 per share; 5,000,000,000 shares authorized; 1,000,000,000 issued and outstanding, actual; [illegible] issued and outstanding, pro forma; [illegible] issued and outstanding, pro forma as adjusted[1]	[illegible]	[illegible]	[illegible]
Additional paid in capital	[illegible]	[illegible]	[illegible]
Accumulated deficit	[illegible]	[illegible]	[illegible]
Accumulated other comprehensive income	[illegible]	[illegible]	[illegible]
Total Shareholders' Equity	[illegible]	[illegible]	[illegible]
Total capitalization	[illegible]	[illegible]	[illegible]

[1] Will depend on the amount of the offering and the exchange rate.

The pro forma information discussed above is illustrative only. Our capitalization as of the date of our initial public offering, which is expected to occur following the date of this prospectus, may be substantially different from the information set forth above.

DILUTION

If you invest in our Ordinary Shares, your interest in our Ordinary Shares will be diluted to the extent of the difference between the offering price per share of our Ordinary Shares and our net tangible book value per share of our Ordinary Shares immediately after this offering. Our net tangible book value as of September 30, 2020 was US$ [illegible], or US$ [illegible] per Ordinary Share, based on [illegible] Ordinary Shares outstanding as of September 30, 2020 and after giving effect to the conversion of our Ordinary Shares into Ordinary Shares.

Our pro forma net tangible book value as of September 30, 2020, after giving effect to the conversion of our Ordinary Shares into Ordinary Shares, and the sale of the Ordinary Shares in this offering, assuming an offering price of US$ 5.00 per Ordinary Share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us, would be US$ [illegible], or US$ [illegible] per Ordinary Share. This pro forma information represents an immediate increase in net tangible book value of US$ [illegible] per Ordinary Share to our existing shareholders and an immediate dilution of US$ [illegible] per Ordinary Share to new investors in this offering.

The following table illustrates this per share dilution:

	US$
Initial public offering price per Ordinary Share	[illegible]
Pro forma net tangible book value per Ordinary Share as of September 30, 2020	[illegible]
Increase in net tangible book value per Ordinary Share attributable to pro forma adjustments	[illegible]
Pro forma net tangible book value per Ordinary Share after giving effect to the offering	[illegible]
Dilution per Ordinary Share to new investors in this offering	[illegible]

The following table as of the date of our initial public offering, which is expected to occur following the date of this prospectus, and after giving effect to the conversion of our Ordinary Shares into Ordinary Shares, and the sale of the Ordinary Shares in this offering, assuming an offering price of US$ 5.00 per Ordinary Share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us, would be US$ [illegible], or US$ [illegible] per Ordinary Share.

	Ordinary Shares		Total Consideration		Average Price Per Ordinary Share
	Number	Percent	Amount	Percent	
			US$		US$
Existing shareholders	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Existing shareholders	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EXPENSES RELATED TO THE OFFERING

We are incorporated under the laws of the Cayman Islands as an exempted company under limited liability in accordance with the Companies Act of the Cayman Islands and we are subject to:

- political and economic stability;
- an effective judicial system;
- a tax system;
- the absence of exchange control or currency restrictions; and
- the stability of our political system.

We are also subject to the laws and regulations promulgated by the Cayman Islands. These disadvantages and uncertainties may have a material adverse effect on our business.

Our Company is a holding company and we rely on payments from our subsidiaries in China and Hong Kong to meet our cash and financing requirements. Our ability to pay dividends and other distributions to our shareholders may be limited by the laws of the People's Republic of China, Hong Kong and the Cayman Islands, which may have a material adverse effect on our business, financial condition and results of operations. Our ability to pay dividends and other distributions to our shareholders may also be limited by our subsidiaries' ability to pay dividends and other distributions to us, which may be subject to restrictions under applicable laws and regulations, including, but not limited to, the laws of the People's Republic of China, Hong Kong and the Cayman Islands, which may have a material adverse effect on our business, financial condition and results of operations.

Revenue Ruling 59-60 and Revenue Ruling 59-60 and other U.S. tax laws and regulations, and our ability to raise capital to finance our operations may depend on many factors, some of which are beyond our control, including, but not limited to, the success of our research and development programs, the extent of our ongoing research and development programs, the extent of our ongoing sales and marketing activities, the extent of our ongoing general and administrative activities, the extent to which we undertake business development efforts, the costs, timing and outcomes of regulatory review of our potential products, the costs of our ongoing activities, the costs of any future commercialization activities, the costs of obtaining, maintaining, defending and enforcing our patents and other intellectual property rights, the costs and timing of hiring new employees to support our ongoing operations, the costs of acquiring, licensing or investing in additional businesses, products and product candidates that we may identify in the future, and the costs of any future litigation or other adversary proceedings, all of which may be significant. Moreover, the following company-specific factors may should impact our future capital requirements:

- our ability to achieve revenue from our product candidates;
- the extent to which we are able to obtain, maintain, defend and enforce our patents and other intellectual property rights;
- our ability to establish and maintain collaborations, licensing or other arrangements;
- the rate of progress and cost of our clinical trials and other research and development activities;
- the costs of manufacturing our product candidates and any products we may commercialize;
- the costs of sales and marketing activities if we obtain marketing approval for our product candidates;
- the costs of any future litigation or other adversary proceedings;
- the costs of acquiring, licensing or investing in additional businesses, products and product candidates that we may identify in the future;
- our ability to attract, hire and retain qualified personnel;
- our ability to establish and maintain our corporate infrastructure and operations;
- our expected growth of the staff needed to develop our clinic;
- our operating expenses;
- our expectations and assumptions of company revenues;
- our expectations regarding our relationships with suppliers;
- our expectations regarding our market;
- our and our prospective partners' and suppliers' ability to maintain and expand a market of COVID-19 test kits in Europe and beyond markets;
- our expectations regarding our competitors;
- other factors not listed under "Risk Factors".

These forward-looking statements involve certain risks and uncertainties. Although we believe that our expectations stated in these forward-looking statements are reasonable, our expectations may prove to be materially inaccurate, and our forward-looking statements may prove to be materially inaccurate. Our forward-looking statements should not be relied upon as representing our views as of any subsequent date. We do not undertake any obligation to update our forward-looking statements to reflect events or circumstances arising after the date of such statements or to reflect the occurrence of anticipated events. We qualify all of our forward-looking statements by these cautionary statements. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is impossible for us to predict all risks, nor we may be able to assess the impact of all risks on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We cannot assure you that the results, events and circumstances reflected in our forward-looking statements will be achieved or occur. Moreover, neither we or any other person assume responsibility for the accuracy and completeness of our forward-looking statements. We are not under any obligation to update our forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated events. We qualify all of our forward-looking statements by these cautionary statements.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our ordinary shares or on our ADSs representing our ordinary shares. We currently intend to retain all of our future earnings, if any, for use in the operation of our business and do not anticipate paying any cash dividends on our ordinary shares or our ADSs representing our ordinary shares in the foreseeable future. Our board of directors will determine the form, amount and timing of our dividends in the future.

If we determine to pay dividends on our ordinary Shares in the future, as a holding company, we will be dependent on receipt of funds from our subsidiaries.

Cash dividends, if any, on our ordinary Shares will be paid in U.S. dollars. We may rely on our subsidiaries in China to provide us with funds to pay dividends and other cash distributions to our shareholders and to service our debt, if any, which may in turn limit our ability to pay dividends and other distributions to our shareholders.

CAPITALIZATION

The following table as of the capitalization as of September 30, 2020:

- on a non-audited basis;
- on a pro forma basis to reflect the conversion into ordinary shares of all the Ordinary Shares to be in the Offering, as described in "Description of Share Capital — History of Share Issuances" in this prospectus, immediately prior to the closing of this offering; and
- on a pro forma basis to reflect the conversion into ordinary shares of all the Ordinary Shares to be in the Offering, as described in "Description of Share Capital — History of Share Issuances" in this prospectus, immediately prior to the closing of this offering, and the sale of the ordinary shares in this offering, assuming an offering price of US$ 5.00 per ordinary share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

You should read this table in conjunction with our consolidated financial statements and the related notes included in this prospectus.

	As of September 30, 2020		
	Actual	Pro forma	Pro forma as adjusted
	US$	US$	US$
Current liabilities			
Accrued and other liabilities	1,000,000	1,000,000	1,000,000
Non-current liabilities			
Bank loans, non-current	1,000,000	1,000,000	1,000,000
Shareholders' Equity			
Ordinary shares, par value US$0.0001 per share; 5,000,000,000 shares authorized; 1,000,000,000 issued and outstanding, actual; [illegible] issued and outstanding, pro forma; [illegible] issued and outstanding, pro forma as adjusted[1]	[illegible]	[illegible]	[illegible]
Additional paid in capital	[illegible]	[illegible]	[illegible]
Accumulated deficit	[illegible]	[illegible]	[illegible]
Accumulated other comprehensive income	[illegible]	[illegible]	[illegible]
Total Shareholders' Equity	[illegible]	[illegible]	[illegible]
Total capitalization	[illegible]	[illegible]	[illegible]

[1] Will depend on the amount of the offering and the exchange rate.

The pro forma information discussed above is illustrative only. Our capitalization as of the date of our initial public offering, which is expected to occur following the date of this prospectus, may be substantially different from the information set forth above.

DILUTION

If you invest in our Ordinary Shares, your interest in our Ordinary Shares will be diluted to the extent of the difference between the offering price per share of our Ordinary Shares and our net tangible book value per share of our Ordinary Shares immediately after this offering. Our net tangible book value as of September 30, 2020 was US$ [illegible], or US$ [illegible] per Ordinary Share, based on [illegible] Ordinary Shares outstanding as of September 30, 2020 and after giving effect to the conversion of our Ordinary Shares into Ordinary Shares.

Our pro forma net tangible book value as of September 30, 2020, after giving effect to the conversion of our Ordinary Shares into Ordinary Shares, and the sale of the Ordinary Shares in this offering, assuming an offering price of US$ 5.00 per Ordinary Share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us, would be US$ [illegible], or US$ [illegible] per Ordinary Share. This pro forma information represents an immediate increase in net tangible book value of US$ [illegible] per Ordinary Share to our existing shareholders and an immediate dilution of US$ [illegible] per Ordinary Share to new investors in this offering.

The following table illustrates this per share dilution:

	US$
Initial public offering price per Ordinary Share	[illegible]
Pro forma net tangible book value per Ordinary Share as of September 30, 2020	[illegible]
Increase in net tangible book value per Ordinary Share attributable to pro forma adjustments	[illegible]
Pro forma net tangible book value per Ordinary Share after giving effect to the offering	[illegible]
Dilution per Ordinary Share to new investors in this offering	[illegible]

The following table as of the date of our initial public offering, which is expected to occur following the date of this prospectus, and after giving effect to the conversion of our Ordinary Shares into Ordinary Shares, and the sale of the Ordinary Shares in this offering, assuming an offering price of US$ 5.00 per Ordinary Share, the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us, would be US$ [illegible], or US$ [illegible] per Ordinary Share.

	Ordinary Shares		Total Consideration		Average Price Per Ordinary Share
	Number	Percent	Amount	Percent	
			US$		US$
Existing shareholders	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Existing shareholders	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EXPENSES RELATED TO THE OFFERING

We are incorporated under the laws of the Cayman Islands as an exempted company under limited liability in accordance with the Companies Act of the Cayman Islands and we are subject to:

- political and economic stability;
- an effective judicial system;
- a tax system;
- the absence of exchange control or currency restrictions; and
- the stability of our political system.

We are also subject to the laws and regulations promulgated by the Cayman Islands. These disadvantages and uncertainties may have a material adverse effect on our business.

Our Company is a holding company and we rely on payments from our subsidiaries in China and Hong Kong to meet our cash and financing requirements. Our ability to pay dividends and other distributions to our shareholders may be limited by the laws of the People's Republic of China, Hong Kong and the Cayman Islands, which may have a material adverse effect on our business, financial condition and results of operations. Our ability to pay dividends and other distributions to our shareholders may also be limited by our subsidiaries' ability to pay dividends and other distributions to us, which may be subject to restrictions under applicable laws and regulations, including, but not limited to, the laws of the People's Republic of China, Hong Kong and the Cayman Islands, which may have a material adverse effect on our business, financial condition and results of operations.

Revenue Ruling 59-60 and Revenue Ruling 59-60 and other U.S. tax laws and regulations, and our ability to raise capital to finance our operations may depend on many factors, some of which are beyond our control, including, but not limited to, the success of our research and development programs, the extent of our ongoing research and development programs, the extent of our ongoing sales and marketing activities

Selling and marketing expenses increase by 2 million and administrative & marketing expenses increase by 1 million, mainly because we increased our investment in sales and marketing personnel and marketing activities to support our business growth.

Research and development expenses increase by 2 million due to increasing staffing and marketing activities.

Financial and administrative expenses increase by 1 million due to increasing staffing, marketing activities, and other administrative expenses to support our business growth. Our management believes that our current cash and cash equivalents and cash generated from our operations will be sufficient to meet our anticipated working capital and capital expenditure requirements for the next twelve months. We may in the future need additional cash resources to support our business growth and to pursue opportunities for strategic investments. We may also need to raise additional funds in the event we encounter unforeseen circumstances, or if we plan to pursue or engage in any material acquisitions, joint venture or other strategic initiatives. We may need to seek additional equity or debt financing in the future to meet our capital requirements. We cannot assure you that such financing will be available to us on acceptable terms or at all.

Our accounts and equipment, net, consists mainly of computer equipment and furniture and fixtures, and our other assets consists mainly of prepaid expenses and other current assets, and other non-current assets. The increase in our accounts and equipment, net, and our other assets is due to the increase in our business and our investment in our business.

Other Income

Our other income, net, mainly includes our other income, bank fee & interest income and as a percentage of total revenues, for the years ended December 31, 2021 and 2022 is as follows:

	For the Year Ended December 31,				Variance	
	2021		2022			
	RMB	%	RMB	%	RMB	%
Other income, net						
Government grants	2,475	0.1%	10,966	0.5%	8,491	343%
Administrative support	1,000	0.0%	12,000	0.5%	11,000	1100%
Interest income	290	0.0%	9,60	0.1%	(281)	(97%)
Bank fee & interest income	1,185	0.0%	1,185	0.0%	0	0%
Other income, net	4,950	0.1%	23,751	0.6%	18,801	380%
As a percentage of total revenues	0.1%		0.6%			

Other income, amounted to RMB 23,751 and 4,950 for the years ended December 31, 2022 and 2021.

Interest income for the year ended December 31, 2022 and 2021 was mainly from interest income on the RMB Time Deposits in the amount of RMB 9,60 and RMB 290 respectively. Our subsidiaries in the PRC received government grants in the amount of RMB 10,966 and RMB 2,475 for the year ended December 31, 2022 and 2021 respectively, which are mainly for the purpose of supporting our business development in the PRC. Our subsidiaries in the PRC received administrative support in the amount of RMB 12,000 and RMB 1,000 for the year ended December 31, 2022 and 2021 respectively, which are mainly for the purpose of supporting our business development in the PRC. Our bank fee & interest income for the year ended December 31, 2022 and 2021 was RMB 1,185 and RMB 1,185 respectively, which are mainly from our bank deposits.

Income Tax

Our income tax for the year ended December 31, 2022 and 2021 is as follows:

	For the Year Ended December 31,				Variance	
	2021		2022			
	RMB	%	RMB	%	RMB	%
Income Taxes	1,114,506	16%	1,114,506	16%	0	0%
Income / (expense) current	0	0%	0	0%	0	0%
Deferred income tax	1,114,506	16%	1,114,506	16%	0	0%
Net income	5,911,000	84%	5,911,000	84%	0	0%
Group profit	7,025,506	100%	7,025,506	100%	0	0%
Adjustments to reconcile group profit to taxable income:						
Tax holiday and preferential tax rate	(1,405,101)	(20%)	(1,405,101)	(20%)	0	0%
Tax effect of non-deductible expenses	1,405,101	20%	1,405,101	20%	0	0%
Super deduction for research and development expenses	(1,405,101)	(20%)	(1,405,101)	(20%)	0	0%
Income Taxes expenses	1,114,506	16%	1,114,506	16%	0	0%
Effective tax rate	16%		16%			
Group profit/(loss) before tax	7,025,506	100%	7,025,506	100%	0	0%
Tax at the statutory rate	1,756,376	25%	1,756,376	25%	0	0%
Tax effect	(641,870)	(9%)	(641,870)	(9%)	0	0%
Net income	5,911,000	84%	5,911,000	84%	0	0%

Net income/(loss) for the Year Ended December 31, 2022

Net income for the year ended December 31, 2022 amounted to RMB 5,911,000 and RMB 5,911,000 for the year ended December 31, 2021.

Income tax expenses for the year ended December 31, 2022 and 2021 were RMB 1,114,506 and RMB 1,114,506 respectively, mainly because the Company's subsidiary in Shenzhen, PRC, was subject to a tax rate of 15% for the year ended December 31, 2022 and 2021 respectively.

Our effective tax rate for the year ended December 31, 2022 and 2021 was 16% and 16%, respectively, mainly because the Company's subsidiary in Shenzhen, PRC, was subject to a tax rate of 15% for the year ended December 31, 2022 and 2021 respectively.

Results of Operations

The following table sets forth a summary of our consolidated results of operations for the years ended December 31, 2021 and 2022, and the percentage of our revenues for each of the periods indicated. This information should be read together with our consolidated financial statements and related notes included in this prospectus. The results of operations for any prior period are not necessarily indicative of results to be expected in future periods.

	For the Year Ended December 31,				Variance	
	2021		2022			
	RMB	%	RMB	%	RMB	%
Revenues	7,025,506	100%	7,025,506	100%	0	0%
Revenues - online games	7,025,506	100%	7,025,506	100%	0	0%
Revenues - others	0	0%	0	0%	0	0%
Cost of revenues	1,114,506	16%	1,114,506	16%	0	0%
Gross profit	5,911,000	84%	5,911,000	84%	0	0%
Operating expenses:						
Selling and marketing expenses	(1,405,101)	(20%)	(1,407,071)	(0.4)	(1,970)	(0%)
Research and development expenses	(1,405,101)	(20%)	(1,407,071)	(0.4)	(1,970)	(0%)
Total operating expenses	(2,810,202)	(40%)	(2,814,142)	(0.8)	(3,940)	(0%)
Income from operations	3,100,798	44%	3,096,858	0.9	(3,940)	(0%)
Other income, net						
Government grants	2,475	0.1%	10,966	0.5%	8,491	343%
Administrative support	1,000	0.0%	12,000	0.5%	11,000	1100%
Interest income	290	0.0%	9,60	0.1%	(281)	(97%)
Bank fee & interest income	1,185	0.0%	1,185	0.0%	0	0%
Other income, net	4,950	0.1%	23,751	0.6%	18,801	380%
As a percentage of total revenues	0.1%		0.6%			
Income Before Income Tax expenses	3,105,748	44%	3,117,610	0.9	11,861	0.4%
Income Taxes expenses	1,114,506	16%	1,114,506	16%	0	0%
Net income	5,911,000	84%	5,911,000	84%	0	0%

Net income/(loss) for the Year Ended December 31, 2022

Net income for the year ended December 31, 2022 amounted to RMB 5,911,000 and RMB 5,911,000 for the year ended December 31, 2021.

