

# 旅橙文化控股有限公司

Orange Tour Cultural Holding Limited

(Incorporated in the Cayman Islands with limited liability)  
Stock Code : 8627



## SHARE OFFER

Sponsor

FRONTPAGE 富比

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## IMPORTANT

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*If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.*

# Orange Tour Cultural Holding Limited 旅橙文化控股有限公司

(Incorporated in the Cayman Islands with limited liability)

## LISTING ON GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF SHARE OFFER

Number of Offer Shares	: 200,000,000 Shares
Number of Public Offer Shares	: 20,000,000 Shares (subject to reallocation)
Number of Placing Shares	: 180,000,000 Shares (subject to reallocation)
Offer Price	: Not more than HK\$0.33 per Offer Share and expected to be not less than HK\$0.25 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong Dollar and subject to refund)
Nominal value	: US\$0.001 per Share
Stock code	: 8627

Sponsor

**FRONTPAGE 富比**  
Frontpage Capital Limited

Joint Bookrunners and Joint Lead Managers

**FRONTPAGE 富比**

 **海盈證券**

 **瑞邦證券**  
— RUIBANG —

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed “Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection – Documents delivered to the Registrar of Companies in Hong Kong” in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

**The Offer Price is expected to be determined by agreement between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) on the Price Determination Date or such later date as may be agreed by our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters). The Offer Price will be not more than HK\$0.33 per Offer Share and is expected to be not less than HK\$0.25 per Offer Share, unless otherwise announced. Applicants for the Public Offer Shares are required to pay, on application, the maximum Offer Price of HK\$0.33 for each Offer Share together with brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than HK\$0.33 per Offer Share.**

The Joint Lead Managers (for themselves and on behalf of the Underwriters) may, with our Company’s consent, reduce the number of Offer Shares and/or indicative Offer Price range stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such case, a notice of the reduction in the number of Offer Shares and/or indicative Offer Price range will be published on the website of our Company at [www.otch.com.cn](http://www.otch.com.cn) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). Further details are set out in the section headed “Structure and Conditions of the Share Offer” of this prospectus. If our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) are unable to reach an agreement on the Offer Price on the Price Determination Date (or such later date as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters)), the Share Offer will not proceed and will lapse immediately.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed “Risk Factors” of this prospectus.

The obligations of the Underwriters under the Underwriting Agreements to subscribe for, and to procure applicants for the subscription for, the Offer Shares are subject to termination by the Joint Lead Managers (for themselves and on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed “Underwriting – Underwriting arrangements and expenses – Grounds for termination” of this prospectus.

30 October 2019

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## CHARACTERISTICS OF GEM

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GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) in order to obtain up-to-date information on companies listed on GEM.

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## EXPECTED TIMETABLE

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*If there is any change in the following expected timetable, we will issue an announcement on the website of our Company at [www.otch.com.cn](http://www.otch.com.cn) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).*

**Date and time<sup>(1)</sup>  
2019**

Public Offer commences and **WHITE** and **YELLOW**

Application Forms available from . . . . . 9:00 a.m. on Wednesday, 30 October

Application lists for Public Offer open <sup>(2)</sup> . . . . . 11:45 a.m. on Monday, 4 November

Latest time for (i) lodging **WHITE** and **YELLOW**

Application Forms and (ii) giving **electronic application instructions** to HKSCC <sup>(3)</sup> . . . . . 12:00 noon on Monday, 4 November

Application lists for Public Offer close <sup>(2)</sup> . . . . . 12:00 noon on Monday, 4 November

Expected Price Determination Date <sup>(4)</sup> . . . . . Wednesday, 6 November

Announcement of the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares to be published on the website of our Company at [www.otch.com.cn](http://www.otch.com.cn) <sup>(5)</sup> and on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) on or before . . . . . Wednesday, 13 November

Announcement of results of allocations under the Public Offer (with successful applicants' identification document or business registration numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to Apply for the Public Offer Shares – 10. Publication of results" of this prospectus including the website of our Company at [www.otch.com.cn](http://www.otch.com.cn) <sup>(5)</sup> and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) from . . . . . Wednesday, 13 November

Results of allocation in the Public Offer will be available at [www.tricor.com.hk/ipo/result](http://www.tricor.com.hk/ipo/result) (alternatively: [www.hkeipo.hk/IPOResult](http://www.hkeipo.hk/IPOResult)) with a "search by ID Number/Business Registration Number" function from . . . . . Wednesday, 13 November

Despatch/Collection of Share certificates or deposit of the Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Public Offer on or before <sup>(6) (8)</sup> . . . . . Wednesday, 13 November

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## EXPECTED TIMETABLE

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Date and time<sup>(1)</sup>  
2019

Despatch/Collection of refund cheques in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Public Offer on or about <sup>(7) (8)</sup> . . . . . Wednesday, 13 November

Dealings in Shares on GEM expected to commence at 9:00 a.m. on . . . . . Thursday, 14 November

*Notes:*

- (1) All times and dates refer to Hong Kong times and dates, except as otherwise stated.
- (2) If there is a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 4 November 2019, the application lists will not open and close on that day. Please refer to the section headed “How to Apply for the Public Offer Shares – 9. Effect of bad weather on the opening of the application lists” of this prospectus for details.
- (3) Applicants who apply for Public Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed “How to Apply for the Public Offer Shares – 5. Applying by giving **electronic application instructions** to HKSCC via CCASS” of this prospectus.
- (4) The Price Determination Date is expected to be on or around Wednesday, 6 November 2019 and, in any event, not later than Friday, 8 November 2019. If, for any reason, the Offer Price is not agreed between the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company by Friday, 8 November 2019, the Share Offer will not proceed and will lapse.
- (5) None of the website or any of the information contained on the website forms part of this prospectus.
- (6) Share certificates will only become valid at 8:00 a.m. on Thursday, 14 November 2019 provided that the Share Offer has become unconditional and the right of termination described in the section headed “Underwriting – Underwriting arrangements and expenses – Grounds for termination” of this prospectus has not been exercised. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.
- (7) Refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Public Offer and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant’s Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s Hong Kong identity card number or passport number before encashment of the refund cheque, if any. Inaccurate completion of an applicant’s Hong Kong identity card number or passport number may invalidate or delay encashment of the refund cheque, if any.
- (8) Applicants who apply on **WHITE** Application Forms for 1,000,000 or more Public Offer Shares and have provided all information required by the Application Form may collect any refund cheques and/or Share certificates (where applicable) in person from our Company’s Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 13 November 2019 or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates/refund cheques. Applicants being individuals who are eligible for personal collection may not authorise any other person to collect on their behalf. Applicants being corporations which are eligible for personal collection must attend through their authorised representatives bearing letters of authorisation from their corporation stamped with the corporation’s chop. Both individuals and authorised representatives of corporations must produce evidence of identity acceptable to our Company’s Hong Kong Branch Share Registrar at the time of collection.

Applicants who apply on **YELLOW** Application Forms for 1,000,000 or more Public Offer Shares and have provided all information required by the Application Form may collect their refund cheques, if any, in person but may not collect their Share certificates as such Share certificates will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit to their or the designated CCASS Participants’ stock account as stated in their Application Forms. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

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## EXPECTED TIMETABLE

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Applicants who have applied for Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed “How to Apply for the Public Offer Shares – 13. Despatch/Collection of Share certificates and refund monies – Personal collection – (iii) If you apply via **electronic application instructions** to HKSCC” of this prospectus for details.

Applicants who have applied for less than 1,000,000 Public Offer Shares and any uncollected Share certificates and/or refund cheques will be despatched by ordinary post, at the applicants’ risk, to the addresses specified in the relevant applications. Further information is set out in the sections headed “How to Apply for the Public Offer Shares – 12. Refund of application monies” and “How to Apply for the Public Offer Shares – 13. Despatch/Collection of Share certificates and refund monies” of this prospectus.

**The above expected timetable is a summary only. You should read carefully the sections headed “Structure and Conditions of the Share Offer” and “How to Apply for the Public Offer Shares” of this prospectus for details of the structure of the Share Offer, including the conditions of the Share Offer and the procedures for application for the Public Offer Shares.**

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### IMPORTANT NOTICE TO INVESTORS

*This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to subscribe for or buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer in any other jurisdiction or in any other circumstances.*

*No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong.*

*You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. Our Company, the Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by our Company, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, advisers, officers, employees, agents or representatives or any other person involved in the Share Offer. The contents on the website at [www.otch.com.cn](http://www.otch.com.cn) which is the official website of our Company, do not form part of this prospectus.*

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## SUMMARY

*This summary aims to give you an overview of the information contained in this prospectus and should be read in conjunction with the full text of this prospectus. As it is a summary, it does not contain all the information that may be important to you, and is qualified in its entirety, and should be read in conjunction with the full text of this prospectus. Information contained on our website, located at [www.otch.com.cn](http://www.otch.com.cn), does not form part of this prospectus. You should read the whole prospectus before you decide to invest in the Offer Shares.*

*There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set forth in the section headed “Risk Factors” of this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this summary are defined in the sections headed “Definitions” of this prospectus.*

### OVERVIEW

Our Group is a marketing services company headquartered in Yixing of the PRC with a principal focus on the provision of (i) event management services; and (ii) design and production services. We commenced our business under our Group’s predecessor in 2006, and we have accumulated over 12 years of experience in the provision of marketing services. Over the years, we have developed well-established relationships with customers from governmental and commercial sectors of the PRC, including government authorities, residents’ committees, state-owned enterprises, real estate corporations, automobile dealers, crafts companies, artists, as well as other corporate customers.

Set out below is a brief summary of our marketing services provided during the Track Record Period:

1. **Event management services** – we act as an event manager and devise plans for a variety of cultural, artistic, recreational and corporate promotion events in accordance to our customers’ request. We also engage and coordinate with suppliers for lighting, visual and audio systems, stage performance, venue decoration, logistics, software technology and other on-site operation services pertaining to the execution of the events, as well as overseeing the event promotion and execution process.
2. **Design and production services** – we design and produce various sketches, graphics and other marketing materials, such as photo albums, leaflets, website aesthetics, packaging, posters, advertisements, books and magazines to meet our customers’ marketing objectives. In doing so, we engage and coordinate with suppliers for necessary technical input such as photo shooting, editing, typesetting, printing and information technology services.

The table below sets forth our revenue by the type of services we provided during the Track Record Period:

	2016		Year ended 31 December				Five months ended 31 May			
	RMB’000	%	2017	2018	2019		2018	2019		
			RMB’000	%	RMB’000	%	RMB’000	%	RMB’000	%
Event management services	18,423	52.8	24,537	60.0	36,280	68.0	7,761	70.0	9,094	69.1
Design and production services	16,490	47.2	16,340	40.0	17,078	32.0	3,309	30.0	4,070	30.9
	<u>34,913</u>	<u>100.0</u>	<u>40,877</u>	<u>100.0</u>	<u>53,358</u>	<u>100.0</u>	<u>11,070</u>	<u>100.0</u>	<u>13,164</u>	<u>100.0</u>

## SUMMARY

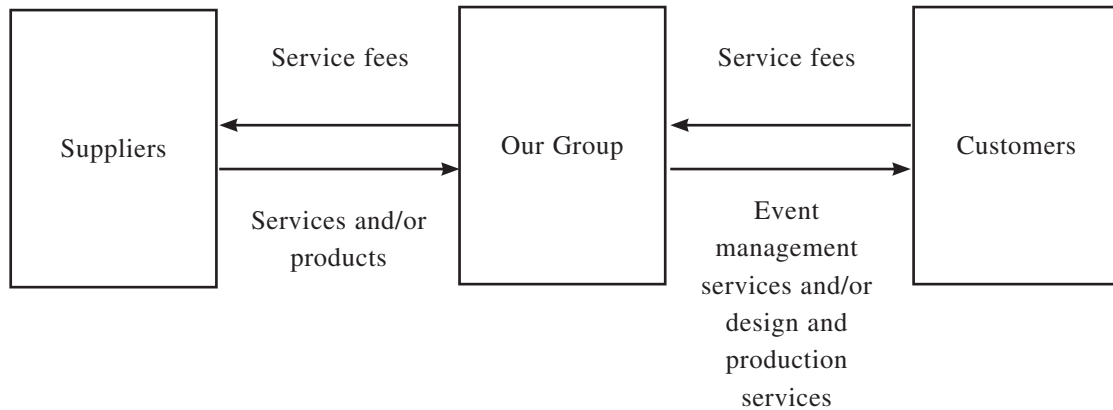
The following table sets forth a breakdown of number of customers and our revenue by major geographical regions in the PRC.

	2016			Year ended 31 December 2017			2018			2018			Five months ended 31 May 2019		
	No. of customers	RMB'000	%	No. of customers	RMB'000	%	No. of customers	RMB'000	%	No. of customers (unaudited)	RMB'000	%	No. of customers	RMB'000	%
Eastern China	277	32,764	93.8	252	36,526	89.4	208	46,509	87.2	69	10,852	98.0	62	10,418	79.1
- Yixing	211	21,888	62.7	190	19,768	48.4	146	25,762	48.3	46	6,506	58.8	31	4,183	31.8
- Wuxi	30	5,413	15.5	37	10,730	26.2	45	15,257	28.6	18	3,008	27.2	27	5,285	40.1
- Shanghai	5	1,030	3.0	6	1,429	3.5	4	2,740	5.1	3	1,074	9.7	3	946	7.2
- Nanjing	9	914	2.6	2	1,679	4.1	3	472	0.9	1	170	1.5	1	4	-
- Xuzhou	2	757	2.2	7	1,581	3.9	2	208	0.4	-	-	-	-	-	-
- Other eastern China regions	20	2,762	7.8	10	1,339	3.3	8	2,070	3.9	1	94	0.8	-	-	-
Northern China	7	1,644	4.7	6	3,416	8.4	10	4,038	7.6	1	142	1.3	5	1,896	14.4
- Beijing	6	1,578	4.5	4	3,043	7.4	10	4,038	7.6	1	142	1.3	5	1,896	14.4
- Other northern China regions	1	66	0.2	3	373	1.0	-	-	-	-	-	-	-	-	-
Central China	2	191	0.5	2	345	0.8	1	2,075	3.9	-	-	-	1	850	6.5
Other regions of China	3	314	1.0	4	590	1.4	6	736	1.3	1	76	0.7	-	-	-
	<u>289</u>	<u>34,913</u>	<u>100.0</u>	<u>265</u>	<u>40,877</u>	<u>100.0</u>	<u>225</u>	<u>53,358</u>	<u>100.0</u>	<u>71</u>	<u>11,070</u>	<u>100.0</u>	<u>68</u>	<u>13,164</u>	<u>100.0</u>

## OUR BUSINESS MODEL

We undertake to offer quality services to satisfy our customers' diverse marketing needs and to meet their specifications and requests. We closely manage each step of our project execution and coordinate with our suppliers to implement our services.

Set out below is a diagram illustrating our overall business model:



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## SUMMARY

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### OUR CUSTOMERS

During the Track Record Period, we have provided our marketing services to over 500 customers. Owing to our well-established customer relationships and our proven track record in provision of marketing services, we have returning customers, who used our marketing services more than once, with 56.3%, 49.3%, 61.5% and 76.5% of our total revenue generated from them for the years ended 31 December 2016, 2017, 2018 and the five months ended 31 May 2019, respectively. We enter into binding contracts with our customers on a project-by-project basis instead of entering into long-term contracts. The following table sets out the revenue by customers' sector during the Track Record Period:

	Year ended 31 December						Five months ended 31 May			
	2016		2017		2018		2018		2019	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
							<i>(unaudited)</i>			
Governmental sector	11,489	32.9	12,123	29.7	17,193	32.2	4,739	42.8	5,434	41.3
Commercial sector	23,424	67.1	28,754	70.3	36,165	67.8	6,331	57.2	7,730	58.7
	<u>34,913</u>	<u>100.0</u>	<u>40,877</u>	<u>100.0</u>	<u>53,358</u>	<u>100.0</u>	<u>11,070</u>	<u>100.0</u>	<u>13,164</u>	<u>100.0</u>

For the years ended 31 December 2016, 2017, 2018 and the five months ended 31 May 2019, the total revenue attributable to our customers amounted to approximately RMB34,913,000, RMB40,877,000, RMB53,358,000 and RMB13,164,000, respectively, out of which our largest customer accounted for 11.4%, 7.0%, 7.1% and 8.5% of our Group's total revenue for the corresponding periods, respectively, while the percentage of our Group's total revenue attributable to our five largest customers in aggregate was 30.7%, 27.0%, 26.8% and 35.4%, respectively.