Revenues amounted to RMB 7,025,506 and RMB 7,025,506 for the year ended December 31, 2022 and 2021 respectively. Revenues from online games amounted to RMB 7,025,506 and RMB 7,025,506 for the year ended December 31, 2022 and 2021 respectively.

Our cost of revenues amounted to RMB 1,114,506 and RMB 1,114,506 for the year ended December 31, 2022 and 2021 respectively, which are mainly for the purpose of supporting our business development in the PRC.

Our gross profit amounted to RMB 5,911,000 and RMB 5,911,000 for the year ended December 31, 2022 and 2021 respectively.

Our operating expenses amounted to RMB 2,814,142 and RMB 2,810,202 for the year ended December 31, 2022 and 2021 respectively. Our selling and marketing expenses amounted to RMB 1,407,071 and RMB 1,405,101 for the year ended December 31, 2022 and 2021 respectively, which are mainly for the purpose of supporting our business development in the PRC. Our research and development expenses amounted to RMB 1,407,071 and RMB 1,405,101 for the year ended December 31, 2022 and 2021 respectively, which are mainly for the purpose of supporting our business development in the PRC.

Our income from operations amounted to RMB 3,096,858 and RMB 3,100,798 for the year ended December 31, 2022 and 2021 respectively.

Our other income, net, amounted to RMB 23,751 and RMB 4,950 for the year ended December 31, 2022 and 2021 respectively. Our other income, net, mainly includes our other income, bank fee & interest income, and as a percentage of total revenues, for the years ended December 31, 2021 and 2022 is as follows:

Cash and Cash Equivalents

As of December 31, 2022, our cash and cash equivalents amounted to RMB 1,000,000 and RMB 1,000,000 for the year ended December 31, 2021. We intend to use our cash and cash equivalents for our operations and for our business development in the PRC.

Cash Flows

The following table sets forth our cash flows for the years ended December 31, 2021 and 2022:

	For the Year Ended December 31,	
	2021	2022
	RMB	RMB
Net cash used in operating activities	(49,794)	(10,794)
Net cash used in investing activities	0	0
Net cash used in financing activities	(1,000,000)	(1,000,000)
Effect of exchange rate changes on cash and cash equivalents	1,000	(1,000)
Net decrease in cash and cash equivalents	(1,048,794)	(1,011,794)
Cash and cash equivalents, end of year	1,000,000	1,000,000

Operating activities

Our cash used in operating activities for the year ended December 31, 2022 was RMB 10,794, which is comprised of our net income of RMB 5,911,000 and RMB 1,000 of cash used in operating activities, and RMB 5,911,000 of cash used in operating activities for the year ended December 31, 2021.

Our cash used in investing activities for the year ended December 31, 2022 and 2021 was RMB 0, which was mainly used for purchase of property and equipment.

Our cash used in financing activities for the year ended December 31, 2022 and 2021 was RMB 1,000,000, which was mainly used for payment of dividends.

Impact of Inflation and Fluctuations about Market Risks

Currency risk

Our operating activities are denominated in RMB and Hong Kong Dollars ("HKD") which are the local currencies of our subsidiaries in the PRC and Hong Kong, respectively. Our functional currency is the RMB. We do not hedge our foreign currency transactions, transactions and translations and accordingly, we are exposed to foreign currency risk. We consider the foreign currency risk to be immaterial.

Credit risk

Our financial instruments that are exposed to concentrations of credit risk consist primarily of our cash and cash equivalents and other receivables. The maximum exposure of such assets to credit risk is the carrying amount of the financial instruments as of December 31, 2022.

We deposit our cash with reputable banks located in Hong Kong, or in Shenzhen, PRC, and we believe that the credit risk associated with our cash and cash equivalents is minimal. We monitor our other receivables on an ongoing basis and believe that our exposure to bad debts is not material. We do not hold any collateral or other credit enhancements to secure our receivables. We do not have any material financial assets that are past due or impaired as of December 31, 2022. We do not have any material financial assets that are past due but not impaired as of December 31, 2022. We do not have any material financial assets that are neither past due nor impaired as of December 31, 2022.

Liquidity risk

Our liquidity risk is the risk that we will encounter difficulty in meeting our financial obligations as they become due. We monitor our liquidity on a regular basis and believe that we have sufficient funds to meet our liquidity needs. We do not have any material financial liabilities that are past due as of December 31, 2022.

Interest rate risk

Our interest rate risk arises from our long-term debt and our financial assets and liabilities with variable interest rates. Our financial assets and liabilities with variable interest rates are exposed to cash flow interest rate risk. We do not have any material interest rate risk. We do not use derivatives to manage our interest rate risk.

As of December 31, 2022, the total amount of our financial assets and liabilities with variable interest rates was RMB 1,000,000 and RMB 1,000,000 respectively. Our financial assets and liabilities with variable interest rates are mainly our cash and cash equivalents and other receivables. We do not have any material interest rate risk.

Hong Kong Dollars denominated bank balances and cash equivalents are subject to fluctuation in the foreign currency exchange rate between Hong Kong Dollars and Renminbi. We do not hold or use any financial instruments to hedge our exposure to foreign currency risk. We do not have any material foreign currency risk.

Inflation

Inflation has not been a factor in our business operations. We do not expect that our business will be materially affected by inflation in the near future.

Off-Balance Sheet Commitments and Arrangements

We have no material off-balance sheet commitments or arrangements.

Off-Balance Sheet Commitments and Arrangements

We have no material off-balance sheet commitments or arrangements.

Contractual Obligations

The following table sets forth our contractual obligations as of December 31, 2022:

	Contractual obligations				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Repayment of bank loans	10,140	10,140	Nil	Nil	Nil
Operating lease	1,000,000	1,000,000	Nil	Nil	Nil
Total	1,010,140	1,010,140	Nil	Nil	Nil

Other than as shown above, as of the date of this prospectus, we have no material short-term and long-term commitments, long-term debt obligations, or guarantees to third parties.

As a recognized, we plan to meet our cash requirements for our operations, capital expenditures, and other commitments in the ordinary course of our business. We may need to raise additional funds in the event we encounter unforeseen circumstances, or if we plan to pursue or engage in any material acquisitions, joint venture or other strategic initiatives.

Trend Information

Other than as disclosed elsewhere in this prospectus, we are not aware of any trends, uncertainties, demands, commitments or events for the current fiscal year that are reasonably expected to have a material effect on our revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause our financial information to be not necessarily indicative of future operating results or financial condition.

Significant Accounting Policies and Critical Accounting Judgments and Estimates

Our consolidated financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board. Our critical accounting policies and estimates are those that we believe are most important to our financial condition and results of operations, and require our most difficult, subjective or complex judgments and estimates of uncertain matters. Our critical accounting policies and estimates include, but are not limited to, the following: revenue recognition, leases, income taxes, and the accounts receivable, net, from Day 1 of adoption of IFRS 9 and IFRS 15 and IFRS 16 respectively.

We have included in our consolidated financial statements for the adoption of these accounting policies. We believe that our critical accounting policies and estimates are reasonable and appropriate under the circumstances.

Critical Accounting Estimates

Revenue recognition and deferred revenue

We derive our revenues from online game services, which include the sale of virtual currency and virtual items, and other ancillary services. We sell virtual currency and virtual items, which are used to purchase virtual items and services, through our online game platforms. We recognize revenue when the following criteria are met: (1) the contract with the customer has been approved and the parties to the contract are committed to perform their respective obligations; (2) we can identify each party's rights regarding the goods or services to be transferred; (3) we can identify the payment terms for the goods or services to be transferred; (4) the customer has the ability and intent to pay for the goods or services in exchange for the consideration to which we are entitled in exchange for the goods or services that will be transferred to the customer; and (5) it is probable that we will collect the consideration to which we are entitled in exchange for the goods or services that will be transferred to the customer. We recognize revenue when we have satisfied our performance obligations by transferring the promised goods or services to our customers, and in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services.

Results of Operations

The following table sets forth a summary of our consolidated results of operations for the years ended December 31, 2021 and 2022, and the percentage of our revenues for each of the periods indicated. This information should be read together with our consolidated financial statements and related notes included in this prospectus. The results of operations for any prior period are not necessarily indicative of results to be expected in future periods.

	For the Year Ended December 31,				Variance	
	2021		2022			
	RMB	%	RMB	%	RMB	%
Revenues	7,025,506	100%	7,025,506	100%	0	0%
Revenues - online games	7,025,506	100%	7,025,506	100%	0	0%
Revenues - others	0	0%	0	0%	0	0%
Cost of revenues	1,114,506	16%	1,114,506	16%	0	0%
Gross profit	5,911,000	84%	5,911,000	84%	0	0%
Operating expenses:						
Selling and marketing expenses	(1,405,101)	(20%)	(1,407,071)	(0.4)	(1,970)	(0%)
Research and development expenses	(1,405,101)	(20%)	(1,407,071)	(0.4)	(1,970)	(0%)
Total operating expenses	(2,810,202)	(40%)	(2,814,142)	(0.8)	(3,940)	(0%)
Income from operations	3,100,798	44%	3,096,858	0.9	(3,940)	(0%)
Other income, net						
Government grants	2,475	0.1%	10,966	0.5%	8,491	343%
Administrative support	1,000	0.0%	12,000	0.5%	11,000	1100%
Interest income	290	0.0%	9,60	0.1%	(281)	(97%)
Bank fee & interest income	1,185	0.0%	1,185	0.0%	0	0%
Other income, net	4,950	0.1%	23,751	0.6%	18,801	380%
As a percentage of total revenues	0.1%		0.6%			
Income Before Income Tax expenses	3,105,748	44%	3,117,610	0.9	11,861	0.4%
Income Taxes expenses	1,114,506	16%	1,114,506	16%	0	0%
Net income	5,911,000	84%	5,911,000	84%	0	0%

Net income/(loss) for the Year Ended December 31, 2022

Net income for the year ended December 31, 2022 amounted to RMB 5,911,000 and RMB 5,911,000 for the year ended December 31, 2021.

Revenues amounted to RMB 7,025,506 and RMB 7,025,506 for the year ended December 31, 2022 and 2021 respectively. Revenues from online games amounted to RMB 7,025,506 and RMB 7,025,506 for the year ended December 31, 2022 and 2021 respectively.

Our cost of revenues amounted to RMB 1,114,506 and RMB 1,114,506 for the year ended December 31, 2022 and 2021 respectively, which are mainly for the purpose of supporting our business development in the PRC.

Our gross profit amounted to RMB 5,911,000 and RMB 5,911,000 for the year ended December 31, 2022 and 2021 respectively.

Our operating expenses amounted to RMB 2,814,142 and RMB 2,810,202 for the year ended December 31, 2022 and 2021 respectively. Our selling and marketing expenses amounted to RMB 1,407,071 and RMB 1,405,101 for the year ended December 31, 2022 and 2021 respectively, which are mainly for the purpose of supporting our business development in the PRC. Our research and development expenses amounted to RMB 1,407,071 and RMB 1,405,101 for the year ended December 31, 2022 and 2021 respectively, which are mainly for the purpose of supporting our business development in the PRC.

Our income from operations amounted to RMB 3,096,858 and RMB 3,100,798 for the year ended December 31, 2022 and 2021 respectively.

Our other income, net, amounted to RMB 23,751 and RMB 4,950 for the year ended December 31, 2022 and 2021 respectively. Our other income, net, mainly includes our other income, bank fee & interest income, and as a percentage of total revenues, for the years ended December 31, 2021 and 2022 is as follows:

Cash and Cash Equivalents

As of December 31, 2022, our cash and cash equivalents amounted to RMB 1,000,000 and RMB 1,000,000 for the year ended December 31, 2021. We intend to use our cash and cash equivalents for our operations and for our business development in the PRC.

Cash Flows

The following table sets forth our cash flows for the years ended December 31, 2021 and 2022:

	For the Year Ended December 31,	
	2021	2022
	RMB	RMB
Net cash used in operating activities	(49,794)	(10,794)
Net cash used in investing activities	0	0
Net cash used in financing activities	(1,000,000)	(1,000,000)
Effect of exchange rate changes on cash and cash equivalents	1,000	(1,000)
Net decrease in cash and cash equivalents	(1,048,794)	(1,011,794)
Cash and cash equivalents, end of year	1,000,000	1,000,000

Operating activities

Our cash used in operating activities for the year ended December 31, 2022 was RMB 10,794, which is comprised of our net income of RMB 5,911,000 and RMB 1,000 of cash used in operating activities, and RMB 5,911,000 of cash used in operating activities for the year ended December 31, 2021.

Our cash used in investing activities for the year ended December 31, 2022 and 2021 was RMB 0, which was mainly used for purchase of property and equipment.

Our cash used in financing activities for the year ended December 31, 2022 and 2021 was RMB 1,000,000, which was mainly used for payment of dividends.

Impact of Inflation and Fluctuations about Market Risks

Currency risk

Our operating activities are denominated in RMB and Hong Kong Dollars ("HKD") which are the local currencies of our subsidiaries in the PRC and Hong Kong, respectively. Our functional currency is the RMB. We do not hedge our foreign currency transactions, transactions and translations and accordingly, we are exposed to foreign currency risk. We consider the foreign currency risk to be immaterial.

Credit risk

Our financial instruments that are exposed to concentrations of credit risk consist primarily of our cash and cash equivalents and other receivables. The maximum exposure of such assets to credit risk is the carrying amount of the financial instruments as of December 31, 2022.

We deposit our cash with reputable banks located in Hong Kong, or in Shenzhen, PRC, and we believe that the credit risk associated with our cash and cash equivalents is minimal. We monitor our other receivables on an ongoing basis and believe that our exposure to bad debts is not material. We do not hold any collateral or other credit enhancements to secure our receivables. We do not have any material financial assets that are past due or impaired as of December 31, 2022. We do not have any material financial assets that are past due but not impaired as of December 31, 2022. We do not have any material financial assets that are neither past due nor impaired as of December 31, 2022.

Liquidity risk

Our liquidity risk is the risk that we will encounter difficulty in meeting our financial obligations as they become due. We monitor our liquidity on a regular basis and believe that we have sufficient funds to meet our liquidity needs. We do not have any material financial liabilities that are past due as of December 31, 2022.

Interest rate risk

Our interest rate risk arises from our long-term debt and our financial assets and liabilities with variable interest rates. Our financial assets and liabilities with variable interest rates are exposed to cash flow interest rate risk. We do not have any material interest rate risk. We do not use derivatives to manage our interest rate risk.

As of December 31, 2022, the total amount of our financial assets and liabilities with variable interest rates was RMB 1,000,000 and RMB 1,000,000 respectively. Our financial assets and liabilities with variable interest rates are mainly our cash and cash equivalents and other receivables. We do not have any material interest rate risk.

Hong Kong Dollars denominated bank balances and cash equivalents are subject to fluctuation in the foreign currency exchange rate between Hong Kong Dollars and Renminbi. We do not hold or use any financial instruments to hedge our exposure to foreign currency risk. We do not have any material foreign currency risk.

Inflation

Inflation has not been a factor in our business operations. We do not expect that our business will be materially affected by inflation in the near future.

Off-Balance Sheet Commitments and Arrangements

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Contractual Obligations

The following table sets forth our contractual obligations as of December 31, 2022:

	Contractual obligations				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Repayment of bank loans	10,140	10,140	Nil	Nil	Nil
Operating lease	1,000,000	1,000,000	Nil	Nil	Nil
Total	1,010,140	1,010,140	Nil	Nil	Nil

Other than as shown above, as of the date of this prospectus, we have no material short-term and long-term commitments, long-term debt obligations, or guarantees to third parties.

As a recognized, we plan to meet our cash requirements for our operations, capital expenditures, and other commitments in the ordinary course of our business. We may need to raise additional funds in the event we encounter unforeseen circumstances, or if we plan to pursue or engage in any material acquisitions, joint venture or other strategic initiatives.

Trend Information

Other than as disclosed elsewhere in this prospectus, we are not aware of any trends, uncertainties, demands, commitments or events for the current fiscal year that are reasonably expected to have a material effect on our revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause our financial information to be not necessarily indicative of future operating results or financial condition.

Significant Accounting Policies and Critical Accounting Judgments and Estimates

Our consolidated financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board. Our critical accounting policies and estimates are those that we believe are most important to our financial condition and results of operations, and require our most difficult, subjective or complex judgments and estimates of uncertain matters. Our critical accounting policies and estimates include, but are not limited to, the following: revenue recognition, leases, income taxes, and the accounts receivable, net, from Day 1 of adoption of IFRS 9 and IFRS 15 and IFRS 16 respectively.

We have included in our consolidated financial statements for the adoption of these accounting policies. We believe that our critical accounting policies and estimates are reasonable and appropriate under the circumstances.

Critical Accounting Estimates

Revenue recognition and deferred revenue

We derive our revenues from online game services, which include the sale of virtual currency and virtual items, and other ancillary services. We sell virtual currency and virtual items, which are used to purchase virtual items and services, through our online game platforms. We recognize revenue when the following criteria are met: (1) the contract with the customer has been approved and the parties to the contract are committed to perform their respective obligations; (2) we can identify each party's rights regarding the goods or services to be transferred; (3) we can identify the payment terms for the goods or services to be transferred; (4) the customer has the ability and intent to pay for the goods or services in exchange for the consideration to which we are entitled in exchange for the goods or services that will be transferred to the customer; and (5) it is probable that we will collect the consideration to which we are entitled in exchange for the goods or services that will be transferred to the customer. We recognize revenue when we have satisfied our performance obligations by transferring the promised goods or services to our customers, and in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services.

Results of Operations

The following table sets forth a summary of our consolidated results of operations for the years ended December 31, 2021 and 2022, and the percentage of our revenues for each of the periods indicated. This information should be read together with our consolidated financial statements and related notes included in this prospectus. The results of operations for any prior period are not necessarily indicative of results to be expected in future periods.

	For the Year Ended December 31,				Variance	
	2021		2022			
	RMB	%	RMB	%	RMB	%
Revenues	7,025,506	100%	7,025,506	100%	0	0%
Revenues - online games	7,025,506	100%	7,025,506	100%	0	0%
Revenues - others	0	0%	0	0%	0	0%
Cost of revenues	1,114,506	16%	1,114,506	16%	0	0%
Gross profit	5,911,000	84%	5,911,000	84%	0	0%
Operating expenses:						
Selling and marketing expenses	(1,405,101)	(20%)	(1,407,071)	(0.4)	(1,970)	(0%)
Research and development expenses	(1,405,101)	(20%)	(1,407,071)	(0.4)	(1,970)	(0%)
Total operating expenses	(2,810,202)	(40%)	(2,814,142)	(0.8)	(3,940)	(0%)
Income from operations	3,100,798	44%	3,096,858	0.9	(3,940)	(0%)
Other income, net						
Government grants	2,475	0.1%	10,966	0.5%	8,491	343%
Administrative support	1,000	0.0%	12,000	0.5%	11,000	1100%
Interest income	290	0.0%	9,60	0.1%	(281)	(97%)
Bank fee & interest income	1,185	0.0%	1,185	0.0%	0	0%
Other income, net	4,950	0.1%	23,751	0.6%	18,801	380%
As a percentage of total revenues	0.1%		0.6%			
Income Before Income Tax expenses	3,105,748	44%	3,117,610	0.9	11,861	0.4%
Income Taxes expenses	1,114,506	16%	1,114,506	16%	0	0%
Net income	5,911,000	84%	5,911,000	84%	0	0%

Net income/(loss) for the Year Ended December 31, 2022

Net income for the year ended December 31, 2022 amounted to RMB 5,911,000 and RMB 5,911,000 for the year ended December 31, 2021.