### OUR SUPPLIERS

During the Track Record Period, we principally focused on the provision of event management services as well as design and production services. These works mainly involve (i) concept development and planning; (ii) design works; (iii) writing and editorial works; (iv) overall project management; and (v) on-site supervision. In order to support the implementation of our services, we cooperate with a wide range of suppliers in the PRC with various expertise and skills, including (i) information technology companies for applications and software development, multimedia clips and network solution to support the design, implementation and dissemination of our deliverables; (ii) stage service providers for venue decoration, stage construction, performance equipment and performers to support the execution of events; and (iii) printing and marketing materials production companies for brochures, catalogues and other marketing materials. In general, we do not enter into any long-term contract with our suppliers. The price for products or services provided is determined with reference to a pre-agreed quotation on an order-by-order basis. As at the Latest Practicable Date, there were over 200 suppliers on our list of approved suppliers, which is reviewed and updated regularly.

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## SUMMARY

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For the years ended 31 December 2016, 2017, 2018 and the five months ended 31 May 2019, our total project costs amounted to approximately RMB10,353,000, RMB12,235,000, RMB19,959,000 and RMB4,764,000, respectively, out of which our largest supplier accounted for 19.3%, 26.1%, 17.7% and 21.3% of our Group's project costs for the corresponding periods, respectively, while the percentage of our Group's total project costs attributable to our five largest suppliers in aggregate was 44.4%, 66.5%, 66.4% and 60.2%, respectively. The following table sets forth the breakdown of our project costs during the Track Record Period:

	Year ended 31 December			Five months ended 31 May	
	2016	2017	2018	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Event and marketing materials expenses	1,013	2,146	4,781	467	675
Printing charges	1,313	928	729	184	166
Stage services and venue decoration expenses	3,866	3,396	5,824	1,062	1,806
Advertising and promotional expenses	1,437	2,089	4,307	330	727
Video and animation production costs	386	1,220	1,638	366	596
Applications and software development expenses	1,617	2,032	2,095	651	711
Other project costs	721	424	585	235	83
	<u>10,353</u>	<u>12,235</u>	<u>19,959</u>	<u>3,295</u>	<u>4,764</u>

### MARKET SHARE

According to the F&S Report, our Group accounted for less than 0.1% market share for both event management services industry and design and production services industry in the PRC for the year ended 31 December 2018 in terms of revenue. For details, please refer to the section headed "Industry Overview" of this prospectus.

### PRICING POLICY

Our pricing is based on a cost-plus-margin model in general with mark-up determined on project basis. The services fees charged by our Group vary significantly depending on the types, scale, complexity of the projects and any specific requirements of our customers. In general, our quotation or tender of our marketing services has usually taken into account a number of factors, such as (i) nature of marketing services required; (ii) scale, complexity and difficulty of the project; (iii) the prevailing market rates offered by other competitors in the marketing services industry; (iv) estimated labour costs; (v) cost analysis taking into account the fees and charges by suppliers; (vi) number and type of equipment or manpower required; (vii) project timetable under customers' requirements; (viii) background and length of business relationship with our customers; and (ix) our budget and determination of a reasonable profit margin to be attained.

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## SUMMARY

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### COMPETITIVE STRENGTHS

Our Directors believe that the following competitive strengths have contributed to our Group's success:

- Proven business track record and established reputation in the provision of marketing services
- Well-established and stable business relationships with a broad customer base comprising governmental and commercial sectors
- Experienced management team with comprehensive knowledge and experience in the industry
- Established network and relationship with different suppliers that facilitate the quality control of our marketing services

### BUSINESS STRATEGIES

We intend to implement the following business strategies:

- Expanding our business network and service capacity by establishment of new branch offices in Wuxi and Beijing
- Setting up a sales and marketing team and the enhancement of marketing efforts to improve our brand awareness and our brand image
- Increasing our production capability by setting up an in-house multimedia production and design team

### RISK FACTORS

Our Directors believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our control. Our Directors believe the most significant risks relating to our business are as follows:

- Our historical revenue and profit margin may not be indicative of our future revenue and profit margin as our revenue is mainly derived from projects which are not recurring in nature and any decrease in the number of our projects would affect our operations and financial results
- We may be subject to significant increase in the cost of our business operations
- Our Group's development is dependent on our key management personnel and experienced staff. If we fail to retain them or hire suitable talents, our ongoing operations and growth could be adversely affected

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## SUMMARY

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- If we fail to meet the expectations of our customers, which are subjective in nature, we could lose our customers and our revenue could decline
- Our Group determines the service fees based on the estimated time and costs involved in a project, which may deviate from the actual time and costs incurred, and as a consequence, inaccurate estimation of costs to be incurred may adversely affect our Group's financial results

A detailed discussion of the risk factors is set forth in the section headed "Risk Factors" of this prospectus, and investors should read the entire section before deciding to invest in the Offer Shares.

### SUMMARY OF FINANCIAL INFORMATION

*Highlights of consolidated statements of comprehensive income*

	Year ended 31 December			Five months ended 31 May	
	2016	2017	2018	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	<i>(unaudited)</i>				
Revenue	34,913	40,877	53,358	11,070	13,164
Profit/(loss) before income tax	12,782	16,357	11,361	(531)	3,526
Profit/(loss) for the year/period	9,540	12,254	6,307	(1,416)	2,432
Total comprehensive income/(loss) for the year/period	9,540	12,254	5,923	(1,423)	2,512
<b>Non-HKFRSs measure:</b>					
Profit/(loss) for the year/period	9,540	12,254	6,307	(1,416)	2,432
Add: Listing expenses	—	—	8,048	3,624	286
Adjusted profit for the year/period, excluding listing expenses <sup>(Note)</sup>	<u>9,540</u>	<u>12,254</u>	<u>14,355</u>	<u>2,208</u>	<u>2,718</u>

*Note:* Adjusted profit for the year/period, excluding listing expenses is a non-HKFRSs measure which is not defined under the HKFRSs and is calculated by profit for the year/period excluding the listing expenses charged in the relevant year/period. Such non-HKFRSs measure was presented because our Directors believe that it is a useful supplement to the consolidated statements of comprehensive income as it reflects our profitability from our operations without taking into consideration of the non-recurring listing expenses. Nevertheless, such non-HKFRSs measure should not be considered in isolation or construed as an alternative to profit/(loss) for the year/period prepared in accordance with HKFRSs, or as an alternative to cash flows as a measurement of liquidity and shall be used for illustrative purpose only. Potential investors should be aware that the adjusted profit for the year/period, excluding listing expenses presented in this prospectus may not be comparable to similarly titled measures reported by other companies due to differences in the components of the calculation.

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## SUMMARY

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Our revenue increased by approximately RMB5,964,000, or 17.1%, from approximately RMB34,913,000 for the year ended 31 December 2016 to approximately RMB40,877,000 for the year ended 31 December 2017. Such increase was primarily driven by large scale projects undertaken by our event management services, resulting in the increase in revenue generated from such services for the year ended 31 December 2017. During the year ended 31 December 2018, our revenue increased by approximately RMB12,481,000, or 30.5%, from approximately RMB40,877,000 for the year ended 31 December 2017 to approximately RMB53,358,000. Such increase was also due to more large scale projects for both event management services and design and production services undertaken during the year ended 31 December 2018. For the five months ended 31 May 2019, our revenue increased by approximately RMB2,094,000, or 18.9% from approximately RMB11,070,000 for the five months ended 31 May 2018 to approximately RMB13,164,000. Such increase was mainly due to the increase in revenue generated from event management services as driven by more sizeable event management projects undertaken for the period of comparison.

For details of the period-to-period comparison, please refer to the section headed ‘Financial Information – Period to period comparison of results of operations’ of this prospectus.