Revenues amounted to RMB 7,025,506 and RMB 7,025,506 for the year ended December 31, 2022 and 2021 respectively. Revenues from online games amounted to RMB 7,025,506 and RMB 7,025,506 for the year ended December 31, 2022 and 2021 respectively.

Our cost of revenues amounted to RMB 1,114,506 and RMB 1,114,506 for the year ended December 31, 2022 and 2021 respectively, which are mainly for the purpose of supporting our business development in the PRC.

Our gross profit amounted to RMB 5,911,000 and RMB 5,911,000 for the year ended December 31, 2022 and 2021 respectively.

Our operating expenses amounted to RMB 2,814,142 and RMB 2,810,202 for the year ended December 31, 2022 and 2021 respectively. Our selling and marketing expenses amounted to RMB 1,407,071 and RMB 1,405,101 for the year ended December 31, 2022 and 2021 respectively, which are mainly for the purpose of supporting our business development in the PRC. Our research and development expenses amounted to RMB 1,407,071 and RMB 1,405,101 for the year ended December 31, 2022 and 2021 respectively, which are mainly for the purpose of supporting our business development in the PRC.

Our income from operations amounted to RMB 3,096,858 and RMB 3,100,798 for the year ended December 31, 2022 and 2021 respectively.

Our other income, net, amounted to RMB 23,751 and RMB 4,950 for the year ended December 31, 2022 and 2021 respectively. Our other income, net, mainly includes our other income, bank fee & interest income, and as a percentage of total revenues, for the years ended December 31, 2021 and 2022 is as follows:

Cash and Cash Equivalents

As of December 31, 2022, our cash and cash equivalents amounted to RMB 1,000,000 and RMB 1,000,000 for the year ended December 31, 2021. We intend to use our cash and cash equivalents for our operations and for our business development in the PRC.

Cash Flows

The following table sets forth our cash flows for the years ended December 31, 2021 and 2022:

	For the Year Ended December 31,	
	2021	2022
	RMB	RMB
Net cash used in operating activities	(49,794)	(10,794)
Net cash used in investing activities	0	0
Net cash used in financing activities	(1,000,000)	(1,000,000)
Effect of exchange rate changes on cash and cash equivalents	1,000	(1,000)
Net decrease in cash and cash equivalents	(1,048,794)	(1,011,794)
Cash and cash equivalents, end of year	1,000,000	1,000,000

Operating activities

Our cash used in operating activities for the year ended December 31, 2022 was RMB 10,794, which is comprised of our net income of RMB 5,911,000 and RMB 1,000 of cash used in operating activities, and RMB 5,911,000 of cash used in operating activities for the year ended December 31, 2021.

Our cash used in investing activities for the year ended December 31, 2022 and 2021 was RMB 0, which was mainly used for purchase of property and equipment.

Our cash used in financing activities for the year ended December 31, 2022 and 2021 was RMB 1,000,000, which was mainly used for payment of dividends.

Impact of Inflation and Fluctuations about Market Risks

Currency risk

Our operating activities are denominated in RMB and Hong Kong Dollars ("HKD") which are the local currencies of our subsidiaries in the PRC and Hong Kong, respectively. Our functional currency is the RMB. We do not hedge our foreign currency transactions, transactions and translations and accordingly, we are exposed to foreign currency risk. We consider the foreign currency risk to be immaterial.

Credit risk

Our financial instruments that are exposed to concentrations of credit risk consist primarily of our cash and cash equivalents and other receivables. The maximum exposure of such assets to credit risk is the carrying amount of the financial instruments as of December 31, 2022.

We deposit our cash with reputable banks located in Hong Kong, or in Shenzhen, PRC, and we believe that the credit risk associated with our cash and cash equivalents is minimal. We monitor our other receivables on an ongoing basis and believe that our exposure to bad debts is not material. We do not hold any collateral or other credit enhancements to secure our receivables. We do not have any material financial assets that are past due or impaired as of December 31, 2022. We do not have any material financial assets that are past due but not impaired as of December 31, 2022. We do not have any material financial assets that are neither past due nor impaired as of December 31, 2022.

Liquidity risk

Our liquidity risk is the risk that we will encounter difficulty in meeting our financial obligations as they become due. We monitor our liquidity on a regular basis and believe that we have sufficient funds to meet our liquidity needs. We do not have any material financial liabilities that are past due as of December 31, 2022.

Interest rate risk

Our interest rate risk arises from our long-term debt and our financial assets and liabilities with variable interest rates. Our financial assets and liabilities with variable interest rates are exposed to cash flow interest rate risk. We do not have any material interest rate risk. We do not use derivatives to manage our interest rate risk.

As of December 31, 2022, the total amount of our financial assets and liabilities with variable interest rates was RMB 1,000,000 and RMB 1,000,000 respectively. Our financial assets and liabilities with variable interest rates are mainly our cash and cash equivalents and other receivables. We do not have any material interest rate risk.

Hong Kong Dollars denominated bank balances and cash equivalents are subject to fluctuation in the foreign currency exchange rate between Hong Kong Dollars and Renminbi. We do not hold or use any financial instruments to hedge our exposure to foreign currency risk. We do not have any material foreign currency risk.

Inflation

Inflation has not been a factor in our business operations. We do not expect that our business will be materially affected by inflation in the near future.

Off-Balance Sheet Commitments and Arrangements

We have no material off-balance sheet commitments or arrangements.

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Contractual Obligations

The following table sets forth our contractual obligations as of December 31, 2022:

	Contractual obligations				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Repayment of bank loans	10,140	10,140	Nil	Nil	Nil
Operating lease	1,000,000	1,000,000	Nil	Nil	Nil
Total	1,010,140	1,010,140	Nil	Nil	Nil

Other than as shown above, as of the date of this prospectus, we have no material short-term and long-term commitments, long-term debt obligations, or guarantees to third parties.

As a recognized, we plan to meet our cash requirements for our operations, capital expenditures, and other commitments in the ordinary course of our business. We may need to raise additional funds in the event we encounter unforeseen circumstances, or if we plan to pursue or engage in any material acquisitions, joint venture or other strategic initiatives.

Trend Information

Other than as disclosed elsewhere in this prospectus, we are not aware of any trends, uncertainties, demands, commitments or events for the current fiscal year that are reasonably expected to have a material effect on our revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause our financial information to be not necessarily indicative of future operating results or financial condition.

Significant Accounting Policies and Critical Accounting Judgments and Estimates

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Government Funding Reports

Government Funding Reports of the Innovation and Technology Bureau of the HKSAR Government and approved by the Hong Kong Productivity Council (HKPC) and Hong Kong Science and Technology Parks Corporation (HKSTP) for information technology (IT-related) research and development projects, including the Company's projects, in the past three years.

Research and Development Expenditure

Research and development expenditure of the Company in the past three years as reported in the Company's Hong Kong Accounts of the Company Financial Statements Research Costs in Hong Kong. These expenditure amounts do not include the Company's research and development expenditure in Mainland China and other countries.

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Competitive Landscape

The HKSAR Government is supporting and heavily commit and development of IT in Social productivity improvement, economic development and competitiveness enhancement. The Government has set up various funding schemes to encourage and support the development of IT-related research and development projects, including the Company's projects, in the past three years. The Company has received funding from the Government for its research and development projects in the past three years. The Company's Hong Kong Accounts of the Company Financial Statements Research Costs in Hong Kong.

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Competitive Landscape

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Challenges and Opportunities

Hong Kong Economic and Trade

Hong Kong Economic and Trade Office (HKETO) is the official representative of the HKSAR Government in promoting Hong Kong's economic interests in the United States. HKETO's mission is to promote Hong Kong's economic development and to promote

Yiqing Yin, Yiqing Yinhang is Yiqing Jituan, the Yiqing Yinhang Shareholder Meeting, the ICBC Shareholder Meeting, the ICBC Board of Directors, the ICBC Supervisory Board, the ICBC Shareholders, the ICBC Board, the ICBC Supervisory Board, the ICBC Shareholders, the ICBC Board of Directors

prospectus-delivery requirements of the Securities Act.

Lock-up Agreements

We, on behalf of ourselves and any successor entity, and each of our officers, directors and certain shareholders have agreed, subject to certain exceptions, not to, directly or indirectly, offer, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of, lend or otherwise dispose of, or enter into any swap or other transaction that is designed to, or could be expected to, result in the disposition of any of our Ordinary Shares or other securities convertible into or exchangeable or exercisable for our Ordinary Shares or derivatives of our Ordinary Shares (whether any such swap or transaction is to be settled by delivery of securities, in cash, or otherwise), owned by these persons prior to this offering or acquired in this offering or Ordinary Shares issuable upon exercise of options or warrants held by these persons until after one hundred of eighty (180) days after the closing of this offering.

The representative has no present intention to waive or shorten the lock-up period; however, the terms of the lock-up agreement may be waived at its discretion. In determining whether to waive the terms of the lock-up agreements, the representative may base its decision on its assessment of the relative strengths of the securities markets and companies similar to the Company in general, and the trading pattern of, and demand for, the Company's securities in general.

TAXATION

The following discussion of material Cayman Islands, Hong Kong, BVI and United States federal income tax consequences of an investment in our Ordinary Shares is based upon laws and relevant interpretations thereof in effect as of the date of this prospectus, all of which are subject to change. This discussion does not deal with all possible tax consequences relating to an investment in our Ordinary Shares, such as the tax consequences under state, local and other tax laws. To the extent that the discussion relates to matters of Cayman Islands tax law, it represents the opinion of Travers Thorp Alberga, our Cayman Islands counsel. To the extent that the discussion relates to matters of Hong Kong tax law, it represents the opinion of Stevenson, Wong & Co, our Hong Kong counsel.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or, after execution, brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of our Ordinary Shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of our Ordinary Shares, nor will gains derived from the disposal of our Ordinary Shares be subject to Cayman Islands income or corporation tax.

Hong Kong Taxation

The following summary of certain relevant taxation provisions under the laws of Hong Kong is based on current law and practice and is subject to changes therein. This summary does not purport to address all possible tax consequences relating to purchasing, holding or selling our Ordinary Shares, and does not take into account the specific circumstances of any particular investors, some of whom may be subject to special rules. Accordingly, holders or prospective purchasers (particularly those subject to special tax rules, such as banks, dealers, insurance companies and tax-exempt entities) should consult their own tax advisers regarding the tax consequences of purchasing, holding or selling our Ordinary Shares. As advised by Stevenson, Wong & Co., our counsel with respect to Hong Kong law, under the current laws of Hong Kong:

- No profit tax is imposed in Hong Kong in respect of capital gains from the sale of the Ordinary Shares.
- Revenues gains from the sale of our Ordinary Shares by persons carrying on a trade, profession or business in Hong Kong where the gains are derived from or arise in Hong Kong from the trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the rate of 16.5% on corporations and at a maximum rate of 15% on individuals and unincorporated businesses. A two-tiered profits tax rates regime applies: 8.25% for corporations and 7.5% for unincorporated businesses and individuals on the first HK$2 million of assessable profits, and 16.5% for corporations and 15% for unincorporated businesses and individuals on the remainder of assessable profits.
- Gains arising from the sale of Ordinary Shares, where the purchases and sales of the Ordinary Shares are effected outside of Hong Kong, such as in the Cayman Islands, are not subject to Hong Kong profits tax.

According to the current tax practice of the Hong Kong Inland Revenue Department, dividends paid on the Ordinary Shares are not subject to any Hong Kong tax.

No Hong Kong stamp duty is payable on the purchase and sale of the Ordinary Shares.

BVI Taxation

The BVI currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the BVI except for stamp duties which may be applicable on instruments executed in, or, after execution, brought within the jurisdiction of the BVI. The BVI is not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the BVI.

Payments of dividends and capital in respect of our Ordinary Shares will not be subject to taxation in the BVI and no withholding will be required on the payment of a dividend or capital to any holder of our Ordinary Shares, nor will gains derived from the disposal of our Ordinary Shares be subject to BVI income or corporation tax.

United States Federal Income Tax Considerations

The following is a discussion of United States federal income tax considerations relating to the acquisition, ownership, and disposition of our Ordinary Shares by a U.S. Holder, as defined below, that acquires our Ordinary Shares in this offering and holds our Ordinary Shares as "capital assets" (generally, property held for investment) under the United States Internal Revenue Code of 1986, as amended (the "Code"). This discussion is based upon existing United States federal income tax law, which is subject to differing interpretations or change, possibly with retroactive effect. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to any United States federal income tax consequences described below, and there can be no assurance that the IRS or a court will not take a contrary position. This discussion does not address all aspects of United States federal income taxation that may be important to particular investors in light of their individual circumstances, including investors subject to special tax rules (such as, for example, certain financial institutions, insurance companies, regulated investment companies, real estate investment trusts, broker-dealers, traders in securities that elect mark-to-market treatment, partnerships and their partners, tax-exempt organizations (including private foundations)), investors who are not U.S. Holders, investors that own (directly, indirectly, or constructively) 10% or more of our voting stock, investors that hold their Ordinary Shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction), or investors that have a functional currency other than the U.S. dollar, all of whom may be subject to tax rules that differ significantly from those summarized below. In addition, this discussion does not address any tax laws other than the United States federal income tax laws, including any state, local, alternative minimum tax or non-United States tax considerations, or the Medicare tax. Each potential investor is urged to consult its tax advisor regarding the United States federal, state, local and non-United States income and other tax considerations of an investment in our Ordinary Shares.

General

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of our Ordinary Shares that is, for United States federal income tax purposes, (i) an individual who is a citizen or treated as a tax resident of the United States, (ii) a corporation (or other entity treated as a corporation for United States federal income tax purposes) created in, or organized under the laws of, the United States or any state thereof or the District of Columbia, (iii) an estate the income of which is includible in gross income for United States federal income tax purposes regardless of its source, or (iv) a trust (A) the administration of which is subject to the primary supervision of a United States court and which has one or more United States persons who have the authority to control all substantial decisions of the trust or (B) that has otherwise elected to be treated as a United States person under the Code.

If a partnership (or other entity treated as a partnership for United States federal income tax purposes) is a beneficial owner of our Ordinary Shares, the tax treatment of a partner in the partnership will depend upon the status of the partner and the activities of the partnership. Partnerships and partners of a partnership holding our Ordinary Shares are urged to consult their tax advisors regarding an investment in our Ordinary Shares.

The discussion set forth below is addressed only to U.S. Holders that purchase Ordinary Shares in this offering. Prospective purchasers are urged to consult their own tax advisors about the application of the U.S. federal income tax rules to their particular circumstances as well as the state, local, foreign and other tax consequences to them of the purchase, ownership and disposition of our Ordinary Shares.

Taxation of Dividends and Other Distributions on our Ordinary Shares

Subject to the passive foreign investment company rules discussed below, the gross amount of distributions made by us to you with respect to the Ordinary Shares (including the amount of any taxes withheld therefrom) will generally be includable in your gross income as dividend income on the date of receipt by you, but only to the extent that the distribution is paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). With respect to corporate U.S. Holders, the dividends will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other U.S. corporations.

With respect to non-corporate U.S. Holders, including individual U.S. Holders, dividends will be taxed at the lower capital gains rate applicable to qualified dividend income, provided that (1) the Ordinary Shares are readily tradable on an established securities market in the United States, or we are eligible for the benefits of an approved qualifying

income tax treaty with the United States that includes an exchange of information program, (2) we are not a passive foreign investment company (as discussed below) for either our taxable year in which the dividend is paid or the preceding taxable year, and (3) certain holding period requirements are met. Because there is no income tax treaty between the United States and the Cayman Islands, clause (1) above can be satisfied only if the Ordinary Shares are readily tradable on an established securities market in the United States. Under U.S. Internal Revenue Service authority, Ordinary Shares are considered for purpose of clause (1) above to be readily tradable on an established securities market in the United States if they are listed on NASDAQ. You are urged to consult your tax advisors regarding the availability of the lower rate for dividends paid with respect to our Ordinary Shares, including the effects of any change in law after the date of this prospectus.

To the extent that the amount of the distribution exceeds our current and accumulated earnings and profits (as determined under U.S. federal income tax principles), it will be treated first as a tax-free return of your tax basis in your Ordinary Shares, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain. We do not intend to calculate our earnings and profits under U.S. federal income tax principles. Therefore, a U.S. Holder should expect that a distribution will be treated as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above.

Taxation of Dispositions of Ordinary Shares

Subject to the passive foreign investment company rules discussed below, you will recognize taxable gain or loss on any sale, exchange or other taxable disposition of a share equal to the difference between the amount realized (in U.S. dollars) for the share and your tax basis (in U.S. dollars) in the Ordinary Shares. The gain or loss will be capital gain or loss. If you are a non-corporate U.S. Holder, including an individual U.S. Holder, who has held the Ordinary Shares for more than one year, you may be eligible for reduced tax rates on any such capital gains. The deductibility of capital losses is subject to limitations.

Passive Foreign Investment Company ("PFIC")

A non-U.S. corporation is considered a PFIC for any taxable year if either:

- at least 75% of its gross income for such taxable year is passive income; or
- at least 50% of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income (the "asset test").

Passive income generally includes dividends, interest, rents and royalties (other than rents or royalties derived from the active conduct of a trade or business) and gains from the disposition of passive assets. We will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, at least 25% (by value) of the stock. In determining the value and composition of our assets for purposes of the PFIC asset test, (1) the cash we raise in this offering will generally be considered to be held for the production of passive income and (2) the value of our assets must be determined based on the market value of our Ordinary Shares from time to time, which could cause the value of our non-passive assets to be less than 50% of the value of all of our assets (including the cash raised in this offering) on any particular quarterly testing date for purposes of the asset test.