### *Highlights of consolidated statements of financial position*

	<b>As at 31 December</b>			<b>As at</b>
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>31 May</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets	660	630	5,323	5,419
Current assets	27,798	58,654	53,678	52,950
Current liabilities	10,330	25,148	14,934	11,724
Net current assets	17,468	33,506	38,744	41,226
Non-current liabilities	–	–	–	66
Net assets	18,128	34,136	44,067	46,579

Our net current assets increased from approximately RMB17,468,000 as at 31 December 2016 to approximately RMB33,506,000 as at 31 December 2017, primarily due to our profitable operation which enhanced our overall assets base for the year and the increase in bank balances and cash from the proceeds from the contribution of paid up capital for our Group’s member. Thereafter, notwithstanding the payment of deposits for the presale office premises of approximately RMB4,995,000, which was classified as non-current assets and reduced our bank balance and cash, our net current assets increased to approximately RMB38,744,000 as at 31 December 2018, mainly due to the net profit generated for the year and the proceeds received from the Pre-IPO Investment, which enhanced our overall assets base. Our net current assets further increased to approximately RMB41,226,000 as at 31 May 2019 and such increase was generally in line with the profit generated for the period. For details of our consolidated statements of financial position items, please refer to the section headed “Financial Information” of this prospectus.

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## SUMMARY

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### *Highlights of consolidated statements of cash flows*

	<b>Year ended 31 December</b>			<b>Five months ended 31 May</b>	
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2018</b>	<b>2019</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Operating profit/(loss) before working capital changes	13,077	16,719	11,910	(488)	3,681
Net cash generated from/(used in) operating activities	14,770	11,753	(8,050)	(3,873)	556
Net cash (used in)/generated from investing activities	(558)	(653)	(4,023)	2,346	483
Net cash generated from/(used in) financing activities	–	15,127	(9,643)	(8,557)	(70)
Net increase/(decrease) in cash and cash equivalents	14,212	26,227	(21,716)	(10,084)	969
Cash and cash equivalents at the end of the year/period	22,759	48,986	26,886	38,909	27,935

We recorded net cash used in operating activities of approximately RMB8,050,000 for the year ended 31 December 2018, mainly due to the net decrease in working capital resulting from increase in trade and other receivables of approximately RMB16,065,000 and tax payment of approximately RMB5,271,000, despite having recorded operating cash inflow generated before movements in working capital of approximately RMB11,910,000. In order to enhance our operating cash position in future, our Group will (i) prepare a cash flow forecast analysis in respect of the forecasted amount and timing of cash inflows and outflows for our business operations and submit to the management for review on a regular basis; (ii) assign the finance department to closely monitor the actual cash position and report to the management for any deficiency noted against the cash flow forecast; and (iii) actively follow up with our customers for the payment of the outstanding balance of our trade receivables from time to time. For details of our cash flows, please refer to the section headed “Financial Information – Liquidity, financial resources and capital structure – Cash flows” of this prospectus.



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## SUMMARY

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### Summary of key financial ratios

	As at or for the year ended 31 December			As at or for the five months ended 31 May
	2016	2017	2018	2019
Net profit margin <sup>(Note 1)</sup>	27.3%	30.0%	26.9%	20.6%
Current/Quick ratio	2.7	2.3	3.6	4.5
Gearing ratio <sup>(Note 2)</sup>	N/A	N/A	N/A	0.4%
Net debt to equity ratio	N/A	N/A	N/A	N/A
Return on equity	52.3%	35.6%	14.3%	12.6%
Return on total assets	33.5%	20.7%	10.7%	10.1%
Interest coverage	N/A	N/A	N/A	882.5 times

#### Notes:

1. Net profit margin is derived as adjusted profit for the year/period, excluding listing expenses divided by the revenue for the year/period.
2. Gearing ratio is calculated as total interest-bearing debt divided by total equity and multiplied by 100%. Since there was no outstanding interest-bearing debt for our Group as at 31 December 2016, 2017 and 2018, no gearing ratio was derived as at each of the respective dates accordingly.

Our net profit margin increased from 27.3% for the year ended 31 December 2016 to 30.0% for the year ended 31 December 2017, primarily due to the increase in revenue while maintaining a stable employee benefits expense. During the year ended 31 December 2018, our net profit margin after excluding the listing expense charged for the year, decreased from 30.0% for the year ended 31 December 2017 to 26.9%, as a result of the increase in project costs for the year under comparison. For the five months ended 31 May 2019, our net profit margin after excluding the listing expense charged for the period was 20.6%, which was comparable to that of 19.9% for the five months ended 31 May 2018.

For details on the formula of the key financial ratios, please refer to the section headed “Financial Information – Summary of key financial ratios” of this prospectus.

### OUR CONTROLLING SHAREHOLDERS

Immediately upon completion of the Capitalisation Issue and Share Offer (without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), QY will control 52.5% of the voting rights at general meetings of our Company. For the purpose of the GEM Listing Rules, QY, Mr. Zhou and Ms. Song are a group of Controlling Shareholders. Our Controlling Shareholders have entered into the Deed of Non-competition with our Company to the effect that each of them will not, and will procure each of their respective close associates not to, directly or indirectly participate in, or hold any right or interest or otherwise be involved in, any business which may be in competition with our business. For further details, please refer to the section headed “Relationship with our Controlling Shareholders” of this prospectus.

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## SUMMARY

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### PRE-IPO INVESTMENTS

Mr. Fan and Mr. Ho are pre-IPO investors of our Company, both as Independent Third Parties. Mr. Fan is an entrepreneur with near 20 years of experience in business management. Mr. Fan has served as an executive director of China Rare Earth Holdings Limited (a company listed on the Main Board, stock code: 00769) between August 1999 and August 2005, and an executive director of Pan Asia Environmental Protection Group Limited (a company listed on the Main Board, stock code: 00556) between March 2007 and April 2016 and has been re-designated as a non-executive director since April 2016. Mr. Ho is a member of the Hong Kong Institute of Certified Public Accountants and was once employed by Deloitte Touche Tohmatsu. Mr. Ho is now running the business of providing solutions on product design in Hong Kong and Canada. Our Directors believe that through the introduction of pre-IPO investors, our Group could benefit from their experience and knowledge in corporate governance and also explore new business opportunities through their business and social networks. Mr. Fan and Mr. Ho will hold 15.0% and 7.5% of the enlarged issued share capital of our Company through SRU and DSH upon completion of the Capitalisation Issue and the Share Offer, respectively (without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme). For further details of the Pre-IPO Investments, please refer to the section headed “History, Development and Reorganisation – Reorganisation – B. Onshore Reorganisation – 3. Onshore Pre-IPO Investments” of this prospectus.

### DIVIDENDS

On 27 December 2017, our Group’s member declared and subsequently settled dividends of approximately RMB14,246,000 to the then shareholders. Our Directors consider that there has not been any material adverse impact on our Group’s financial and liquidity position arising out of the dividend payment as our Group continued to maintain net current assets and net assets position after such payment.

We currently do not have a dividend policy. There is no expected or predetermined dividend payout ratio after the Listing. The payment and the amount of any future dividends will be at the discretion of our Directors and will depend upon our Group’s future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors deem relevant. Any final dividend for a financial year will be subject to Shareholders’ approval. Holders of the Shares will be entitled to receive such dividends pro rata according to the amounts paid up on the Shares.

Dividends may be paid only out of our Company’s distributable profits as permitted under the relevant laws. There can be no assurance that our Company will be able to declare or distribute in the amount set out in any plan of our Board or at all. The past dividend distribution record may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Company in the future.

### LISTING EXPENSES

Our estimated listing expenses primarily consist of legal and professional fees, including underwriting commission, in relation to the Listing. Assuming the Offer Price of HK\$0.29 per Offer Share, being the mid-point of the indicative range of the Offer Price stated in this prospectus, the listing expenses are estimated to be approximately HK\$27,128,000, of which approximately HK\$9,604,000 is directly attributable to the issue of new Shares and is to be accounted for as a deduction from equity in accordance with the relevant accounting standard. The remaining amount of approximately HK\$17,524,000 chargeable to the consolidated statements of comprehensive income, of which approximately HK\$9,553,000 (equivalent to approximately RMB8,048,000) and approximately HK\$332,000 (equivalent to approximately RMB286,000) were charged to the profit or loss for the year ended 31 December 2018 and the five months ended 31 May 2019, respectively, and approximately HK\$7,639,000 is expected to be incurred for the year ending 31 December 2019. The estimated listing expenses are subject to adjustments based on the actual amount incurred or to be incurred.