We must make a separate determination each year as to whether we are a PFIC. Depending on the amount of cash we raise in this offering, together with any other assets held for the production of passive income, it is possible that, for our current taxable year or for any subsequent taxable year, at least 50% of our assets may be assets held for the production of passive income. We will make this determination following the end of any particular tax year. Although the law in this regard is unclear, we treat our consolidated affiliated entities, as being owned by us for United States federal income tax purposes, not only because we exercise effective control over the operation of such entities but also because we are entitled to substantially all of their economic benefits, and, as a result, we consolidate their operating results in our consolidated financial statements. In particular, because the value of our assets for purposes of the asset test will generally be determined based on the market price of our Ordinary Shares and because cash is generally considered to be an asset held for the production of passive income, our PFIC status will depend in large part on the market price of our Ordinary Shares and the amount of cash we raise in this offering. Accordingly, fluctuations in the market price of the Ordinary Shares may cause us to become a PFIC. In addition, the application of the PFIC rules is

subject to uncertainty in several respects and the composition of our income and assets will be affected by how, and how quickly, we spend the cash we raise in this offering. We are under no obligation to take steps to reduce the risk of our being classified as a PFIC, and as stated above, the determination of the value of our assets will depend upon material facts (including the market price of our Ordinary Shares from time to time and the amount of cash we raise in this offering) that may not be within our control. If we are a PFIC for any year during which you hold Ordinary Shares, the shares will continue to be treated as stock in a PFIC for all succeeding years during which you hold Ordinary Shares. However, if we cease to be a PFIC and you did not previously make a timely "mark-to-market" election as described below, you may avoid some of the adverse effects of the PFIC regime by making a "purging election" (as described below) with respect to the Ordinary Shares.

If we are a PFIC for your taxable year(s) during which you hold Ordinary Shares, you will be subject to special tax rules with respect to any "excess distribution" that you receive and any gain you realize from a sale or other disposition (including a pledge) of the Ordinary Shares, unless you make a "mark-to-market" election as discussed below. Distributions you receive in a taxable year that are greater than 125% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the Ordinary Shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the Ordinary Shares;
- the amount allocated to your current taxable year, and any amount allocated to any of your taxable year(s) prior to the first taxable year in which we were a PFIC, will be treated as ordinary income, and
- the amount allocated to each of your other taxable year(s) will be subject to the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to years prior to the year of disposition or "excess distribution" cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of the Ordinary Shares cannot be treated as capital, even if you hold the Ordinary Shares as capital assets.

A U.S. Holder of "marketable stock" (as defined below) in a PFIC may make a mark-to-market election for such stock to elect out of the tax treatment discussed above. If you make a mark-to-market election for first taxable year which you hold (or are deemed to hold) Ordinary Shares and for which we are determined to be a PFIC, you will include in your income each year an amount equal to the excess, if any, of the fair market value of the Ordinary Shares as of the close of such taxable year over your adjusted basis in such Ordinary Shares, which excess will be treated as ordinary income and not capital gain. You are allowed an ordinary loss for the excess, if any, of the adjusted basis of the Ordinary Shares over their fair market value as of the close of the taxable year. However, such ordinary loss is allowable only to the extent of any net mark-to-market gains on the Ordinary Shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the Ordinary Shares, are treated as ordinary income. Ordinary loss treatment also applies to any loss realized on the actual sale or disposition of the Ordinary Shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such Ordinary Shares. Your basis in the Ordinary Shares will be adjusted to reflect any such income or loss amounts. If you make a valid mark-to-market election, the tax rules that apply to distributions by corporations which are not PFICs would apply to distributions by us, except that the lower applicable capital gains rate for qualified dividend income discussed above under "— Taxation of Dividends and Other Distributions on our Ordinary Shares" generally would not apply.

The mark-to-market election is available only for "marketable stock", which is stock that is traded in other than *de minimis* quantities on at least 15 days during each calendar quarter ("regularly traded") on a qualified exchange or other market (as defined in applicable U.S. Treasury regulations), including Nasdaq. If the Ordinary Shares are regularly traded on NASDAQ and if you are a holder of Ordinary Shares, the mark-to-market election would be available to you were we to be or become a PFIC.

Alternatively, a U.S. Holder of stock in a PFIC may make a "qualified electing fund" election with respect to such PFIC to elect out of the tax treatment discussed above. A U.S. Holder who makes a valid qualified electing fund election with respect to a PFIC will generally include in gross income for a taxable year such holder's pro rata share of the corporation's earnings and profits for the taxable year. However, the qualified electing fund election is available only if such PFIC provides such U.S. Holder with certain information regarding its earnings and profits as required

under applicable U.S. Treasury regulations. We do not currently intend to prepare or provide the information that would enable you to make a qualified electing fund election. If you hold Ordinary Shares in any taxable year in which we are a PFIC, you will be required to file U.S. Internal Revenue Service Form 8621 in each such year and provide certain annual information regarding such Ordinary Shares, including regarding distributions received on the Ordinary Shares and any gain realized on the disposition of the Ordinary Shares.

If you do not make a timely "mark-to-market" election (as described above), and if we were a PFIC at any time during the period you hold our Ordinary Shares, then such Ordinary Shares will continue to be treated as stock of a PFIC with respect to you even if we cease to be a PFIC in a future year, unless you make a "purging election" for the year we cease to be a PFIC. A "purging election" creates a deemed sale of such Ordinary Shares at their fair market value on the last day of the last year in which we are treated as a PFIC. The gain recognized by the purging election will be subject to the special tax and interest charge rules treating the gain as an excess distribution, as described above. As a result of the purging election, you will have a new basis (equal to the fair market value of the Ordinary Shares on the last day of the last year in which we are treated as a PFIC) and holding period (which new holding period will begin the day after such last day) in your Ordinary Shares for tax purposes.

You are urged to consult your tax advisors regarding the application of the PFIC rules to your investment in our Ordinary Shares and the elections discussed above.

Information Reporting and Backup Withholding

Dividend payments with respect to our Ordinary Shares and proceeds from the sale, exchange or redemption of our Ordinary Shares may be subject to information reporting to the U.S. Internal Revenue Service and possible U.S. backup withholding. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification on U.S. Internal Revenue Service Form W-9 or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status generally must provide such certification on U.S. Internal Revenue Service Form W-9. U.S. Holders are urged to consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your U.S. federal income tax liability, and you may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the U.S. Internal Revenue Service and furnishing any required information. We do not intend to withhold taxes for individual shareholders. However, transactions effected through certain brokers or other intermediaries may be subject to withholding taxes (including backup withholding), and such brokers or intermediaries may be required by law to withhold such taxes.

Under the Hiring Incentives to Restore Employment Act of 2010, certain U.S. Holders are required to report information relating to our Ordinary Shares, subject to certain exceptions (including an exception for Ordinary Shares held in accounts maintained by certain financial institutions), by attaching a complete Internal Revenue Service Form 8938, Statement of Specified Foreign Financial Assets, with their tax return for each year in which they hold Ordinary Shares. Failure to report the information could result in substantial penalties. You should consult your own tax advisor regarding your obligation to file Form 8938.

UNDERWRITING

In connection with this offering, we have entered into an underwriting agreement with D. Boral Capital, acting as representative (the "Representative") of the underwriters named below. The Representative may retain other brokers or dealers to act as sub-agents or selected dealers on its behalf in connection with this offering and may pay any sub-agent a solicitation fee with respect to any securities placed by it. Subject to the terms and conditions of the underwriting agreement, we have agreed to issue and sell to the underwriters, and each of the underwriters, severally and not jointly, has agreed to purchase from us, on a firm commitment basis, the respective number of Ordinary Shares set forth opposite its name below, at the public offering price, less the underwriting discount set forth on the cover page of this prospectus:

Name	Number of shares
D. Boral Capital	3,750,000
Total	

The underwriters are offering the Ordinary Shares subject to their acceptance of the Ordinary Shares from us and subject to prior sale. The underwriting agreement provides that the obligations of the underwriters to pay for and accept delivery of the Ordinary Shares offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions, such as absence of any material adverse change in our business or in the financial markets and receipt by the underwriters of certain officers' certificates and legal opinions and comfort letters from us, our counsels and the independent auditors. The underwriters are obligated to take and pay for all of the Ordinary Shares offered by this prospectus if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters' option to purchase additional shares described below.

The Underwriter has advised us that it proposes to offer the Ordinary Shares to the public at the public offering price set forth on the cover page of this prospectus and to certain dealers at that price less a concession. The Underwriter may allow, and certain dealers may reallow, a discount from the concession to certain brokers and dealers. After this offering, the public offering price, concession and reallowance to dealers may be reduced by the Representative. No such reduction shall change the amount of proceeds to be received by us as set forth on the cover page of this prospectus. The securities are offered by the underwriters as stated herein, subject to receipt and acceptance by them and subject to their right to reject any order in whole or in part. The underwriters have informed us that they do not intend to confirm sales to any accounts over which they exercise discretionary authority.

Over-Allotment Option

We have granted to the underwriters an option, exercisable for up to 45 days after the closing of this offering, to purchase up to 562,500 additional Ordinary Shares equal to fifteen percent (15%) of the total number of Ordinary Shares sold by us in this offering at the initial public offering price listed on the cover page of this prospectus, less underwriting discounts. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with this offering. To the extent the option is exercised, the underwriters will become obligated, subject to certain conditions, to purchase about the same percentage of the additional Ordinary Shares as the number listed next to the underwriters' name in the preceding table bears to the total number of Ordinary Shares listed next to the name of all underwriters in the preceding table.

Discounts and Expenses

The underwriting discount is equal to seven and one-half percent (7.5%) of the public offering price on each of the Ordinary Shares being offered.

The following table shows the price per Ordinary Share and total public offering price, underwriting discounts, and proceeds before expenses to us, calculated based on the fact that 100% of the gross proceeds of the offering are raised from investors, at $4.00 per Ordinary Share initial offering price. The total amounts are shown assuming both no exercise and full exercise of the over-allotment option.

	Per Share	Total: No Exercise of Over-allotment Option	Total: Full Exercise of Over-allotment Option
Initial public offering price[(1)]	$ 4.00	$ 15,000,000	$ 17,250,000
Underwriting discounts to be paid by us (7.5%)	$ 0.30	$ 1,125,000	$ 1,293,750
Proceeds, before expenses, to us	$ 3.70	$ 13,875,000	$ 15,956,250

(1) Initial public offering price per share is assumed as $4 per Ordinary Share.

We will also pay to the Representative by deduction from gross proceeds of the offering contemplated herein, a non-accountable expense allowance equal to one percent (1%) of the gross proceeds received by us from the sale of Ordinary Shares.

We have agreed to pay all expenses relating to the offering, including, without limitation, (a) all filing fees and expenses relating to the registration of the Ordinary Shares with the SEC; (b) all fees and expenses relating to the listing of the Ordinary Shares on a national exchange, if applicable; (c) all fees, expenses and disbursements relating to the registration or qualification of the Ordinary Shares under the "blue sky" securities laws of such states and other jurisdictions as the Representative may reasonably designate (including, without limitation, all filing and registration fees, and the reasonable fees and disbursements of the Company's "blue sky" counsel, which will be the Representative's counsel) unless such filings are not required in connection with the Company's proposed listing on a national exchange, if applicable; (d) all fees, expenses and disbursements relating to the registration, qualification or exemption of the Ordinary Shares under the securities laws of such foreign jurisdictions as the Representative may reasonably designate; (e) the costs of all mailing and printing of the offering documents; (f) transfer and/or stamp taxes, if any, payable upon the transfer of the Ordinary Shares from the Company to the Representative; (g) the fees and expenses of the Company's accountants; (h) all filing fees and communication expenses associated with the review of the offering by FINRA; (i) up to $30,000 of the Representative's actual accountable road show and due diligence expenses for the offering; (j) the $29,500 cost associated with the Representative's use of Ipreo's book building, prospectus tracking and compliance software for the offering; (k) the costs associated with bound volumes of the offering materials as well as commemorative mementos and lucite tombstones in an aggregate amount not to exceed $5,000; (l) the fees for the Representative's legal counsels in the United States, Hong Kong and other foreign jurisdictions, as applicable, in an aggregate amount not to exceed $175,000; and (m) all fees, expenses, and disbursements relating to background checks of the Company's directors and officers in an aggregate amount not to exceed $10,000. If there is not a closing, the legal fees shall not exceed $100,000.

We have agreed to pay an expense advance towards the Representative's out-of-pocket accountable expenses (the "Advance") of $75,000 upon execution of the engagement letter in connection with this offering. Any portion of the Advance will be returned to us to the extent the Representative's out-of-pocket accountable expenses are not actually incurred in accordance with FINRA Rule 5110(g)(4)(A).

Right of First Refusal

We have agreed, provided that this offering is completed, that until twelve (12) months after the closing of this offering, the Representative shall have an irrevocable right of first refusal to act as sole investment banker, sole book-runner, and/or sole placement agent at its sole discretion, for each and every future public equity and debt offering, including all public equity linked financings (each, a "Subject Transaction"), during such 12-month period, of the Company, or any successor to or any current or future subsidiary of our Company, on terms and conditions customary to the Representative for such Subject Transaction. The Representative shall have the sole right to determine whether or not any other broker dealer shall have the right to participate in a Subject Transaction and the economic terms of such participation. For the avoidance of any doubt, the Company shall not retain, engage or solicit any additional investment banker, book-runner, financial advisor, underwriter and/or placement agent in a Subject Transaction during the 12-month period referred to above without the express written consent of the Representative, provided, however,

that such right shall be subject to FINRA Rule 5110(g), including that the right of first refusal may be terminated by the Company for cause in case of the Representative's material failure to provide the services contemplated in the underwriting agreement.

Lock-up Agreements

We have agreed, on behalf of ourselves and any successor entity, that without the prior written consent of the Representative for a period ending 180 days from the closing of this offering, we will not (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any of share capital of the Company or any securities that are convertible into or exercisable or exchangeable for share capital of the Company, (ii) file or cause to be filed any registration statement with the SEC relating to the offering of any share capital of the Company or any securities convertible into or exercisable or exchangeable for of share capital of the Company, (iii) complete any offering of our debt securities, other than entering into a line of credit with a traditional bank, or (iv) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequence of ownership of share capital of the Company, whether any such transaction described in clause (i), (ii), (iii) or (iv) above is to be settled by delivery of share capital of the Company or other securities, in cash or otherwise.

Our directors, officers and shareholders of our outstanding securities (including warrants, options and other securities exercisable for or convertible into Ordinary Shares) as of the effective date of the registration statement of which this prospectus forms a part have agreed, for a period of 180 days from the closing of this offering, subject to customary exceptions, not to offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer, or dispose of, directly or indirectly, any of share capital of the Company, without the prior written consent of the Representative.

The Representative has no present intention to waive or shorten the lock-up period; however, the terms of the lock-up agreement may be waived at its discretion. In determining whether to waive the terms of the lock-up agreements, the Representative may base its decision on its assessment of the relative strengths of the securities markets and companies similar to ours in general, and the trading pattern of, and demand for, our securities in general.

Tail Fee

The Representative shall be entitled to a cash fee equal to seven and one-half percent (7.5%) of the gross proceeds received by us from the sale of any equity, debt and/or equity derivative instruments to any investor actually introduced by the Representative to us during our engagement period with the Representative, in connection with any public or private financing or capital raise (each a "Tail Financing"), and such Tail Financing is consummated within the eighteen (18) month period following the expiration or termination of our engagement of the Representative, provided that such Tail Financing is by a party actually introduced to the Company in an offering in which the Company has direct knowledge of such party's participation. Such right shall be subject to FINRA Rule 5110(g)(5), including that it may be terminated by us for cause in case of the Representative's material failure to provide the services contemplated in the underwriting agreement.

Indemnification

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act and liabilities arising from breaches of representations and warranties contained in the underwriting agreement, or to contribute to payments that the underwriters may be required to make in respect of those liabilities.

Nasdaq Listing

Our Ordinary Shares have been approved to list on the Nasdaq Capital Market under the symbol "MGRT".

Electronic Distribution

A prospectus in electronic format may be made available on websites or through other online services maintained by Representative or by its affiliates. Other than the prospectus in electronic format, the information on the Representative's website and any information contained in any other website maintained by it is not part of this prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or the Representative in its capacity as an underwriter, and should not be relied upon by investors.

Any underwriter who is a qualified market maker on the Nasdaq Capital Market may engage in passive market making transactions on the Nasdaq Capital Market in accordance with Rule 103 of Regulation M, during the business day prior to the pricing of the offering, before the commencement of offers or sales. Passive market makers must comply with applicable volume and price limitations and must be identified as passive market makers. In general, a passive market maker must display its bid at a price not in excess of the highest independent bid for such security; if all independent bids are lowered below the passive market maker's bid, however, the passive market maker's bid must then be lowered when certain purchase limits are exceeded.

No Prior Public Market

Prior to this offering, there has been no public market for our securities and the public offering price for our Ordinary Shares are determined through negotiations between us and the Representative. Among the factors to be considered in these negotiations are prevailing market conditions, our financial information, market valuations of other companies that we and the Representative believe to be comparable to us, estimates of our business potential, the present state of our development and other factors deemed relevant. The offering price for our Ordinary Shares in this offering has been arbitrarily determined by the Company in its negotiations with the underwriters and does not necessarily bear any direct relationship to the assets, operations, book or other established criteria of value of the Company. The offering price stated on the cover page of this prospectus should not be considered an indication of the actual value of the Ordinary Shares sold in the public offering. The values of such shares are subject to change as a result of market conditions and other factors. We offer no assurances that the offering price will correspond to the price at which the Ordinary Shares will trade in the public market subsequent to this offering or that an active trading market for our shares will develop and continue after this offering.

Price Stabilization, Short Positions and Penalty Bids

In connection with this offering, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of our Ordinary Shares. Specifically, the Representative may sell more shares than it is obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under option to purchase additional shares. The Representative can close out a covered short sale by exercising the option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the Representative will consider, among other things, the open market price of shares compared to the price available under the option to purchase additional shares. The Representative may also sell shares in excess of the option to purchase additional shares, creating a naked short position. The Representative must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the Representative is concerned that there may be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

The Representative may also impose a penalty bid. This occurs when a particular underwriter or dealer repays selling concessions allowed to it for distributing our Ordinary Shares in this offering because such underwriter repurchases those shares in stabilizing or short covering transactions.

Finally, the Representative may bid for, and purchase, our Ordinary Shares in market making transactions, including passive market making transactions as described above.

These activities may stabilize or maintain the market price of our Ordinary Shares at a price that is higher than the price that might otherwise exist in the absence of these activities. The underwriters are not required to engage in these activities, and may discontinue any of these activities at any time without notice. These transactions may be effected on the Nasdaq Capital Market, in the over-the-counter market, or otherwise.

Other Relationships

The underwriters and certain of their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Some of the underwriters and certain of their affiliates may in the future engage in investment banking and other commercial dealings in the ordinary course of business with us and our affiliates, for which they may in the future receive customary fees, commissions and expenses. In addition, in the ordinary course of their business activities, the underwriters and their

affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Offers Outside the United States

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the Ordinary Shares offered by this prospectus in any jurisdiction where action for that purpose is required. The Ordinary Shares offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such shares be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any Ordinary Shares offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

In addition to the offering of the Ordinary Shares in the United States, the underwriters may, subject to applicable foreign laws, also offer the Ordinary Shares in certain countries.