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## SUMMARY

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### RECENT DEVELOPMENT

As at the Latest Practicable Date, we have 52 projects on hand with the aggregate contract sum of our Group's projects amounted to approximately RMB13,829,000, which is expected to be recognised for the year ending 31 December 2019. Subsequent to the Track Record Period and according to the unaudited management accounts of our Group, our revenue for the three months ended 31 August 2019 increased as compared to the three months ended 31 August 2018, primarily due to the increase in number of projects undertaken for the period of comparison.

According to the F&S Report, with the supportive government measures and continued product innovation, the marketing services industry is expected to maintain its growth momentum to reach RMB4,580.0 billion in 2023, with the CAGR of 7.3% during 2019 to 2023. Subsequent to the Track Record Period and up to the date of this prospectus, we had not experienced any significant changes in our pricing policy and there had been no material change in our staff costs and project costs. As far as we are aware, there had been no change in the general economic and market conditions in the marketing services industry that had materially and adversely affected our business operations or financial condition.

In June 2018, our Group entered into a contract to purchase a presale office in Yixing as our new headquarters as our Directors considered that (i) additional working space is required in light of the business expansion plan; (ii) ownership of the headquarters will save us from being expelled by the landlord upon expiry of tenure and we can invest more in decorating our headquarters, including setting up of an impressive show room to visualise and demonstrate to our potential clients of our track record or promotion ideas, it will allow us to gain trust and confidence from them, helping us reinforce our market position and capture more market share within the industry. Given that the infrastructure, such as sewerage, water and electricity are yet properly in place, the handover of our new headquarters is delayed. Subject to the progress of work and the inspection by the relevant government authorities, our new headquarters is expected to be delivered on or before November 2019. Should there is any unexpected circumstances such as a further delay in handover of our new headquarters, our Group is entitled to rescind the contract with the deposits being fully refunded and our Directors will endeavor to look for other suitable properties as an alternative for our new headquarters. Please refer to the section headed "Business – Properties" of this prospectus for further details.

### MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this prospectus, save as disclosed in the section headed "Financial Information – Listing expenses" of this prospectus, there has been no material adverse change in our financial or trading position since 31 May 2019, the end of period reported in the Accountants' Report, and there has been no event since 31 May 2019 which has materially affected the information shown in the Accountants' Report.

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## SUMMARY

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### OFFER STATISTICS

Market capitalisation at Listing <sup>(Note 1)</sup>	:	HK\$200,000,000 to HK\$264,000,000
Offer size	:	25% of the enlarged issued share capital of our Company
Offer Price per Offer Share	:	HK\$0.25 to HK\$0.33
Number of Offer Shares	:	200,000,000 Shares
Number of Public Offer Shares	:	20,000,000 Shares (subject to reallocation)
Number of Placing Shares	:	180,000,000 Shares (subject to reallocation)
Board lot	:	8,000 Shares
Unaudited pro forma adjusted net tangible assets of our Group attributable to owners of our Company per Share <sup>(Note 2)</sup>	:	HK\$0.11 based on an Offer Price of HK\$0.25 per Share; and HK\$0.13 based on an Offer Price of HK\$0.33 per Share

*Notes:*

1. The calculation of the market capitalisation of the Shares is based on 800,000,000 Shares in issue immediately after completion of the Share Offer.
2. The unaudited pro forma adjusted net tangible assets attributable to owners of our Company per Share has been arrived at after the adjustments referred to in the section headed “Unaudited Pro Forma Financial Information – Unaudited pro forma adjusted net tangible assets” in Appendix II to this prospectus and on the basis of 800,000,000 Shares in issue at the respective Offer Prices of HK\$0.25 and HK\$0.33 per Share immediately following completion of the Share Offer.

### USE OF PROCEEDS

We intend to apply the net proceeds to us from the Share Offer, after deducting related underwriting fees and estimated expenses in connection with the Share Offer and an Offer Price of HK\$0.29, being the mid-point of the Offer Price range, of approximately HK\$30,872,000 as follows:

	<b>Total</b> <i>(HK\$'000)</i>	<b>Approximate</b> <b>percentage</b> <i>(%)</i>
Establishment of new branch offices in Wuxi and Beijing	14,314	46.4
Setting up a sales and marketing team and the enhancement of marketing efforts	7,492	24.3
Setting up an in-house multimedia production and design team	6,097	19.7
General working capital	2,969	9.6
	<u>30,872</u>	<u>100.0</u>

Please refer to the section headed “Future Plans and Use of Proceeds” of this prospectus for details.

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## DEFINITIONS

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*In this prospectus, unless the context otherwise requires, the following terms and expressions have the following meanings.*

“Accountants’ Report”	the accountants’ report on our Group for the Track Record Period, the texts of which are set out in Appendix I to this prospectus
“Application Form(s)”	<b>WHITE</b> Application Form(s) and <b>YELLOW</b> Application Form(s) or where the context so requires, any of them, relating to the Public Offer
“Articles of Association” or “Articles”	the amended and restated articles of association of our Company adopted on 21 October 2019 and which will become effective upon the Listing, as amended from time to time, a summary of which is set out in the section headed “Summary of the Constitution of Our Company and Cayman Islands Company Law – 2. Articles of Association” in Appendix III to this prospectus
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Audit Committee”	the audit committee of our Board
“Board” or “Board of Directors”	the board of Directors
“business day”	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	British Virgin Islands
“Capitalisation Issue”	the issue of 599,000,000 Shares to our Shareholders on the Listing Date upon capitalisation of an amount of US\$599,000 standing to the credit of the share premium account of our Company, details of which are set out in the section headed “Statutory and General Information – A. Further information about our Company – 3. Written resolutions of our existing Shareholders passed on 21 October 2019” in Appendix IV to this prospectus
“CAGR”	compound annual growth rate
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant

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## DEFINITIONS

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“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“China” or the “PRC”	the People’s Republic of China which, for the purpose of this prospectus and for geographical reference only and except where the context requires otherwise, does not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Circular 37”	the Circular on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicle (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), which was promulgated by SAFE and became effective on 4 July 2014
“close associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice”	the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies Law”	the Companies Law (as revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Orange Tour Cultural Holding Limited (旅橙文化控股有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability on 13 April 2018 under the Companies Law
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules

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## DEFINITIONS

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“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules, and in the context of this prospectus refers to Mr. Zhou, Ms. Song and QY either individually or as a group of person where the context requires
“core connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Deed of Indemnity”	the deed of indemnity dated 21 October 2019 executed by our Controlling Shareholders in favour of our Company (for itself and as trustee for each member of our Group) regarding certain indemnities given by our Controlling Shareholders, particulars of which are set out in the section headed “Statutory and General Information – E. Other information – 1. Tax and other indemnities” in Appendix IV to this prospectus
“Deed of Non-competition”	the deed of non-competition dated 21 October 2019 executed by our Controlling Shareholders in favour of our Company (for itself and as trustee for each member of our Group) regarding the non-competition undertakings, particulars of which are set out in the section headed “Relationship with our Controlling Shareholders – Deed of Non-competition” of this prospectus
“DHSB”	DHSB (BVI) Limited, a company incorporated in the BVI with limited liability on 10 April 2018 and is wholly owned by Mr. Ho
“Director(s)”	the director(s) of our Company
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the Government of Hong Kong
“Frontpage Capital” or “Sponsor”	Frontpage Capital Limited, a licensed corporation for carrying on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, and the sponsor for the Listing, a joint bookrunner and a joint lead manager for the Share Offer, and an Independent Third Party
“Frost & Sullivan”	Frost & Sullivan Limited, an independent market research consultant
“F&S Report”	the market research report commissioned by us and prepared by Frost & Sullivan, the content of which is disclosed in this prospectus