Australia. This document has not been lodged with the Australian Securities & Investments Commission and is only directed to certain categories of exempt persons. Accordingly, if you receive this document in Australia:

(a) you confirm and warrant that you are either:

(i) "sophisticated investor" under section 708(8)(a) or (b) of the Corporations Act 2001 (Cth) of Australia, or the Corporations Act;

(ii) "sophisticated investor" under section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant's certificate to the company which complies with the requirements of section 708(8)(c)(i) or

(iii) of the Corporations Act and related regulations before the offer has been made;

(iv) person associated with the company under section 708(12) of the Corporations Act; or

(v) "professional investor" within the meaning of section 708(11)(a) or (b) of the Corporations Act;

and to the extent that you are unable to confirm or warrant that you are an exempt sophisticated investor, associated person or professional investor under the Corporations Act, any offer made to you under this document is void and incapable of acceptance; and

(b) you warrant and agree that you will not offer any of the Ordinary Shares issued to you pursuant to this document for resale in Australia within 12 months of those Ordinary Shares being issued unless any such resale offer is exempt from the requirement to issue a disclosure document under section 708 of the Corporations Act.

Canada. The Ordinary Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted customers, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Ordinary Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 *Underwriting Conflicts* ("NI 33-105"), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Cayman Islands. This prospectus does not constitute an invitation or offer to the public in the Cayman Islands of the Ordinary Shares, whether by way of sale or subscription. The underwriters have not offered or sold, and will not offer or sell, directly or indirectly, any Ordinary Shares in the Cayman Islands.

European Economic Area. In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") an offer to the public of any shares which are the subject of the offering contemplated by this prospectus may not be made in that Relevant Member State unless the prospectus has been approved by the competent authority in such Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that an offer to the public in that Relevant Member State of any shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000 and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- by the underwriters to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than "qualified investors" as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive; provided that no such offer of shares shall result in a requirement for the publication by us or any representative of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Any person making or intending to make any offer of shares within the EEA should only do so in circumstances in which no obligation arises for us or the underwriters to produce a prospectus for such offer. Neither we nor the underwriters have authorized, nor do they authorize, the making of any offer of shares through any financial intermediary, other than offers made by the underwriters which constitute the final offering of shares contemplated in this prospectus.

For the purposes of this provision, and your representation below, the expression an "offer to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase any shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any shares under, the offer of shares contemplated by this prospectus will be deemed to have represented, warranted and agreed to and with us and the underwriters that:

- it is a "qualified investor" within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and

- in the case of any shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the shares acquired by it in the offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than "qualified investors" (as defined in the Prospectus Directive), or in circumstances in which the prior consent of the representatives has been given to the offer or resale; or (ii) where shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those shares to it is not treated under the Prospectus Directive as having been made to such persons.

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or the Order, and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

Hong Kong. The Ordinary Shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Ordinary Shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Ordinary Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder.

Malaysia. The shares have not been and may not be approved by the securities commission Malaysia, or SC, and this document has not been and will not be registered as a prospectus with the SC under the Malaysian capital markets and services act of 2007, or CMSA. Accordingly, no securities or offer for subscription or purchase of securities or invitation to subscribe for or purchase securities are being made to any person in or from within Malaysia under this document except to persons falling within any of paragraphs 2(g)(i) to (xi) of schedule 5 of the CMSA and distributed only by a holder of a capital markets services license who carries on the business of dealing in securities and subject to the issuer having lodged this prospectus with the SC within seven days from the date of the distribution of this prospectus in Malaysia. The distribution in Malaysia of this document is subject to Malaysian laws. Save as aforementioned, no action has been taken in Malaysia under its securities laws in respect of this document. This document does not constitute and may not be used for the purpose of a public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the approval of the SC or the registration of a prospectus with the SC under the CMSA.

Japan. The Ordinary Shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan, and the Ordinary Shares will not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to any exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

People's Republic of China. This prospectus has not been and will not be circulated or distributed in the People's Republic of China ("PRC"), and the Ordinary Shares may not be offered or sold, and will not be offered or sold to any person for re-offering or resale, directly or indirectly, to any resident of the PRC except pursuant to applicable laws and regulations of the PRC. For the purpose of this paragraph, the PRC does not include Taiwan and the Special Administrative Regions of Hong Kong and Macao.

Singapore. This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of our Ordinary Shares may not be circulated or distributed, nor may our Ordinary Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or SFA, (ii) to a relevant person or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where our Ordinary Shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor; shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Ordinary Shares under Section 275 of the SFA, except: (1) to an institutional investor (for corporations under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

Taiwan. The Ordinary Shares have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be offered or sold in Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan or relevant laws and regulations that require a registration, filing, or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the Ordinary Shares in Taiwan.

United Kingdom. An offer of the Ordinary Shares may not be made to the public in the United Kingdom within the meaning of Section 102B of the Financial Services and Markets Act 2000, as amended, or the FSMA, except to legal entities that are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities or otherwise in circumstances that do not require the publication by the company of a prospectus pursuant to the Prospectus Rules of the Financial Services Authority, or the FSA.

An invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) may only be communicated to persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or in circumstances in which Section 21 of FSMA does not apply to the company.

All applicable provisions of the FSMA with respect to anything done by the underwriters in relation to the shares must be complied with in, from or otherwise involving the United Kingdom.

EXPENSES RELATING TO THIS OFFERING

Set forth below is an itemization of the total expenses, excluding underwriting discounts and commissions and non-accountable expense allowance, that we expect to incur in connection with this offering. With the exception of the SEC registration fee, the Financial Industry Regulatory Authority, or FINRA, filing fee, and the NASDAQ listing fee, all amounts are estimates.

SEC registration fee	$ 3,480
NASDAQ listing fee	75,000
FINRA filing fee	3,735
Printing and engraving expenses	25,000
Legal fees and expenses	894,425
Accounting fees and expenses	253,562
Transfer agent and registrar fee and expenses	3,825
Miscellaneous expenses	156,042
Total expenses	$ 1,415,069

These expenses will be borne by us. Underwriting discounts will be borne by us in proportion to the numbers of Ordinary Shares sold in the offering.

LEGAL MATTERS

The Company is being represented by FisherBroyles, LLP, with respect to legal matters of United States federal securities law. The validity of the Ordinary Shares offered by this prospectus and legal matters as to Cayman Islands law will be passed upon for us by Travers Thorp Alberga. The Company is being represented by Stevenson, Wong & Co. with regard to Hong Kong law. FisherBroyles, LLP, may rely upon Stevenson, Wong & Co. with respect to matters governed by Hong Kong law. Jun He Law Offices LLC is acting as U.S. counsel for the underwriter.

EXPERTS

The consolidated financial statements as of September 30, 2024 and 2023 included herein and in the registration statement have been so included in reliance on the report of WWC, P.C., an independent registered public accounting firm, given on the authority of said firm as experts in accounting and auditing.

The office of WWC, P.C. is located at 2010 Pioneer Court, San Mateo, CA 94403.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form F-1 under the Securities Act with respect to the Ordinary Shares described herein. This prospectus, which constitutes part of the registration statement, does not include all of the information contained in the registration statement. You should refer to the registration statement and its exhibits for additional information. Whenever we make reference in this prospectus to any of our contracts, agreements or other documents, the references are not necessarily complete and you should refer to the exhibits attached to the registration statement for copies of the actual contract, agreement or other document. Following the completion of this offering, we will make these documents publicly available, free of charge, on our website at *www.megafortune-group.com* as soon as reasonably practicable after filing such documents with the SEC. The information on our website is not incorporated by reference into this prospectus and should not be considered to be a part of this prospectus. We have included our website address as an inactive textual reference only.

You can read the registration statement and our future filings with the SEC, over the Internet at the SEC's web site at *http://www.sec.gov*. You may also read and copy any document that we file with the SEC at its public reference room at 100 F Street, N.E., Washington, DC 20549.

You may also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room.

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MEGA FORTUNE COMPANY LIMITED

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WWC, P.C. CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Registered Public Accounting Firm

To: The Board of Directors and Shareholders of
Mega Fortune Company Limited

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Mega Fortune Company Limited and its subsidiaries (the "Company") as of September 30, 2024 and 2023, and the related consolidated statements of operations and comprehensive income, changes in shareholders' equity, and cash flows for each of the years in the two-year period ended September 30, 2024, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the two-year period ended September 30, 2024, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

WWC, P.C.

WWC, P.C.
Certified Public Accountants

PCAOB ID No.1171

San Mateo, California
May 2, 2025

We have served as the Company's auditor since 2024

2010 PIONEER COURT, SAN MATEO, CA 94403 TEL.: (650) 638-0808 FAX.: (650) 638-0878
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MEGA FORTUNE COMPANY LIMITED
Consolidated Balance Sheets
(Expressed in U.S. Dollars, except for the number of shares)

	As of September 30, 2024	As of September 30, 2023
Assets		
Current Assets		
Cash and cash equivalents	$ 371,918	$ 619,570
Accounts receivable, net	2,337,202	1,500,650
Accounts receivable, net – a related party	—	4,153
Amounts due from a related party, net	—	66,371
Prepayments and other assets, net	17,696	32,327
Total current assets	2,726,816	2,223,071
Property and equipment, net	9,469	6,891
Operating lease right-of-use assets, net	101,187	25,410
Deferred initial public offering ("IPO") costs	557,183	—
Deferred tax assets, net	33,551	10,983
Total assets	$ 3,428,206	$ 2,266,355
Liabilities and shareholders' equity		
Liabilities		
Current liabilities		
Bank loans, current	$ 71,305	$ 109,084
Contract liabilities	21,995	60,262
Accounts payable	21,359	78,056
Amounts due to related parties	859,787	395,601
Income tax payable	263,902	68,287
Operating lease liabilities, current	36,450	26,909
Accrued expenses and other liabilities	317,788	96,233
Total current liabilities	1,592,586	834,432
Bank loans, non-current	411,901	479,412
Operating lease liabilities, non-current	65,703	—
Total liabilities	$ 2,070,190	$ 1,313,844
Commitments and contingencies		
Shareholders' equity		
Ordinary shares, US$0.000001 par value, 50,000,000,000 shares authorized, 10,000,000 shares issued and outstanding as of September 30, 2024 and 2023, respectively*	$ 10	$ 10
Subscription receivables	(10)	(10)
Additional paid-in capital	13	13
Retained earnings	1,347,751	946,217
Accumulated other comprehensive income	10,252	6,281
Total shareholders' equity	1,358,016	952,511
Total liabilities and shareholders' equity	$ 3,428,206	$ 2,266,355

* Retrospectively restated for effect of share reorganization and share split (see Note 14).

The accompanying notes are an integral part of these consolidated financial statements.

MEGA FORTUNE COMPANY LIMITED
Consolidated Statements of Operations and Comprehensive Income
(Expressed in U.S. dollar, except for the number of shares)

	For the Years Ended September 30, 2024	2023
Revenues	$ 3,325,990	$ 3,217,515
Revenues – related parties	—	30,028
Total revenues	3,325,990	3,247,543
Cost of revenues	(1,533,099)	(1,972,633)
Gross profit	1,792,891	1,274,910
Operating expenses		
Selling and marketing expenses	(149,891)	(207,977)
General and administrative expenses	(1,098,152)	(514,387)
Total operating expenses	(1,248,043)	(722,364)
Income from operations	544,848	552,546
Other income, net		
Foreign exchange transaction gains (losses)	2,419	(8,564)
Interest expense	(19,628)	(21,299)
Interest income	203	341
Government grants	29,990	76,017
Sundry income	17,766	18,677
Total other income, net	30,750	65,172
Income before income tax expenses	575,598	617,718
Income tax expenses	(174,064)	(81,164)
Net income	401,534	536,554
Other comprehensive income		
Foreign currency translation adjustments	3,971	776
Total comprehensive income	$ 405,505	$ 537,330
Earnings per share:		
Basic and diluted	$ 0.04	$ 0.05
Weighted average number of ordinary shares outstanding:		
Ordinary shares – Basic and diluted*	10,000,000	10,000,000

* Retrospectively restated for effect of share reorganization and share split (see Note 14).

The accompanying notes are an integral part of these consolidated financial statements.

MEGA FORTUNE COMPANY LIMITED
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in U.S. dollar, except for the number of shares)

	Ordinary shares Number issued*	Amount	Subscription receivables	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Total
Balance as of September 30, 2022	10,000,000	$ 10	$ (10)	$ 13	$ 409,663	$ 5,505	$ 415,181
Net income	—	—	—	—	536,554	—	536,554
Foreign currency translation adjustment	—	—	—	—	—	776	776
Balance as of September 30, 2023	10,000,000	10	(10)	13	946,217	6,281	952,511
Net income	—	—	—	—	401,534	—	401,534
Foreign currency translation adjustment	—	—	—	—	—	3,971	3,971
Balance as of September 30, 2024	10,000,000	$ 10	$ (10)	$ 13	$ 1,347,751	$ 10,252	$ 1,358,016

* Retrospectively restated for effect of share reorganization and share split (see Note 14).

The accompanying notes are an integral part of these consolidated financial statements.

MEGA FORTUNE COMPANY LIMITED
Consolidated Statements of Cash Flows
(Expressed in U.S. dollar)

	For the Years Ended September 30, 2024	2023
Cash flows from operating activities:		
Net income	$ 401,534	$ 536,554
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	4,851	6,697
Provision of expected credit losses	143,881	5,317
Amortization of operating lease right-of-use assets	37,087	38,114
Deferred tax benefits	(23,303)	(1,549)
Change in operating assets and liabilities:		
Accounts receivable, net	(959,509)	(508,500)
Prepayments and other assets, net	14,005	190,041
Accounts payable	(56,996)	(303,094)
Contract liabilities	(38,529)	(93,932)
Income tax payable	193,991	136,276
Operating lease liabilities	(38,589)	(38,721)
Accrued expenses and other liabilities	221,783	73
Net cash used in operating activities	(99,794)	(32,724)
Cash flows from investing activities:		
Purchases of property and equipment	(7,360)	(1,737)
Cash disposed on disposal of a subsidiary	(148)	—
Proceeds from related party on disposal of a subsidiary	6,737	—
Net cash used in investing activities	(771)	(1,737)
Cash flows from financing activities:		
Repayments of bank loans	(109,336)	(273,430)
Payments of offering costs related to IPO	(557,183)	—
Advance from related parties	711,670	—
Repayment to related parties	(191,994)	(16,253)
Net cash used in financing activities	(146,843)	(289,683)
Net decrease in cash and cash equivalents	(247,408)	(324,144)
Effect of exchange rate changes on cash and cash equivalents	(244)	2,187
Cash and cash equivalents, beginning of year	619,570	941,527
Cash and cash equivalents, end of year	$ 371,918	$ 619,570
Supplemental disclosures of cash flow information:		
Income tax paid (refund)	$ 3,376	$ (51,648)
Interest received	$ 203	$ 341
Interest paid	$ 19,628	$ 21,299
Listing fee paid	$ 557,183	$ —
Supplemental disclosures of non cash information:		
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	$ 113,203	$ —

The accompanying notes are an integral part of these consolidated financial statements.

MEGA FORTUNE COMPANY LIMITED
Notes to Consolidated Financial Statements
For the Years Ended September 30, 2024 and 2023

1. Organization and Description of Business

Mega Fortune Company Limited ("Mega Fortune") is a company incorporated in the Cayman Islands with limited liability on January 3, 2024, with a share capital of US$10. It is a parent holding company with no operations.

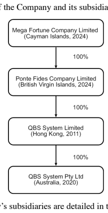
Ponte Fides Company Limited ("Ponte Fides"), a wholly-owned subsidiary of Mega Fortune, is a company incorporated in the British Virgin Islands with limited liability on February 6, 2024. Ponte Fides has a share capital of US$1,000 and is an investment holding company with no operations.

QBS System Limited ("QBS System"), a wholly-owned subsidiary of Ponte Fides, is a company incorporated in Hong Kong with limited liability on April 14, 2011, with a share capital of HK$100 (approximately $13). QBS System is engaged in provision of Internet of Things ("IoT") solutions and services.

QBS System Pty Ltd ("QBS Pty"), a wholly-owned subsidiary of QBS System, is an Australia proprietary company limited by shares incorporated on May 8, 2020, with a share capital of AUD10,000 (approximately $6,543). QBS Pty is engaged in no significant business activities and generated no revenue.

Mega Fortune together with its subsidiaries (collectively, "the Company") is primarily engaged in providing full-range of IoT solutions and services comprising development and implementation, support and maintenance. The Company primarily generates service income from the engagement of these full range IoT services as well as generates trading income by selling hardware and IoT-related products to its customers.

The following is an organization chart of the Company and its subsidiaries:



As of September 30, 2024, the Company's subsidiaries are detailed in the table as follows:

Name	Place of Incorporation	Date of Incorporation	Ownership %	Principal activity
Ponte Fides Company Limited	British Virgin Islands	February 6, 2024	100	Investment holding
QBS System Limited	Hong Kong	April 14, 2011	100	Provision of Internet of Things ("IoT") solutions and services

On July 8, 2024, QBS Pty was sold to Mr. Wong Ka Ki, a related party of the Company, nature of the relationship is detailed in the Note 16.

MEGA FORTUNE COMPANY LIMITED
Notes to Consolidated Financial Statements
For the Years Ended September 30, 2024 and 2023

1. Organization and Description of Business (cont.)

Reorganization

Reorganization of the legal structure of the Company ("Reorganization") has been completed on April 29, 2024 by carrying out a sequence of contemplated transactions, where the Mega Fortune becomes the holding company of all entities discussed above.

Immediately before the Reorganization, QBS System was wholly owned by Flywheel Advanced Technology, Inc. ("FWFW"), a company incorporated in the state of Nevada and is being traded on OTCQB under the symbol of "FWFW". QBS System functions as the major operational entity for FWFW. Mega Fortune, incorporated on January 3, 2024 by registered agent, was established with the sole purpose of acting as holding company of the Company. On January 30, 2024, 100% ownership of Mega Fortune, was transferred from the registered agent to FWFW. Mega Fortune had not engaged in any business activities before the transfer. Subsequently on February 6, 2024, Ponte Fides was established with 100% of its shares held by Mega Fortune. On April 29, 2024, FWFW transferred 100% ownership interest in QBS System to the Ponte Fides, a wholly owned subsidiary of Mega Fortune which was also a wholly owned subsidiary of FWFW.

Immediately before and after the Reorganization, Mega Fortune, Ponte Fides, QBS System and QBS Pty remained under the complete ownership of FWFW and were under the control of the same group of shareholders. Consequently, the Reorganization is classified as a common control transaction under ASC 805-50. On July 8, 2024, QBS Pty was sold to Mr. Wong Ka Ki, a related party of the Company, nature of the relationship is detailed in the Note 16.

The consolidation of the Company has been accounted for at historical cost and prepared on the basis as if the aforementioned transactions had become effective as of the beginning of the first period presented in the accompanying consolidated financial statements. Results of operations for the periods presented comprise those of the previously separate entities combined from the beginning of the period to the end of the period, eliminating the effects of intra-entity transactions.

The movement in the Company's authorized share capital and the number of ordinary shares outstanding and issued in the Company are also detailed in the Note 14. The ordinary shares of the Company are presented on a retroactive basis to reflect the share split completed on October 23, 2024.

2. Liquidity

In assessing the Company's liquidity, the Company monitors and analyzes its cash on-hand and its operating and capital expenditure commitments. The Company's liquidity needs are to meet its working capital requirements, operating expenses and capital expenditure obligations. Bank loans, financing from related parties, and cash generated from operations have been utilized to finance the working capital requirements of the Company. As of September 30, 2024 and 2023, the Company had working capital of $1,134,230 and $1,388,639 respectively, among which $371,918 and $619,570 in cash respectively.

Considering all facts and information on hand, management expects the Company's cash on hand is sufficient to finance its working capital requirements within the normal operating cycle of a twelve-months period from the date of these consolidated financial statements are issued.

If the Company is unable to have sufficient fund to finance its working capital requirements within the normal operating cycle of a twelve-months period from the date of these financial statements are issued, the Company may consider supplementing its available sources of funds through the following sources:

- addition equity financing from shareholders and third-party investors; and/or
- financial support from financial institutions, the Company's shareholders and related parties.

MEGA FORTUNE COMPANY LIMITED
Notes to Consolidated Financial Statements
For the Years Ended September 30, 2024 and 2023

2. Liquidity (cont.)

Based on the above considerations, management is of the opinion that the Company has sufficient funds to meet its working capital requirements and current liabilities as they become due within twelve months from the date of these consolidated financial statements are issued. However, there is no assurance that the Company will be successful in implementing its plans. There are a number of factors that could potentially arise and could undermine the Company's plans, such as changes in the demand for the Company's services, general market conditions and the broader capital market climate in Hong Kong, etc.

3. Summary of Significant Accounting Policies

Basis of presentation and principle of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries (collectively the "Company"). The Company eliminates all significant intercompany balances and transactions in its consolidated financial statements.

Management has prepared the accompanying consolidated financial statements and these notes in accordance to generally accepted accounting principles in the United States ("US GAAP"). The Company maintains its general ledger and journals with the accrual method accounting.

Use of estimates and assumptions

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and judgments are based on historical information, information that is currently available to the Company and on various other assumptions that the Company believes to be reasonable under the circumstances. Significant estimates required to be made by management include, but not limited to, provision for expected credit losses against accounts receivable, amount due from related parties and other assets, determination of the useful lives of long-lived assets, impairment of long-lived assets, valuation allowance for deferred tax assets, accounting of operating lease right-of-use assets, and operating lease liabilities. Actual results could differ from the estimates, and as such, differences could be material to the consolidated financial statements.

Cash and cash equivalents

Cash and cash equivalents include balances maintained with banks in Hong Kong that can be added or withdrawn without limitation.

Accounts receivable, net

Accounts receivable represent income earned from the provision of IoT services and trading of hardware and IoT-related products of which the Company has not yet received payment. Accounts receivable is recorded at the invoiced amount and adjusted to amounts management expects to collect from balances outstanding at period-end. In accordance with ASC 326 Financial Instruments-Credit Losses (ASC 326), the Company estimates the allowance for expected credit losses based on expected future uncollectible accounts receivable using forecasts of future economic conditions in addition to information about past events and current conditions. Management provides an allowance for expected credit losses based on the Company's historical losses, specific customer circumstances, and general economic conditions. Periodically, management reviews accounts receivable and adjusts the allowance based on current circumstances and charges off uncollectible receivables when all attempts to collect have been exhausted and the prospects for recovery are remote. As of September 30, 2024 and 2023, an allowance for expected credit losses of $211,639 and $66,729, was recorded, respectively.

MEGA FORTUNE COMPANY LIMITED
Notes to Consolidated Financial Statements
For the Years Ended September 30, 2024 and 2023

3. Summary of Significant Accounting Policies (cont.)

Prepayments and other assets, net

Prepayments and other assets are comprised of other receivables and prepaid expenses, including trade deposits paid to suppliers, rental and utility deposits and subsidies receivable from local governments. Among prepayments and other assets, the Company reviews other assets on a regular basis and also makes allowance for expected credit losses if there is evidence indicating that other assets may be unrecoverable based on the Company's historical losses, specific customer circumstances, and general economic conditions. As of September 30, 2024 and 2023, the balance of allowance for expected credit loss against other assets was $613 and $309, respectively.

Leases

On October 1, 2020, the Company adopted ASU No. 2016-02, Leases (Topic 842), as amended, which supersedes the lease accounting guidance under Topic 840, and generally requires lessees to recognize operating and financing lease liabilities and corresponding right-of-use assets on the balance sheet and to provide enhanced disclosures surrounding the amount, timing and uncertainty of cash flows arising from leasing arrangements.

The Company is a lessee of non-cancellable operating leases for corporate office premises. The Company determines if an arrangement is a lease at inception. A lease for which substantially all the benefits and risks incidental to ownership remain with the lessor is classified by the lessee as an operating lease. All leases of the Company are currently classified as operating leases. Operating leases are included in operating lease right-of-use ("ROU") assets, operating lease liabilities on the Company's consolidated balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and operating lease liabilities represent its obligation to make lease payments arising from the lease. ROU assets and operating lease liabilities are recognized at lease commencement date based on the present value of lease payments over the lease term.

When determining the lease term, at lease commencement date, the Company considers options to extend or terminate the lease when it is reasonably certain that it will exercise or not exercise that option. The interest rate used to determine the present value of future lease payments is the Company's incremental borrowing rate of the Hong Kong Prime Rate minus 0.25% p.a. based on the information available at the lease commencement date.

The lease standard (ACS 842) provides practical expedients for an entity's ongoing accounting. The Company elects to apply short-term lease exception for leases with a lease term of 12 months or less at commencement. Accordingly, ROU assets and operating lease liabilities do not include leases with a lease term of 12 months or less.

The Company evaluates the impairment of its ROU assets consistently with the approach applied for its other long-lived assets. The Company reviews the recoverability of its long-lived assets when events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. The assessment of possible impairment is based on its ability to recover the carrying value of the assets from the expected undiscounted future pre-tax cash flows of the related operations. As of September 30, 2024 and 2023, the Company did not recognize any impairment loss against its ROU assets.

Property and equipment, net

Property and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided using the straight-line method based on the estimated useful life. The estimated useful lives of property and equipment are as follows:

Computer equipment	5 years
Furniture and fittings	5 years

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Notes to Consolidated Financial Statements
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3. Summary of Significant Accounting Policies (cont.)

Expenditures for repairs and maintenance, which do not materially extend the useful lives of the assets, are expensed as incurred. Expenditures for major renewals and betterments which substantially extend the useful life of assets are capitalized. The cost and related accumulated depreciation of assets disposed of or retired are removed from the accounts, and any resulting gain or loss is reflected in the consolidated statements of operations and comprehensive income under other income or expenses.

Impairment of long-lived assets

The Company reviews long-lived assets, including property and equipment and ROU assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the undiscounted future pre-tax cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Fair value is generally determined by discounting the cash flows expected to be generated by the asset (asset group), when the market prices are not readily available. The adjusted carrying amount of the asset is the new cost basis and is depreciated over the asset's remaining useful life. Long-lived assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. As of September 30, 2024 and 2023, no impairment of long-lived assets was recognized.

Deferred IPO costs

Deferred IPO costs consist of costs incurred in connection with the Company's planned initial public offering in the United States. These costs, together with the underwriting discounts and commissions, will be charged against the gross proceeds of the offering as a reduction of additional paid-in capital upon completion of the planned initial public offering or charged to consolidated statements of operations and comprehensive income if the planned initial public offering is not completed. As of September 30, 2024 and 2023, the Company had deferred IPO costs of $557,183 and nil, respectively.

Accounts payable

Accounts payable are liabilities for goods and services provided to the Company prior to the end of the financial period which are unpaid. They are recognized initially at their fair value and subsequently measured at amortized cost. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. All accounts payable was recognized as current liabilities as of September 30, 2024 and 2023.

Bank loans

Bank loans comprise borrowings from banks. Bank loans are recognized initially at fair value, net of transaction costs incurred. Bank loans are subsequently stated at amortized cost; any difference between the proceeds net of transaction costs and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method. Bank loans are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Accrued expenses and other liabilities

Accrued expenses and other liabilities primarily represent obligations to pay staff costs and other operating service providers. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

MEGA FORTUNE COMPANY LIMITED
Notes to Consolidated Financial Statements
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3. Summary of Significant Accounting Policies (cont.)

Revenue recognition

The Company follows the rules and guidance set out under ASC 606, Revenue from Contracts with Customers ("ASC 606"), when recognizing revenue from contracts with customers. The core principle of ASC 606 requires an entity to recognize revenues to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied. In according with ASC 606, revenues are recognized when the Company satisfies the performance obligations by delivering the promised services to the customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services. The following five steps are applied to achieve that core principle:

Step 1: Identify the contract with the customer;

Step 2: Identify the performance obligations in the contract;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations in the contract; and

Step 5: Recognize revenue when the company satisfies a performance obligation.

The Company enters into service agreements with its customers that outline the rights, responsibilities, and obligations of each party. The agreements also identify the scope of services, service fees, and payment terms. Agreements are acknowledged and signed by both parties. All the contracts have commercial substance, and it is probable that the Company will collect considerations from its customers for service component.

The Company derives its revenue from four sources: (1) IoT Integration Solution Services, (2) Business Process Outsourcing ("BPO") Services, (3) IoT Support and Maintenance Services and (4) Trading Sales.

Revenue from IoT Integration Solution Services

The Company engages in distinct contracts with its customers to deliver IoT Integration Solution Services. Billing occurs based on predefined milestones in the contracts, with completion confirmed upon the customer's acceptance after successful user testing.

In the IoT Integration Solution contracts, the Company commits to providing various services for specific projects. Although the contracts outline separate promises, such as development, implementation, and consulting, these are in fact components of a bundled service leading to a combined outcome that the Company must deliver. These individual promises are highly interdependent, forming a single, integrated solution. Therefore, the Company accounts for each IoT Integration Solution contract as one single performance obligation and no allocation of transaction price is required. There is no warranty provision term provided in these contracts. The Company typically collect 20% to 50% of contract sum upfront before commencement of work, with the remaining contract sum being collected in multiple installments according to predefined milestones. IoT Integration Solution Services contracts are typically completed within one year.

The contracts explicitly outline transaction prices as fixed amounts with no variable considerations. The Company's performance creates a customized asset for customers, that the customers have control as the asset is created. This is evidence by customers taking physical procession over customized hardware and software developed by the Company. Furthermore, the solutions are tailored and customized for specific customers with no alternative use. The Company recognizes revenue from IoT Integration Solution Services based on the Company's effort or inputs to the satisfaction of a performance obligation over time as work progresses because of the continuous transfer of control to the customer and the Company's right to bill the customer as costs are incurred.

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Notes to Consolidated Financial Statements
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3. Summary of Significant Accounting Policies (cont.)

The timing of the satisfaction of the Company's performance obligations is based upon the cost-to-cost method to measure progress, which is generally different from the timing of unconditional right of payment which is based upon certain conditions being completed as specified in the contract. The timing between the satisfaction of the Company's performance obligations and the unconditional right of payment would contribute to contract assets and contract liabilities.

The Company uses the ratio of actual costs incurred to total estimated costs (an input method) since costs incurred represent a reasonable measure of progress towards the satisfaction of a performance in order to estimate the portion of revenue earned. This method faithfully depicts the transfer of value to the customer when the Company is satisfying a performance obligation that entails a number of interrelated tasks or activities for a combined output that requires the Company to coordinate the work of employees and subcontractors. Contract costs typically include direct labor, subcontractor and consultant costs, materials and other costs directly related to contract performance. Changes in estimated costs to complete these obligations result in adjustments to revenue on a cumulative catch-up basis, which causes the effect of revised estimates to be recognized in the current period. Changes in estimates can routinely occur over the contract term for a variety of reasons including, unanticipated changes in scope, unanticipated costs, delays or favorable or unfavorable progress than original expectations. When the outcome of the contract cannot be reasonably measured, revenue is recognized only to the extent of contract costs incurred that are expected to be recovered. In situations where the estimated costs to perform exceeds the consideration to be received, the Company accrues the entire estimated loss during the period the loss becomes known.

As of September 30, 2024, there was no contract liability for IoT Integration Solution Services, while as of September 30, 2023, contract liabilities for IoT Integration Solution Services amounted to $3,065 are expected to be recognized as revenue within a twelve-month period from September 30, 2023 using an input measure method.

Business Process Outsourcing ("BPO") Services

The Company engages in distinct contracts with its customers to provide IT-related manpower support for a fixed period of time. Each contract involves one performance obligation, where the Company commits to providing designated number of personnels who has relevant IT expertise and knowledge as required by customers. The Company typically collects monthly instalment from customer over contract period in BPO services.

Transaction prices are explicitly stated in the contracts as fixed amounts without variable considerations. Because those personnels work directly under customers' instruction during contract period and customers take control over all work output by the personnels, customers receive and consume benefits provided by the Company simultaneously. Therefore, revenues from BPO Services are recognized over time.

The Company uses ratio of actual labor cost incurred over total budgeted labor cost (an input method) as a measure of progress towards satisfaction of performance obligation. Under this method, the Company could appropriately measure the fulfillment of its performance obligation.

As of September 30, 2024 and 2023, there was no contract liability for BPO Services.

IoT Support and Maintenance Services

The Company enters into distinct contracts with its customers to provide ongoing maintenance and support services for the existing IoT Solutions. Each contract encompasses a single performance obligation, considering the highly interdependent and highly interrelated nature of the support and maintenance services provided during the contract period.

In these IoT Support and Maintenance contracts, the Company commits to delivering a variety of support and maintenance services. Although the contracts specify separate services, such as maintenance of different components of IoT Solutions and repair and replacement of various hardware, these services are actually elements of a bundled offering that culminates in a unified outcome the Company is obliged to provide. The individual services are highly

MEGA FORTUNE COMPANY LIMITED
Notes to Consolidated Financial Statements
For the Years Ended September 30, 2024 and 2023

3. Summary of Significant Accounting Policies (cont.)

interdependent, constituting a single, integrated solution. Consequently, each IoT Support and Maintenance contract is recognized as a single performance obligation. The Company typically collects monthly instalments from customers over contract period in IoT Support and Maintenance services.

Transaction prices for IoT Support and Maintenance Services are explicitly written in contracts as a fixed amount without variable consideration. Because customers simultaneously receive and consume the benefits of the Company's performance as it is delivered, revenues from IoT Support and Maintenance Services are recognized over time.

Revenues from IoT Support and Maintenance are recognized on the basis of the Company's efforts or inputs to the satisfaction of a performance obligation. It is recognized using the input method, aligning with actual incurred costs against expected budgeted costs at contract inception.

As of September 30, 2024, contract liabilities for IoT Support and Maintenance Services amounted to $21,995 are expected to be recognized as revenue within a twelve-month period from September 30, 2024 using an input measure method, while as of September 30, 2023, contract liabilities for IoT Support and Maintenance Services amounted to $57,197 are expected to be recognized as revenue within a twelve-month period from September 30, 2023 using an input measure method.

Trading Sales

The Company enters into distinct contracts with its customers to sell hardware and IoT-related products. The Company typically enters into contracts with its customers where the rights of the parties, including payment terms, are identified. Sales prices to customers are fixed with no separate sales rebate, discount, or other incentive and there is no right of return. The Company generally provides no credit terms to its customers who are contractually required to settle the considerations upon product delivery. The Company's sole performance obligation is to deliver products according to contract specifications. The Company recognizes product revenue at a point in time when the control of products is transferred to customers.

Sources of revenues

Disaggregated information of revenues by major sources are as follows:

	For the Years Ended September 30, 2024	2023
Revenues from contracts with customers recognized over time		
IoT Integration Solution Services	$ 1,852,645	$ 1,859,927
BPO Services	1,028,838	772,954
IoT Support and Maintenance Services	429,910	460,396
	3,311,393	3,093,277
Revenues from contracts with customers recognized at a point in time		
Trading Sales	14,597	154,266
Total	$ 3,325,990	$ 3,247,543

Warranty

The Company generally provides limited warranties for work performed under its contracts. At the time a sale is recognized, the Company records estimated future warranty costs under ASC 460. Such estimated costs for warranties are estimated at completion and these warranties are not service warranties separately sold by the Company. Generally, the estimated claim rates of warranty are based on actual warranty experience or Company's best estimate. There were no such reserves for the years ended September 30, 2024 and 2023 because the Company's historical warranty expenses were immaterial to the Company's consolidated financial statements.

MEGA FORTUNE COMPANY LIMITED
Notes to Consolidated Financial Statements
For the Years Ended September 30, 2024 and 2023

3. Summary of Significant Accounting Policies (cont.)

Contract assets, net and contract liabilities

Contract assets are recorded on the consolidated balance sheets when revenue recognized to date exceeds cumulative billings to customers. In accordance with ASC 326 Financial Instruments-Credit Losses (ASC 326), the Company estimates the allowance for expected credit losses based on expected future uncollectible contract assets using forecasts of future economic conditions in addition to information about past events and current conditions. Management provides an allowance for expected credit losses based on the Company's historical losses, specific customer circumstances, and general economic conditions. Periodically, management reviews contract assets and adjusts the allowance based on current circumstances and charges off uncollectible contract assets when all attempts to collect have been exhausted and the prospects for recovery are remote. Contract assets have billing term with unconditional right to be billed beyond one year are classified as non-current assets. As of September 30, 2024 and 2023, no contract assets and allowance for expected credit losses were recognized.

Contract liabilities represent the amounts of cash collected from customers, or billings to customers for work yet to be performed that exceed the revenue recognized to date in relation to uncompleted contracts. As of September 30, 2024, and 2023, contract liabilities amounted to $21,995 and $60,262, respectively. Additionally, these amounts are expected to be recognized as revenue within a twelve-month period from the reporting date of these financial statements, therefore being classified as current liabilities on the consolidated balance sheets.

Government grants

Government subsidies primarily relate to (i) funding granted by the Hong Kong Innovation and Technology Commission in supporting the Company to recruit talents under the Innovation and Technology Fund; (ii) funding from SME Export Marketing Fund by the Hong Kong Trade and Industry Department to encourage expansion of markets outside Hong Kong in export promotion activities; (iii) funding granted by the Hong Kong government in helping the Company to develop and promote its brand overseas under the BUD Fund; and (iv) subsidies received from Hong Kong Science and Technology Park through its Graduate Trainee Program. The Company recognizes government subsidies as sundry income upon meeting all attached conditions, or when it is reasonably assured that these conditions will be met and receipt of the subsidies is probable.

Government subsidies received and recognized in the consolidated statements of operations and comprehensive income amounted to $29,990 and $76,017 for the years ended September 30, 2024 and 2023, respectively. To qualify for these subsidies, the Company complied with specific requirements and conditions. As of September 30, 2024, there were no unfulfilled conditions related to government subsidies.

Cost of revenues

The cost of revenues primarily consists of costs associated with subcontracting, engineering, and material expenses related to the provision of IoT services. These costs are expensed as incurred. Additionally, the cost of revenues includes the cost of goods sold incurred from the sales of hardware and IoT-related products.