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## DEFINITIONS

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“GDP”	gross domestic product
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“Group”, “our Group”, “we”, “us”, “Group Company”	our Company and its subsidiaries or, where the context otherwise requires, in respect of the period before our Company became the holding company of its present subsidiaries pursuant to the Reorganisation, the present subsidiaries of our Company or some or any of them
“HKFRSs”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, as amended and revised from time to time
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HK\$” or “Hong Kong dollars”, “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited, our branch share registrar and transfer office of our Company in Hong Kong
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is independent from and not connected with (within the meaning of the GEM Listing Rules) any Directors, chief executive, substantial shareholders of our Company, its subsidiaries or any of their respective associates
“Issue Mandate”	the general unconditional mandate given to our Directors by our Shareholders relating to the allotment and issue of new Shares, particulars of which are set out in the section headed “Statutory and General Information – A. Further information about our Company – 3. Written resolutions of our existing Shareholders passed on 21 October 2019” in Appendix IV to this prospectus
“Joint Bookrunners” or “Joint Lead Managers”	Frontpage Capital, Mouette Securities Company Limited and Ruibang Securities Limited



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## DEFINITIONS

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“Latest Practicable Date”	20 October 2019, being the latest practicable date for the inclusion of certain information in this prospectus prior to its publication
“Listing”	the listing of the Shares on GEM
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date on which dealings in Shares on GEM first commence, which is expected to be on or about Thursday, 14 November 2019
“Listing Division”	the Listing Division of the Stock Exchange
“Main Board”	the stock market (excluding the option markets) operated by the Stock Exchange which is independent from and operated in parallel with GEM
“Memorandum of Association” or “Memorandum”	the amended and restated memorandum of association of our Company adopted on 21 October 2019 and which will become effective upon the Listing, as amended from time to time, a summary of which is set out in the section headed “Summary of the Constitution of our Company and Cayman Islands Company Law – 1. Memorandum of Association” in Appendix III to this prospectus
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Fan”	Mr. Fan Yajun (范亞軍), a pre-IPO investor of our Group and a Substantial Shareholder of our Company upon Listing
“Mr. Ho”	Mr. Ho Shing Hei Dodge (何盛曦), a pre-IPO investor of our Group
“Mr. Zhou”	Mr. Zhou Yang (周楊), an executive Director and one of our Controlling Shareholders, who is also the spouse of Ms. Song
“Ms. Song”	Ms. Song Ruiqing (宋瑞清), an executive Director and one of our Controlling Shareholders, who is also the spouse of Mr. Zhou
“M&A Provisions”	Provisions on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定), which were jointly promulgated by MOFCOM, the State-owned Assets Supervision and Administration Commission (國務院國有資產監督管理委員會), SAT, SAIC, CSRC and SAFE on 8 August 2006, and came into effect on 8 September 2006 and subsequently amended on 22 June 2009, as amended, supplemented or otherwise modified from time to time

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## DEFINITIONS

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“Nomination Committee”	the nomination committee of the Board
“Offer Price”	the final offer price per Offer Share in Hong Kong Dollars (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), at which Offer Shares are to be subscribed, to be determined in the manner further described in the section headed “Structure and Conditions of the Share Offer” of this prospectus
“Offer Share(s)”	the Public Offer Shares and the Placing Shares, collectively the 200,000,000 new Shares offered for subscription at the Offer Price under the Share Offer, as detailed in the section headed “Structure and Conditions of the Share Offer” of this prospectus
“OTBVI”	Orange Tour (BVI) Limited, a company incorporated in the BVI with limited liability on 6 April 2018, which is a directly wholly-owned subsidiary of our Company upon completion of the Reorganisation
“OTHK”	Orange Tour HK Company Limited (旅橙香港有限公司), a company incorporated in Hong Kong with limited liability on 5 February 2018, which is an indirectly wholly-owned subsidiary of our Company upon completion of the Reorganisation
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“Placing”	the conditional placing of the Placing Shares by the Placing Underwriters, as further described in the section headed “Structure and Conditions of the Share Offer” of this prospectus
“Placing Shares”	the 180,000,000 new Shares initially offered by our Company for subscription and/or purchase at the Offer Price under the Placing, subject to reallocation as described in the section headed “Structure and Conditions of the Share Offer” of this prospectus
“Placing Underwriters”	the underwriters of the Placing that are expected to enter into the Placing Underwriting Agreement
“Placing Underwriting Agreement”	the underwriting agreement expected to be entered into on or around 6 November 2019 by, among others, our Company, our executive Directors, our Controlling Shareholders, the Sponsor, the Joint Lead Managers, the Joint Bookrunners, and the Placing Underwriters in respect of the Placing, as further described in the section headed “Underwriting – Underwriting arrangements and expenses – The Placing” of this prospectus

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## DEFINITIONS

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“PRC government” or “State”	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and their instrumentalities or, where the context requires, any of them
“PRC Legal Adviser”	Jingtian & Gongcheng, the legal adviser to our Company on PRC law
“Predecessor Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) prior to its repeal and replacement on 3 March 2014 by the Companies Ordinance and the Companies (Winding Up and Miscellaneous Provisions) Ordinance
“Price Determination Agreement”	the agreement to be entered into by the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or around Wednesday, 6 November 2019, on which the Price Determination Agreement is entered into but in any event no later than Friday, 8 November 2019
“Public Offer”	the conditional offer to the public in Hong Kong for subscription of the Public Offer Shares at the Offer Price, on and subject to the terms and conditions stated in this prospectus and in the Application Forms, as further described in the section headed “Structure and Conditions of the Share Offer” of this prospectus and the related Application Forms
“Public Offer Shares”	The 20,000,000 new Shares initially offered by our Company for subscription at the Offer Price under the Public Offer, subject to reallocation as mentioned in the section headed “Structure and Conditions of the Share Offer” of this prospectus
“Public Offer Underwriters”	the underwriters of the Public Offer listed in the section headed “Underwriting – Public Offer Underwriters” of this prospectus
“Public Offer Underwriting Agreement”	the underwriting agreement dated 25 October 2019 relating to the Public Offer and entered into by, among others, our Company, our executive Directors, our Controlling Shareholders, the Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Public Offer Underwriters, as further described in the section headed “Underwriting – Underwriting arrangements and expenses – The Public Offer – Public Offer Underwriting Agreement” of this prospectus

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## DEFINITIONS

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“QY”	QY Investment Holding Limited, a company incorporated in the BVI with limited liability on 1 June 2018 and is owned by Mr. Zhou and Ms. Song as to 51% and 49%, respectively
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration Committee”	the remuneration committee of our Board
“Reorganisation”	the reorganisation arrangement undergone by our Group in preparation for the Listing, particulars of which are set out in the section headed “History, Development and Reorganisation – Reorganisation” of this prospectus
“Repurchase Mandate”	the general unconditional mandate given to our Directors by our Shareholders relating to the repurchase of Shares, particulars of which are set out in the section headed “Statutory and General Information – A. Further information about our Company – 3. Written resolutions of our existing Shareholders passed on 21 October 2019” in Appendix IV to this prospectus
“RMB”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAIC”	the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), now integrated into the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with nominal value of US\$0.001 each in the share capital of our Company
“Share Offer”	the Public Offer and the Placing

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## DEFINITIONS

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“Share Option Scheme”	the share option scheme of our Company, conditionally approved and adopted by our Company, the principal terms of which are summarised in the section headed “Statutory and General Information – D. Share Option Scheme” in Appendix IV to this prospectus
“Shareholder(s)”	holder(s) of the issued Share(s)
“SRU”	SRU Investment Limited, a company incorporated in the BVI with limited liability on 1 June 2018 and is wholly owned by Mr. Fan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in section 15 of the Companies Ordinance
“Substantial Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules, and in the context of this prospectus refers to Mr. Zhou, Ms. Song, QY, Mr. Fan and SRU
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	comprises the three years ended 31 December 2016, 2017 and 2018 and the five months ended 31 May 2019
“Underwriters”	the Public Offer Underwriters and the Placing Underwriters
“Underwriting Agreements”	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
“US\$” or “U.S. dollars”	United States dollars, the lawful currency of the United States of America
“U.S.” or “United States”	the United States of America
“U.S. Securities Act”	the United States Securities Act of 1993 (as amended from time to time)
“ <b>WHITE</b> Application Form(s)”	the application form(s) for the Public Offer Shares for use by the public who require such Public Offer Shares to be issued in the applicant’s own name
“Wuxi”	Wuxi City (無錫市), Jiangsu Province, PRC