Employee benefit plan

Employees of the Company located in Hong Kong and Australia participate in compulsory retirement benefit schemes, as mandated by local laws. In Hong Kong, contributions to the scheme are made by both the Company and its employees at a rate of 5% of the employees' relevant salary income, subject to a cap on monthly relevant income of 30,000 Hong Kong Dollars (HK$) (equivalent to $3,840). In Australia, contributions to the scheme are made at a rate of 10.5%, and 11% effective July 1, 2022, and 2023, respectively. The income caps per quarter are set at 60,220 Australian Dollars (AUD) and AUD 62,270 (equivalent to $39,571 and $40,918), effective July 1, 2022, and 2023, respectively. For the years ended September 30, 2024, and 2023, the total amounts charged to the consolidated statements of operations and comprehensive income for the Company's contributions to these retirement benefit schemes were $26,949 and $27,227, respectively

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Notes to Consolidated Financial Statements
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3. Summary of Significant Accounting Policies (cont.)

Borrowing costs

All borrowing costs are recognized as interest expense in the consolidated statements of operations and comprehensive income in the period in which they are incurred.

Income taxes

The Company accounts for income taxes under ASC 740, Income Taxes. Provision for income taxes consists of current taxes and deferred taxes.

Current tax is recognized based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis. Deferred tax is calculated using tax rates that are expected to apply to the period when the asset is realized, or the liability is settled. Deferred tax is charged or credited in the profit or loss, except when it is related to items credited or charged directly to equity. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

An uncertain tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the period incurred. The Company does not consider that there was any uncertain tax position as of September 30, 2024 and 2023.

Segment reporting

ASC 280, "Segment Reporting", establishes standards for reporting information about operating segments on a basis consistent with the Company's internal organizational structure as well as information about geographical areas, business segments and major customers in financial statements for details on the Company's business segments.

The Company uses the management approach to determine reportable operating segments. The management approach considers the internal organization and reporting used by the Company's chief operating decision maker ("CODM") for making decisions, allocating resources and assessing performance. The Company does not distinguish revenues, costs and expenses between segments in its internal reporting, but instead reports costs and expenses by nature as a whole.

Comprehensive Income

Comprehensive income consists of two components, net income and other comprehensive income. Other comprehensive income refers to revenue, expenses, gains and losses that under U.S. GAAP are recorded as an element of shareholders' equity but are excluded from net income. Other comprehensive income consists of foreign currency translation adjustments resulting from the Company translating its financial statements from functional currencies into reporting currency.

Earnings per share

The Company computes earnings per share ("EPS") according with ASC 260, Earnings per Share ("ASC 260"). ASC 260 requires companies to present basic and diluted EPS. Basic EPS is computed by dividing net earnings attributable to ordinary shareholders by the weighted-average number of ordinary shares outstanding during the period.

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Notes to Consolidated Financial Statements
For the Years Ended September 30, 2024 and 2023

3. Summary of Significant Accounting Policies (cont.)

Diluted EPS further takes into account of the potential dilution that could occur if securities or other contracts to issue ordinary shares were exercised and converted into ordinary shares. As of September 30, 2024 and 2023, the Company had no dilutive stocks.

Translation of foreign currencies

The Company's principal place of operations is Hong Kong. The financial position and results of its operations are predominately determined using the Hong Kong Dollar, the local currency of QBS System, as the functional currency. The Company also has a subsidiary in Australia which uses Australian Dollar as its functional currency. The Company's consolidated financial statements are presented in U.S. Dollars ("US$" or "$"). The results of operations and the consolidated statements of cash flows, denominated in the functional currency, are translated to US$ at the average rate of exchange during the reporting period. Assets and liabilities denominated in functional currencies at the balance sheet date are translated to US$ at the applicable rate of exchange in effect at that date. The equity, denominated in the functional currency, is translated to US$ at the historical rate of exchange at the time of the transaction. Because cash flows are translated based on the average translation rate, amounts related to assets and liabilities reported on the consolidated statements of cash flows will not necessarily agree with changes in the corresponding balances on the consolidated balance sheets. Translation adjustments arising from the use of different exchange rates from period to period are included as a separate component of accumulated other comprehensive income in the consolidated statements of changes in shareholders' equity. Gains and losses from foreign currency transactions are included in the Company's consolidated statements of operations and comprehensive income under foreign exchange transaction losses.

The following table outlines the exchange rates that are used in preparing these consolidated financial statements:

	As of September 30, 2024	2023
Year end spot rates		
AUD[(1)]	US$1 = AUD1.48	US$1 = AUD1.55
HK$	US$1 = HK$7.77	US$1 = HK$7.83

	For the Years Ended September 30, 2024	2023
Average rates		
AUD[(1)]	US$1 = AUD1.52	US$1 = AUD1.50
HK$	US$1 = HK$7.81	US$1 = HK$7.83

(1) The year-end spot rate of AUD as of September 30, 2024 represents the exchange rate at the time of the disposal of QBS Pty on July 8, 2024, while the average AUD rate for the year ended September 30, 2024, represents the average rate from October 1, 2023, to July 8, 2024.

Fair value of financial instruments

The fair value of a financial instrument is defined as the exchange price that would be received from an asset or paid to transfer a liability (as exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. A three-level fair value hierarchy

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3. Summary of Significant Accounting Policies (cont.)

prioritizes the inputs used to measure fair value. The hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 — Quoted prices in active markets for identical assets and liabilities.

Level 2 — Quoted prices in active markets for similar assets and liabilities, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

As of September 30, 2024 and 2023, financial instruments of the Company comprised primarily cash, accounts receivable, amounts due from a related party, prepayments and other assets, short-term bank loans, accounts payable, amounts due to related parties, accrued expenses and other liabilities. The Company concludes that the carrying amounts of these financial instruments approximate their fair values, due to the short-term nature of these instruments and the terms closely approximating market conditions.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or significant influence of the same party, such as a family member or relative, shareholder, or a related corporation.

Commitments and contingencies

In the normal course of business, the Company is subject to contingencies, such as legal proceedings and claims arising out of its business, which cover a wide range of matters. Liabilities for contingencies are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

If the assessment of a contingency indicates that it is probable that a material loss is incurred and the amount of the liability can be estimated, then the estimated liability is accrued in the Company's consolidated financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

Recent accounting pronouncements

The Company considers the applicability and impact of all accounting standards updates ("ASUs"). Management periodically reviews new accounting standards that are issued. Under the Jumpstart Our Business Startups Act of 2012, as amended (the "JOBS Act"), the Company meets the definition of an emerging growth company, or EGC, and has elected the extended transition period for complying with new or revised accounting standards, which delays the adoption of these accounting standards until they would apply to private companies.

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280)" ("ASU 2023-07"). The amendments in ASU 2023-07 improve financial reporting by requiring disclosure of incremental segment information on an annual and interim basis for all public entities to enable investors to develop more decision useful financial analyses. Topic 280 requires a public entity to report a measure of segment profit or loss that the chief operating

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3. Summary of Significant Accounting Policies (cont.)

decision maker (CODM) uses to assess segment performance and make decisions about allocating resources. Topic 280 also requires other specified segment items and amounts, such as depreciation, amortization, and depletion expense, to be disclosed under certain circumstances. The amendments in ASU 202307 do not change or remove those disclosure requirements. The amendments in ASU 2023-07 also do not change how a public entity identifies its operating segments, aggregates those operating segments, or applies the quantitative thresholds to determine its reportable segments. The amendments in ASU 2023-07 are effective for years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, adopted retrospectively. Management considers that the guidance does not have a significant impact on the disclosures set out in these consolidated financial statements.

In December 2023, FASB issued Accounting Standards Update ("ASU") 2023-09, "Income Taxes (Topic 740)" ("ASU 2023-09"). The amendments in ASU 2023-09 address investor requests for more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. One of the amendments in ASU 2023-09 includes disclosure of, on an annual basis, a tabular rate reconciliation of (i) the reported income tax expense (or benefit) from continuing operations, to (ii) the product of the income (or loss) from continuing operations before income taxes and the applicable statutory federal income tax rate of the jurisdiction of domicile using specific categories, including separate disclosure for any reconciling items within certain categories that are equal to or greater than a specified quantitative threshold of 5%. ASU 2023-09 also requires disclosure of, on an annual basis, the year to date amount of income taxes paid (net of refunds received) disaggregated by federal, state, and foreign jurisdictions, including additional disaggregated information on income taxes paid (net of refunds received) to an individual jurisdiction equal to or greater than 5% of total income taxes paid (net of refunds received). The amendments in ASU2023-09 are effective for annual periods beginning after December 15, 2024, and should be applied prospectively. Management is currently evaluating the impact of this guidance.

In November 2024, the FASB issued ASU 2024-03, Income Statement — Reporting Comprehensive Income (Topic 220-40): Expense Disaggregation Disclosures ("ASU 2024-03"). This update requires, among other things, more detailed disclosure about types of expenses in commonly presented expense captions such as cost of sales and selling, general, and administrative expenses, and is intended to improve the disclosures about an entity's expenses including purchases of inventory, employee compensation, depreciation and amortization. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Management is currently evaluating the impact of the on its consolidated financial statements and related disclosures.

The Company does not believe other recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the consolidated financial position, statements of operations and cash flows.

4. Risks and Uncertainty

Currency risk

The Company's operating activities are mainly transacted in HK$ and AUD which are also the functional currencies of the respective subsidiaries. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. The Company considers the foreign exchange risk in relation to transactions denominated in HK$ with respect to US$ is not significant as HK$ is pegged to US$ and there is no significant foreign exchange risk in relation to transactions denominated in AUD with respect to US$ following the disposal of QBS Pty on July 8, 2024.

The Company considers that the overall foreign exchange risk is not significant, and the Company has not used any instruments or derivatives to manage or hedge the risk.

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4. Risks and Uncertainty (cont.)

Credit risks

Financial instruments that potentially subject the Company to the credit risks consist of cash, accounts receivable, amounts due from a related party and other assets. The maximum exposures of such assets to credit risk are their carrying amounts as of the balance sheet dates.

The Company deposits its cash with reputable banks located in Hong Kong. As of September 30, 2024 and 2023, $371,918 and $619,570 were deposited with these banks, respectively. Balances maintained with banks in Hong Kong are insured under the Deposit Protection Scheme introduced by the Hong Kong Government for a maximum amount of HK$500,000 (equivalent to $64,356), and further increased to HK$800,000 (equivalent to $102,969), effective October 1, 2024, for each depositor at one bank, whilst the balances maintained by the Company may at times exceed the insured limits. Cash balances maintained with banks in Hong Kong are not otherwise insured by the Federal Deposit Insurance Corporation or other programs. The Company has not experienced any losses in these bank accounts and management believes that the Company is not exposed to any significant credit risk on cash and restricted cash.

Assets that potentially subject the Company to significant credit risks primarily consist of accounts receivable, amounts due from a related party and other assets. The Company performs regular and ongoing credit assessments of the counterparts' financial conditions and credit histories. The Company also assesses historical collection trends, aging of receivables and general economic conditions. The Company considers that it has adequate controls over these receivables in order to minimize the related credit risk. As of September 30, 2024, and 2023, the balances of allowance for expected credit losses were $212,252 and $70,816, respectively.

Concentration risks

For the years ended September 30, 2024 and 2023, most of the Company's assets were located in Hong Kong. At the same time, the Company considers that it is exposed to the following concentrations of risk:

(a) Major customers

The following table sets forth information as to each customer that accounted for top 5 of the Company's revenues for the years ended September 30, 2024 and 2023:

	For the year ended September 30, 2024		For the year ended September 30, 2023	
Customers	Revenues	% of revenues	Revenues	% of revenues
Customer A	$ 415,989	12.5	$ 261,014	8.0
Customer B	322,552	9.7	—	—
Customer C	255,993	7.7	922,692	28.4
Customer D	255,993	7.7	—	—
Customer E	181,243	5.5	—	—
Customer F	120,061	3.6	217,056	6.7
Customer G	76,798	2.3	214,532	6.6
Customer H	—	—	293,705	9.0
Total:	$ 1,628,629	49.0	$ 1,908,999	58.7

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4. Risks and Uncertainty (cont.)

(b) Major suppliers

The following table sets forth information as to each supplier that accounted for top 5 of the Company's cost of revenues related to subcontracting and material expenses for the years ended September 30, 2024 and 2023:

	For the year ended September 30, 2024		For the year ended September 30, 2023	
Suppliers	Cost of revenues	% of cost of revenues	Cost of revenues	% of cost of revenues
Supplier A	$ 203,451	22.4	$ 256,161	17.9
Supplier B	126,717	13.9	244,056	17.1
Supplier C	99,837	11.0	190,908	13.4
Supplier D	95,998	10.6	63,849	4.5
Supplier E	60,520	6.7	—	—
Supplier F	44,799	4.9	117,557	8.2
Supplier G	6,784	0.7	121,717	8.5
Total:	$ 638,106	70.2	$ 994,248	69.6

(c) Receivables

The following table sets forth information as to each customer that accounted for top 5 of the Company's accounts receivable, after allowance for expected credit losses, as of September 30, 2024 and 2023:

	As of September 30, 2024		As of September 30, 2023	
Customers	Accounts receivable	% of accounts receivable	Accounts receivable	% of accounts receivable
Customer C	$ 470,959	20.2	$ 463,457	30.8
Customer A	382,654	16.4	186,372	12.4
Customer B	309,388	13.2	—	—
Customer G	233,125	10.0	275,476	18.3
Customer I	141,189	6.0	—	—
Customer J	103,427	4.4	313,659	20.8
Customer K	49,109	2.1	61,794	4.1
Total:	$ 1,689,851	72.3	$ 1,300,758	86.4

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4. Risks and Uncertainty (cont.)

(d) Payables

The following table sets forth information as to each supplier that accounted for top 5 of the Company's accounts payable as of September 30, 2024 and 2023:

	As of September 30, 2024		As of September 30, 2023	
Suppliers	Accounts payable	% of accounts payable	Accounts payable	% of accounts payable
Supplier G	$ 14,457	67.7	$ 36,390	46.6
Supplier H	5,663	26.5	—	—
Supplier I	1,203	5.6	—	—
Supplier J	36	0.2	—	—
Supplier A	—	—	39,332	50.4
Supplier K	—	—	2,166	2.8
Supplier L	—	—	168	0.2
Total:	$ 21,359	100	$ 78,056	100

Interest rate risk

Fluctuations in market interest rates may negatively affect the Company's financial condition and results of operations. The Company is exposed to floating interest rate risk on bank deposits and bank loans, particularly during periods when the interest rate is expected to significant changes. Nevertheless, given the amounts of bank deposits and bank loans in question, the Company considers its interest rate risk to be manageable and not likely to cause significant disruption to the business. As of September 30, 2024, the Company had an outstanding principal of $483,206. The Company estimates that a 1% increase in the Hong Kong Dollar Prime Rate against bank loans outstanding on September 30, 2024 would result in an increase in interest expense of $4,832 per annum whilst the Company estimates that a 1% decrease in the Hong Kong Dollar Prime Rate against bank loans outstanding on September 30, 2024 would result in a decrease in interest expense of $4,832 per annum. As of September 30, 2023, the Company had an outstanding principal of $588,496. The Company estimates that a 1% increase in the Hong Kong Dollar Prime Rate against bank loans outstanding on September 30, 2023 would result in an increase in interest expense of $5,885 per annum whilst the Company estimates that a 1% decrease in the Hong Kong Dollar Prime Rate against bank loans outstanding on September 30, 2023 would result in a decrease in interest expense of $5,885 per annum. The Company has not used any instruments or derivatives to manage or hedge its interest rate risk exposure.

5. Accounts Receivable, Net

As of September 30, 2024 and 2023, accounts receivable consisted of the following balances:

	As of September 30, 2024	As of September 30, 2023
Third parties		
Accounts receivable	$ 2,548,841	$ 1,567,007
Less: allowance for expected credit losses	(211,639)	(66,357)
Total accounts receivable – third parties, net	$ 2,337,202	$ 1,500,650
Related party		
Accounts receivable	$ —	$ 4,525
Less: allowance for expected credit losses	—	(372)
Total accounts receivable – a related party, net	$ —	$ 4,153

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5. Accounts Receivable, Net (cont.)

The movement of allowance for expected credit losses against accounts receivable is as follow:

	As of September 30, 2024	As of September 30, 2023
Balance at October 1, 2023 and 2022	$ 66,729	$ 59,902
Provision of expected credit losses	143,581	6,681
Effect of exchange rate changes	1,329	146
Balance at September 30, 2024 and 2023	$ 211,639	$ 66,729

6. Amounts Due from a Related Party, Net

As of September 30, 2024 and 2023, amounts due from a related party, net consisted of the following balances:

	As of September 30, 2024	As of September 30, 2023
Amounts due from a related party	$ —	$ 70,149
Less: allowance for expected credit losses	—	(3,778)
Total amounts due from a related party, net	$ —	$ 66,371

The movement of allowance for expected credit losses against amounts due from a related party is as follow:

	As of September 30, 2024	As of September 30, 2023
Balance at October 1, 2023 and 2022	$ 3,778	$ 5,093
Reversal of expected credit losses	—	(1,370)
Decrease of expected credit losses related to disposal of a subsidiary	(3,849)	—
Effect of exchange rate changes	71	55
Balance at September 30, 2024 and 2023	$ —	$ 3,778

7. ROU Assets and Operating Lease Liabilities

The Company has operating leases for office. During the year ended September 30, 2024, the Company recognized right-of-use assets of $113,203, and lease liabilities of $113,203 in accordance with ASC 842, Leases. The lease agreement does not specify an explicit interest rate and the interest rate implicit in the lease is not readily determinable. The Company's management believes that using an incremental borrowing rate of the Hong Kong Prime Rate minus 0.25% p.a. was the most indicative rate of the Company's borrowing cost for the calculation of the present value of the lease payments at the lease inception; the rate used by the Company was changed from 5.0% to 5.875%.

As of September 30, 2024 and 2023, the Company subsisted of the following non-cancellable lease contract.

Description of lease	Lease term
Office at Hong Kong Science Park, Hong Kong	3 years from June 17, 2021 to June 16, 2024
Office at Hong Kong Science Park, Hong Kong	3 years from June 16, 2024 to June 16, 2027

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7. ROU Assets and Operating Lease Liabilities (cont.)

a) Amounts recognized in the consolidated balance sheets:

	As of September 30, 2024	As of September 30, 2023
Right-of-use assets	$ 101,187	$ 25,410
Operating lease liabilities		
Current	$ 36,450	$ 26,909
Non-current	65,703	—
	$ 102,153	$ 26,909
Weighted average remaining lease terms (in years)	2.71	0.71

b) Information related to operating lease activities during the years ended September 30, 2024 and 2023 are as follows:

	For the Years Ended September 30, 2024	For the Years Ended September 30, 2023
Amortization of ROU assets	$ 37,087	$ 38,114
Accretion of interest on operating lease liabilities	2,459	2,231
Total operating lease expenses	$ 39,546	$ 40,345

c) The following table summarizes the remaining contractual maturities of lease liabilities, categorized by the years in which such lease liabilities are required to be settled, under operating leases as of September 30, 2024:

During the year ended September 30,	
2025	$ 41,278
2026	41,278
2027	27,519
Total future lease payments	$ 110,075
Less: imputed interest	(7,922)
Present value of lease obligations	$ 102,153

The weighted-average discount rates used to determine the operating lease liabilities as of September 30, 2024 and 2023 were 5.875% and 5.0%, respectively.

The following table represents the minimum cash lease payments included in the measurement of lease liabilities for the years ended September 30, 2024 and 2023:

	For the Years Ended September 30, 2024	For the Years Ended September 30, 2023
Cash paid for amounts included in the measurement of lease liabilities:		
Cash outflows for operating leases	$ 41,049	$ 40,953

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8. Property and Equipment, Net

As of September 30, 2024 and 2023, property and equipment, net, consisted of the following:

	As of September 30, 2024	As of September 30, 2023
Computer equipment	$ 79,248	$ 71,283
Furniture and fittings	23,951	23,763
Less: accumulated depreciation	(93,730)	(88,155)
Total property and equipment, net	$ 9,469	$ 6,891

Depreciation expense was $4,851 and $6,697 for the years ended September 30, 2024 and 2023, respectively.

9. Deferred Initial Public Offering ("IPO") Costs

As of September 30, 2024 and 2023, deferred IPO costs, consisted of the following:

	As of September 30, 2024	As of September 30, 2023
Financial advisory fee	$ 143,425	$ —
Legal service fee	340,698	—
Valuation service fee	23,060	—
Miscellaneous expenses	50,000	—
Total deferred IPO costs	$ 557,183	$ —

10. Prepayments and Other Assets, Net

	As of September 30, 2024	As of September 30, 2023
Prepaid expenses	$ 350	$ 131
Other assets	17,959	32,505
Less: allowance for expected credit losses	(613)	(309)
Other assets, net	17,346	32,196
Total	17,696	32,327
Less: non-current portion	—	—
Amounts classified as current assets	$ 17,696	$ 32,327

The movement of allowances for expected credit losses against other assets is as follow:

	As of September 30, 2024	As of September 30, 2023
Balance at October 1, 2023 and 2022	$ 309	$ 302
Provision of expected credit losses	300	6
Effect of exchange rate changes	4	1
Balance at September 30, 2024 and 2023	$ 613	$ 309

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11. Contract Liabilities

The movement in contract liabilities is as follows:

	As of September 30, 2024	As of September 30, 2023
Balance at October 1, 2023 and 2022	$ 60,262	$ 153,823
Decrease in contract liabilities as a result of recognizing related portion as revenue during the year	(60,401)	(154,192)
Increase in contract liabilities as a result of billings in advance of performance obligation under Contracts	21,995	60,262
Effect of exchange rate changes	139	369
Balance at September 30, 2024 and 2023	$ 21,995	$ 60,262

12. Accrued Expenses and Other Liabilities

	As of September 30, 2024	As of September 30, 2023
Payroll payable	$ 48,721	$ 77,558
Professional fee	232,000	—
Others	37,067	18,675
Total accrued expenses and other liabilities	$ 317,788	$ 96,233

13. Bank Loans

As of September 30, 2024 and 2023, bank loans consisted of the following:

Date of banking facility	Provider	Nature of banking facility	Amount of banking facility	As of September 30, 2024	As of September 30, 2023
March 30, 2020	Bank of China (Hong Kong) Limited ("BOCHK")	Revolving bank overdraft	HK$2,000,000	$ —	$ —
April 27, 2020	BOCHK	Non-revolving term loan under SME Financing Guarantee Scheme ("SME Term Loan")	HK$3,550,000	262,932	326,167
October 10, 2020	BOCHK	SME Term Loan	HK$1,450,000	126,660	152,510
June 28, 2021	BOCHK	SME Term Loan	HK$1,000,000	93,614	109,819
				483,206	588,496
Less: non-current portion				(411,901)	(479,412)
Amounts classified as current liabilities				$ 71,305	$ 109,084

These bank loans were primarily obtained for general working capital.

Bank overdraft

QBS System obtained a revolving facility on bank overdraft from BOCHK under the SME Financing Guarantee Scheme, introduced by the Hong Kong Government, totaling HK$2,000,000 (approximately $257,423) on March 30, 2020. Under the SME Financing Guarantee Scheme, this bank overdraft facility is guaranteed by HKMC Insurance Limited, a wholly-owned subsidiary of the Hong Kong Government, up to 80% of the loan principal. This bank

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13. Bank Loans (cont.)

overdraft facility is also guaranteed in full personally by Mr. Kwan Ping Yuen, a senior management personnel of QBS System, along with Mr. Wong Chi Fung, the sole director of QBS System. The facility is a revolving credit arrangement, which does not prescribe a fixed repayment date. The interest rate applied to the bank overdraft is Hong Kong Dollar Prime Rate plus 1% per annum.

As at September 30, 2024 and 2023, the Company did not have any outstanding bank loan balances under this facility.

SME Term Loans

Between April 2020 and June 2021, QBS System secured SME Term Loan facilities from BOCHK under the SME Financing Guarantee Scheme, introduced by the Hong Kong Government. Under the SME Financing Guarantee Scheme, SME Term Loan facilities receive 100% guarantee from HKMC Insurance Limited. SME Term Loans were also personally guaranteed in full by Mr. Kwan Ping Yuen, a senior management personnel of QBS System, and Mr. Wong Chi Fung, the sole director of QBS System. The repayment obligations are determined by schedules outlined in the banking facilities and revised repayment schedules, with final installments due in May 2028, December 2028, and August 2029. Further in December 2024, QBS System applied for partial principal repayment arrangement with BOCHK, extending the final installments due dates to March 2029, December 2029, and October 2030, with no changes to the terms. These SME Term Loans feature variable interest rates set at Hong Kong Dollar Prime Rate minus 2.5% per annum.

As of September 30, 2024 and 2023, the outstanding balances under these SME Term Loan facilities were $483,206 and $588,496, respectively.

No significant covenants are noted under these banking facilities.

The effective annual interest rates of the bank loans for the years ended September 30, 2024 and 2023 were 3.6%. Interest expenses incurred from these bank loans amounted to $19,628 and $21,299 for the years ended September 30, 2024 and 2023, respectively.

The table below summarizes the remaining contractual maturities of the bank loans as of September 30, 2024, excluding the bank overdraft, for which no fixed repayment date has been established. The loans are categorized by the years in which repayments are due:

During the year ended September 30,	
2025	$ 85,109
2026	71,845
2027	119,301
2028	128,611
2029	90,576
2030	28,576
2031	1,723
Total repayments of bank loans	525,741
Less: imputed interest	(42,535)
Balance recognized on the balance sheet as of September 30, 2024	$ 483,206

As of the date of this report, a total of $42,669 of the bank loans as of September 30, 2024 has been repaid.

14. Shareholders' Equity

Ordinary shares

The Company was established under the laws of Cayman Islands on January 3, 2024. The authorized and outstanding numbers of the Company's ordinary shares were 500,000,000 shares and 1 share, with a par value of $0.0001 each, at the date of incorporation.

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14. Shareholders' Equity (cont.)

On January 30, 2024, 99,999 ordinary shares were allotted to the Company's sole shareholder at the time at a par value of $0.0001 each for a total consideration of $10. As of the date these consolidated financial statements are issued, the consideration had not been settled by the Company's shareholder and was recognized as subscription receivables in these consolidated financial statements.

On October 23, 2024, the Company's shareholder approved a 1-to-100 share split. Immediately before the share split, the Company was authorized to issue a maximum of 500,000,000 shares of $0.0001 par value, of which 100,000 ordinary shares were issued and outstanding. As a result of the share split, the Company is authorized to issue a maximum of 50,000,000,000 shares of $0.000001 par value, of which 10,000,000 ordinary shares are issued and outstanding. The Company considered the share split part of its recapitalization prior to the completion of its initial public offering. The Company believed that it is appropriate to reflect the above transaction on a retroactive basis pursuant to ASC 260, Earnings Per Share. All shares and per share amounts used herein and in the accompanying consolidated financial statements have been retroactively restated to reflect the above transaction for the periods presented.

15. Income Taxes

Cayman Islands and British Virgin Islands

Under the current and applicable laws of the Cayman Islands and British Virgin Islands, the Company is not subject to tax on income or capital gains under these jurisdictions.

Hong Kong

QBS System is incorporated in Hong Kong and is subject to Hong Kong Profits Tax on the taxable income as reported in their respective statutory financial statements adjusted in accordance with relevant Hong Kong tax laws. For the years ended September 30, 2024 and 2023, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime. The applicable income tax rate for the first HK$2,000,000 (equivalent to $255,993) of assessable profits is 8.25% whereas assessable profits above HK$2,000,000 (equivalent to $255,993) will be subject to an income tax rate of 16.5%. For any other entities, the applicable income tax rate is 16.5% on the entire assessable profits.

Australia

QBS Pty is incorporated in Australia and is subject to Australian Company Tax on the taxable income as reported in their respective statutory financial statements adjusted in accordance with relevant Australia tax laws. For the years ended September 30, 2024 and 2023, Australian Company Tax is calculated at an income tax rate of 25% under base rate entities. For any other entities, the applicable income tax rate is 30% on the entire taxable income.

The current and deferred portions of the income tax expenses included in the consolidated statements of operations and comprehensive income as determined in accordance with ASC 740 are as follows:

	For the Years Ended September 30, 2024	For the Years Ended September 30, 2023
Current taxes	$ 197,367	$ 82,713
Deferred taxes	(23,303)	(1,549)
Income tax expenses	$ 174,064	$ 81,164

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15. Income Taxes (cont.)

A reconciliation of the difference between the expected income tax expense computed at Hong Kong income tax rate of 16.5% and the Company's reported income tax benefits is shown in the following table:

	For the Years Ended September 30, 2024	For the Years Ended September 30, 2023
Profit before income taxes	$ 575,598	$ 617,718
Cayman Islands statutory tax rate	0.0%	0.0%
Tax expenses at the Cayman Islands statutory tax rate	$ —	$ —
Hong Kong Profits Tax rate	16.5%	16.5%
Income taxes computed at Hong Kong Profits Tax rate	$ 94,974	$ 101,924
Income not taxable	(34)	(56)
Non-deductible expenses	99,655	—
Tax loss not recognized related to the disposal of a subsidiary	8,591	—
Tax effect of two-tier tax rates	(21,503)	(21,453)
Effect of different statutory tax rates from that of Hong Kong	(535)	(209)
Change in valuation allowance	(7,084)	958
Income tax expense	$ 174,064	$ 81,164

The following table reconciles the statutory tax rate to the Company's effective tax rate for the years ended September 30, 2024 and 2023:

	For the Years Ended September 30, 2024	For the Years Ended September 30, 2023
Cayman Islands statutory tax rate	0.0%	0.0%
Hong Kong Profits Tax rate	16.5%	16.5%
Income not taxable	—	—
Non-deductible expenses	17.3%	—
Tax loss not recognized related to the disposal of a subsidiary	1.5%	—
Tax effect of two-tier tax rates	(3.8)%	(3.5)%
Effect of different statutory tax rates from that of Hong Kong	(0.1)%	—
Change in valuation allowance	(1.2)%	0.1%
Effective tax rate	30.2%	13.1%

Deferred tax

The Company measures deferred tax assets and liabilities based on the difference between the financial statement and tax bases of assets and liabilities at the applicable tax rates. Components of the Company's deferred tax assets and liabilities are as follows:

	As of September 30, 2024	As of September 30, 2023
Deferred tax assets:		
Allowance for expected credit losses	$ 35,022	$ 12,005
Net operating losses carry forwards	—	6,954
	35,022	18,959
Less: valuation allowance	—	(6,954)
Total deferred tax assets	$ 35,022	$ 12,005
Deferred tax liabilities:		
Depreciation and amortization	$ (1,471)	$ (1,022)
Total deferred tax liabilities	$ (1,471)	$ (1,022)
Deferred tax assets, net	$ 33,551	$ 10,983

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15. Income Taxes (cont.)

Movement of the Company's deferred tax assets, net, during the years is as follow:

	For the Years Ended September 30, 2024	For the Years Ended September 30, 2023
Balance at October 1, 2023 and 2022	$ 10,983	$ 9,401
Credited to the profit or loss	23,303	1,549
Decrease of deferred tax assets related to the disposal of a subsidiary	(962)	—
Effect of exchange rate changes	227	33
Balance at September 30, 2024 and 2023	$ 33,551	$ 10,983

Movement of the Company's valuation allowance against deferred tax assets is as follows:

	For the Years Ended September 30, 2024	For the Years Ended September 30, 2023
Balance at October 1, 2023 and 2022	$ 6,954	$ 6,014
Increase in allowance recognized in the profit or loss	—	958
Decrease of valuation allowance related to the disposal of a subsidiary	(7,084)	—
Effect of exchange rate changes	130	(18)
Balance at September 30, 2024 and 2023	$ —	$ 6,954

Under relevant Hong Kong tax laws, tax case is normally subject to investigation by the tax authority for up to 6 years of assessment prior to the current year of assessment, unless in a case of fraud or willful evasion, then the investigation can be extended to cover 10 years of assessment. Under relevant Australia tax laws, a time limit has been put in which Australian Taxation Office can amend an assessment. For most taxpayers with simple affairs, the amendment period for an income tax assessment is 2 years from the date that a taxpayer issued with an assessment, while those with more complex affairs would extend to 4 years from the date that a taxpayer issued with an assessment. However, in a case where the Australian Taxation Office forms an opinion of fraud or evasion, there is no time limit for amending an assessment.

As of September 30, 2024 and 2023, the Company had no open tax investigation from these tax authorities.

16. Related Party Transaction and Balance

a. Nature of relationships with related parties

Name	Relationship with the Company
Flywheel Financial Strategy (Hong Kong) Company Limited	Under significant influence of Mr. Wong Ka Ki, who is the sole director of QBS Pty and one of the substantial shareholders of Mericorn Company Limited
Mericorn Company Limited	The sole shareholder of the Company
QBS Flywheel Limited	Former controlling company of QBS System before Reorganization
QBS Group Limited	Under significant influence of Mr. Wong Chi Fung, who is the sole director of QBS System
Wong Chi Fung	The sole director of QBS System
Wong Ka Ki	The sole director of QBS Pty and one of the substantial shareholders of Mericorn Company Limited

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16. Related Party Transaction and Balance (cont.)

b. Transactions with related parties

Name	Nature	For the Years Ended September 30, 2024	For the Years Ended September 30, 2023
Flywheel Financial Strategy (Hong Kong) Company Limited(1)	Revenues	$ —	$ 30,028
Wong Ka Ki(2)	Proceeds from disposal of a subsidiary	$ 6,737	$ —

(1) The amount for the year ended September 30, 2023 represented revenues from IoT Integration Solution Services.
(2) The amount for the year ended September 30, 2024 represented the proceeds of disposal of 100% shares in QBS Pty to Mr. Wong Ka Ki at a consideration of AUD10,000 (equivalent to $6,737) on July 8, 2024.

c. Balance with related parties

Name	Nature	As of September 30, 2024	As of September 30, 2023
Flywheel Financial Strategy (Hong Kong) Company Limited(1)	Accounts receivable, net	$ —	$ 4,153
QBS Flywheel Limited(2)	Amounts due from a related party, net	$ —	$ 66,371
QBS Group Limited(3)	Amounts due to related parties	$ 102,922	$ 293,665
Wong Chi Fung(3)	Amounts due to related parties	659,585	69,681
Wong Ka Ki(3)	Amounts due to related parties	97,280	32,255
		$ 859,787	$ 395,601

(1) The balance as of September 30, 2023 represents IoT Integration Solution Services income receivable from the related party after allowance for expected credit losses. The balance was fully settled subsequently.
(2) The balance as of September 30, 2023 represented advances to related company, after allowance for expected credit losses, for its operational purposes. The balances were unsecured, non-interest bearing and repayable on demand. The balance had been disposed following the disposal of QBS Pty to Mr. Wong Ka Ki on July 8, 2024.
(3) The balances as of September 30, 2024 and 2023 represented advances from a related company and directors for the Company's operational purposes. The balances were unsecured, non-interest bearing and repayable on demand. As of the date theses financial statements were issued, the balances have not been settled.

17. Disposal of a Subsidiary

On July 8, 2024, QBS System entered into agreement with Mr. Wong Ka Ki, the sole director of QBS Pty and one of the substantial shareholders of Mericorn Company Limited, to dispose of 100% shares in QBS Pty to Mr. Wong Ka Ki at a consideration of AUD10,000 (equivalent to $6,737), with no gain or loss on disposal. The consideration of AUD10,000 was received by QBS System on July 9, 2024.

The transaction resulted in a loss of control of QBS Pty. QBS Pty was not a significant subsidiary, and its disposition did not constitute a strategic shift that would have major effect on the Company's operations and financial results. Accordingly, the operation result of QBS Pty was not reported as a discontinued operations in accordance with the guidance under ASC 205 "Preparation of Financial Statements".

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18. Commitments and Contingencies

Commitments

As of September 30, 2024 and 2023, the Company had neither significant financial nor capital commitment.

Contingencies

As of September 30, 2024 and 2023, the Company was not a party to any material legal or administrative proceedings. The Company further concludes that there were no legal or regulatory proceedings, either individually or in the aggregate, that could have resulted in an unfavorable outcome with a material adverse effect on the Company's results of operations, consolidated financial condition, or cash flows.

19. Segment Information

The Company uses the management approach to determine reportable operating segments. The management approach considers the internal organization and reporting used by the Company's CODM for making decisions, allocating resources and assessing performance.

The Company does not distinguish revenues, costs and expenses between segments in its internal reporting, but instead reports costs and expenses by nature as a whole. Based on the management's assessment, the Company

determines that it has only one operating segment and therefore one reportable segment as defined by ASC 280. Furthermore, the majority of the Company's revenue are derived in or from Hong Kong with all operation being carried out in Hong Kong. Therefore, no geographical segments are presented. The Company concludes that it has only one reportable segment. As such, all financial segment information required by the authoritative guidance can be found in the consolidated financial statements.

20. Subsequent Events

Share split

On October 23, 2024, the Company completed a 1-to-100 share split. After the share split, the Company has 10,000,000 ordinary shares issued and outstanding.

Partial repayment arrangement

In December 2024, QBS System applied for partial principal repayment arrangement with BOCHK for SME Term Loans, extending the final installments due dates to March 2029, December 2029, and October 2030, with no changes to the terms. The current and non-current portions of the bank loans as of September 30, 2024 were split based on this new arrangement accordingly.

The Company evaluates all events and transactions that occur after September 30, 2024 up through the date the Company issues the consolidated financial statements. Other than the event disclosed above and elsewhere in these consolidated financial statements, there is no other subsequent event occurred that would require recognition or disclosure in the Company's consolidated financial statements.

3,750,000 Ordinary Shares

Mega Fortune Company Limited

Until August 9, 2025 all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

D. Boral Capital

The date of this prospectus is July 15, 2025.