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## DEFINITIONS

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“Wuxi Orange”	Wuxi Orange Tour Cultural and Creative Co., Ltd. (無錫旅橙文化創意有限公司) (formerly known as Wuxi Blue Media Co., Ltd.* (無錫深藍傳媒有限公司)), a company incorporated in the PRC with limited liability on 30 May 2014, which is an indirectly wholly-owned subsidiary of our Company upon completion of the Reorganisation
“Xiashu Workshop”	Yixing City Xiashu Advertising Workshop* (宜興市夏樹廣告工作室), a sole proprietorship (個人獨資企業) registered in the PRC on 29 August 2006, which was wholly owned by Ms. Song prior to its deregistration on 6 June 2018
“YELLOW Application Form(s)”	the application form(s) for the Public Offer Shares for use by the public who require such Public Offer Shares to be deposited directly into CCASS
“Yixing”	Yixing City (宜興市), a county under the jurisdiction of Wuxi City, PRC
“Yixing Dikai”	Yixing Dikai Information Consultancy Co., Ltd.* (宜興迪凱信息諮詢有限公司), a company incorporated in the PRC with limited liability on 23 May 2018
“Yixing Orange”	Yixing Orange Tour Cultural and Creative Co., Ltd.* (宜興旅橙文化創意有限公司) (formerly known as Yixing Blue Media Co., Ltd.* (宜興深藍傳媒有限公司)), a company incorporated in the PRC with limited liability on 13 November 2014, which is an indirectly wholly-owned subsidiary of our Company upon completion of the Reorganisation
“Yixing Tianxi”	Yixing Tianxi Cultural Media Co., Ltd.* (宜興天熙文化傳媒有限公司), a company incorporated in the PRC with limited liability on 20 June 2018, which is an indirectly wholly-owned subsidiary of our Company upon completion of the Reorganisation
“%”	per cent.

*In this prospectus, if there is any inconsistency between the official Chinese name of the PRC laws or regulations or the PRC government authorities or the PRC entities and their English translation, the Chinese version shall prevail. English translations of official Chinese names are marked with \* and for identification purposes only.*

*This prospectus contains explanations and definitions of certain terms used in connection with our Group’s business. The terms and their meanings used in this prospectus may not correspond to standard industry meaning or usage of these terms. As there is no official industry classification, the classification of our services is determined based on our Directors’ knowledge and experience.*

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## DEFINITIONS

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*In this prospectus, unless otherwise specified, conversion of Renminbi has been translated into HK\$ at exchange rates prevailing at the relevant times for illustrative purposes only. Such conversions shall not be construed as representations that amounts in Renminbi were or could have been or could be converted into HK\$ at such rates or any other exchange rates.*

*Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.*

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## FORWARD-LOOKING STATEMENTS

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This prospectus contains certain forward-looking statements and information relating to our Company and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “going forward”, “intend”, “may”, “ought to”, “might”, “plan”, “potential”, “predict”, “project”, “seek”, “should”, “will”, “would” and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to the following:

- our Group’s business prospects;
- our Group’s contracts on hand;
- future developments, trends and conditions in the industry and markets in which we operate;
- our Group’s business strategies and plans to achieve these strategies;
- general economic, political and business conditions in the markets in which our Group operates;
- changes to the regulatory environment and general outlook in the industry and markets in which our Group operates;
- the effects of the global financial markets and economic crisis;
- our Group’s financial position;
- our Group’s ability to reduce costs;
- our Group’s dividend policy;
- the amount and nature of, and potential for, future development of our Group’s business;
- various business opportunities that our Group may pursue;
- capital market developments;
- fluctuation in the costs charged by our suppliers and our Group’s ability to pass-through any increases in costs to customers;



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## FORWARD-LOOKING STATEMENTS

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- our Group's ability to protect our Group's intellectual property rights;
- our Group's ability to hire and retain talented employees;
- the actions and developments of our competitors and our Group's ability to compete under these actions and developments;
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends; and
- other factors beyond our Group's control.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect or at all.

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

In this prospectus, statements of or references to our intentions or those of our Directors are made as of the date of this prospectus. Any such information may change in light of future developments.

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## RISK FACTORS

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*Prospective investors should consider carefully all the information set forth in this prospectus and, in particular, should consider the following risks and special considerations in connection with an investment in our Company before making any investment decision in relation to the Share Offer. The occurrence of any of the following risks may have a material adverse effect on the business, results of operations, financial conditions and future prospects of our Group. Additional risks not currently known to us or that we now deem immaterial may also harm us and affect your investment.*

*This prospectus contains certain forward-looking statements regarding our plans, objectives, expectations and intentions which involve risks and uncertainties. Our Group's actual results could differ materially from those discussed in this prospectus. Factors that could cause or contribute to such differences include those discussed below as well as those discussed elsewhere in this prospectus. The trading price of the Offer Shares could decline due to any of these risks, and you may lose all or part of your investment.*

### RISKS RELATING TO OUR BUSINESS

**Our historical revenue and profit margin may not be indicative of our future revenue and profit margin as our revenue is mainly derived from projects which are not recurring in nature and any decrease in the number of our projects would affect our operations and financial results**

We principally engage in the provision of marketing services in the PRC. We operate our business on a project-by-project basis and our projects are non-recurring. For the years ended 31 December 2016, 2017, 2018 and the five months ended 31 May 2019, our revenue amounted to approximately RMB34,913,000, RMB40,877,000, RMB53,358,000 and RMB13,164,000, respectively. For the years ended 31 December 2016, 2017, 2018 and the five months ended 31 May 2019, our profit margin was 27.3%, 30.0%, 11.8% and 18.5%, respectively. Thus, as with the case in the Track Record Period, our revenue and profit margins may fluctuate from one financial period to another financial period and project to project due to a number of factors. As such, there is no trend for our profit margin, which will also vary from project to project. Our quotations or tenders are subject to customers' acceptance and assessed individually for each project, and our customers do not take into account our level of profitability in other projects. Our historical financial information is a mere analysis of our past performance and may not have any implication on our financial performance in the future.

Our revenue during the Track Record Period was derived from projects which are non-recurrent in nature. We generally do not enter into long-term agreements or master service agreements with our customers. As such, after completion of projects, we have to undergo the entire quotation or tender process for every new project and our customers are under no obligation to engage us again in subsequent projects. Thus, our Group's success depends on, among others, our ability to maintain our relationships with existing customers and to develop new opportunities with potential customers. As our business model is generally project-based, our revenue may fluctuate depending on the number of projects we are able to secure and we may have limited visibility as to our future revenue streams.

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## RISK FACTORS

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We cannot assure you that our customers will continue to procure our services or that we will be able to replace, in a timely or effective manner, departing customers with potential customers that deliver comparable level of revenue. If we fail to retain our existing customers, or to provide innovative marketing services and pricing structures to attract new customers, the demand for our services will not grow and may even decrease. In the event that we are unable to attract new customers or secure new projects from our existing customers, there may be a significant decrease in our revenue. Our operations and financial results could hence be adversely affected.

### **We may be subject to significant increase in the cost of our business operations**

The primary costs of our business operations during the Track Record Period included employee benefits expense and project costs. Our Group's financial performance may be adversely affected by increasing staff costs. During the Track Record Period, employee benefits expense amounted to approximately RMB10,207,000, RMB10,083,000, RMB11,143,000 and RMB3,152,000 for the years ended 31 December 2016, 2017, 2018 and the five months ended 31 May 2019, respectively. To maintain our competitiveness, it is necessary to retain competent and talented employees. With the continuous growth of the PRC economy, there has been an upward trend in respect of the salary indices for employees in the industry that we operate our business in. However, there is no guarantee of the continuous competitiveness of our salary level. Should our compensation level fail to keep up with our competitors, current or potential competent employees may choose to join our competitors. In such event, our Group may fail to maintain the current or a satisfactory quality of services to meet the needs of our customers. In addition, the increasing costs of compensation and benefits to our staff will impose a greater financial burden on our Group and, accordingly, our financial and operational performance may be adversely affected.

We engaged our suppliers, including information technology companies, stage services providers as well as printing and marketing materials production companies to provide products or services during the Track Record Period. For the years ended 31 December 2016, 2017, 2018 and the five months ended 31 May 2019, our project costs amounted to approximately RMB10,353,000, RMB12,235,000, RMB19,959,000 and RMB4,764,000, respectively. In the event of any substantial increase in our project costs, and we are unable to secure alternative suppliers or pass on such increased costs to our customers, we may not be able to maintain our profit margin and competitiveness and our operating results and financial conditions may be adversely and materially affected.

### **Our Group's development is dependent on our key management personnel and experienced staff. If we fail to retain them or hire suitable talents, our ongoing operations and growth could be adversely affected**

We believe our success is largely attributable to the skills and contribution of our executive Directors and members of our senior management team. In particular, we rely on the expertise and experience of Mr. Zhou, our executive Director and chairman of our Board, who plays a critical role in formulating the marketing strategies and development of our Group with his sales and managerial experience and Ms. Song, our executive Director and chief executive officer, who has over 18 years of experience in the marketing services industry with extensive knowledge in brand promotion, advertising strategies, design and creative production. Details of the expertise and experience of our key management personnel are set out in the section headed "Directors, Senior Management and Employees" of this prospectus. Among others, our key personnel's relevant experience in or relating to the marketing services industry in the PRC and other corresponding expertise are important to our Group's operations and financial performance, as we rely on our key personnel to formulate plans and liaise with suppliers to execute and deliver our services to our customers.

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## RISK FACTORS

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There could be an adverse impact on our operations should any of our executive Directors terminate his/her service agreement with our Group or otherwise cease to serve our Group and appropriate replacement could not be found. Further, if any of our experienced staff leave our Group, we may not be able to identify and recruit members with adequate qualification and experience to replace the departed staff in a timely manner. In such circumstances, progress of our projects could be delayed while our capacity to undertake projects could be impaired, and our operations could be adversely affected. There is no assurance that we will be able to attract and retain capable staff or that they will not resign in the future.

**If we fail to meet the expectations of our customers, which are subjective in nature, we could lose our customers and our revenue could decline**

We offer our services to customers depending on their specific needs and expectations. In general, we will obtain our customers' needs and expectations in relation to a project which may be revised with reference to our customer's feedback from time to time as the project progresses up until completion. While customers' expectations are subjective in nature, our effectiveness in achieving our customers' expectation is an important factor as an assessment of our performance. As a result, we are expected to maintain effectiveness by delivering cost effective services that can achieve the desired outcome. If our marketing services are not able to achieve the desired outcome and we fail to deliver our services of such quality in terms of turnaround time, budget and specifications required by our customers, our relationships with customers and reputation will be adversely affected.

**Our Group determines the services fees based on the estimated time and costs involved in a project, which may deviate from the actual time and costs incurred, and as a consequence, inaccurate estimation of costs to be incurred may adversely affect our Group's financial results**

Our fee quotations provided to our customers are derived after taking into consideration, among others, labour costs, costs charged by our suppliers, the prevailing market rate of similar services offered in the market and length of business relationship with our customers. Once contract has been signed, our services fee will be fixed and any additional costs incurred during the service period would be borne by our Group, therefore, cost management is critical in ensuring that each of our Group's project meets its budgeted profit margin. There is no assurance that the costs estimated at the beginning of a contract will not be exceeded during the course of the contract period as the duration of our projects may vary from less than a month to a year. Cost overruns may result from other unforeseen circumstances, increase in costs of material, increase in manpower to cope with any unexpected delays so that the project may be completed in accordance with customer's target schedule. The duration of a project may also increase the risk of cost overruns. If we are unable to keep our costs (including costs to be paid to our suppliers) within our original estimates, or we are not able to fully cover the increases in costs, our business operations, financial results and profitability may be adversely affected.

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## RISK FACTORS

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### **We are exposed to credit risk of our customers**

Our trade receivables, net of provision for expected credit loss, as at 31 December 2016, 2017, 2018 and 31 May 2019 amounted to approximately RMB1,114,000, RMB6,172,000, RMB19,505,000 and RMB18,038,000, respectively. For the years ended 31 December 2016, 2017, 2018 and the five months ended 31 May 2019, the debtors' turnover days were approximately 14.8 days, 32.5 days, 87.8 days and 215.3 days, respectively. We grant different credit periods up to 90 days to our customers. Should the credit worthiness of our customers deteriorate or should a significant number of our customers fail to settle their trade receivables in full for any reason, additional allowance for expected credit loss may be incurred and our results of operations and financial position could be materially and adversely affected. As at 31 December 2016, 2017, 2018 and 31 May 2019, the provision for expected credit loss of trade receivables amounted to approximately RMB33,000, RMB116,000, RMB476,000 and RMB514,000, respectively. In addition, there may be risk of delay in payment by our customers from their respective credit period. There is no assurance that we will be able to fully recover our trade receivables from our customers or that they will settle our trade receivables in a timely manner. In the event that the settlements from our customers are not made on a timely manner, the financial position, profitability and cash flow of our Group may be adversely affected.

### **We have recorded negative operating cash flows for the year ended 31 December 2018, and if we continue to record negative operating cash flows in the future, our liquidity and financial condition may be materially and adversely affected**

Our Group recorded net cash used in operating activities of approximately RMB8,050,000 for the year ended 31 December 2018. This was attributable to operating cash inflows before movements in working capital of approximately RMB11,910,000 and adjusting for the decrease in working capital of approximately RMB14,689,000 and tax payment of approximately RMB5,271,000. There is no assurance that our Group will not experience net cash used in operating activities again in the future. In the event that we are unable to generate sufficient cashflow for our operations or otherwise unable to obtain sufficient funds to finance our business, our liquidity and financial condition will be materially and adversely affected. We cannot assure that we will have sufficient cash from other sources to fund our operations.

### **We rely on our suppliers to perform certain services for our projects and we may become liable for their unsatisfactory work, defaults or non-compliance of laws and regulations**

We have engaged our suppliers to provide certain products or services to implement our marketing plans for our customers. For instance, we engage third party suppliers to perform on-site construction and installation works for our event management services. We also engage information technology companies to develop software or programme to assist us to implement the marketing objective of our customers. As such, we are exposed to risks associated with sub-standard performance, delayed performance or even non-performance by our suppliers. As a result, we may experience deterioration in the quality or delivery of our marketing plans, incur additional costs due to the delays or at a higher price in sourcing the services, equipment or supplies in default, or be subject to liability under the relevant contract.

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## RISK FACTORS

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In addition, our suppliers may violate certain laws, rules or regulations while providing products or services to us. These may affect their ability to renew, and in more serious cases, may result in the revocation of their licenses. If such an event occurs, we will have to locate and appoint other suppliers as replacement, which may involve additional cost and time and lead to a lower profit margin and delay in completion of the projects. Any service interruptions experienced by our customers could negatively impact our reputation, resulting in loss of existing customers and inability to attract new customers. Furthermore, we may be subject to claims by our customers or other third parties. Under such circumstances, our business, financial condition and results of operations may be materially and adversely affected.

**We may be subject to penalties and claims relating to the content of our deliverables, which may force us to incur fines and legal expenses and, if determined adversely against us, may materially disrupt our business**

The contents of our deliverables are subject to relevant laws and regulations in the PRC. Pursuant to the Advertising Law of the PRC, we are required to ensure that the contents of our deliverables are fair and accurate and should not involve any of the circumstances as specified under the Advertising Law of the PRC. For details of these circumstances, please refer to the section headed “Regulatory Overview – Laws and regulations relating to the industry – Regulations on advertising” of this prospectus. If we are considered as being in breach of such prohibited circumstances, penalties may be imposed which include fines ranging from RMB200,000 to RMB1 million, confiscation of advertising fees and, in serious case, revocation of the business license. Such enforcement action could distract management’s attention and have an adverse effect on our business, financial condition and operation results.

In addition, we may be subject to civil claims filed for fraud, defamation, subversion, negligence, copyright or trademark infringement or other violations due to the nature and content of our deliverables to our customers. If the content of our deliverables is found to be offensive, we may be held responsible for such claims. Although we are not aware of any such claims, we may become subject to legal proceedings and claims from time to time relating to the content of our deliverables in the ordinary course of our business. We cannot assure you that our deliverables will not be claimed to have infringed intellectual property rights held by third parties. If we are found to have violated the intellectual property rights of others, we may be enjoined from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives. In addition, we may incur substantial expenses and divert management’s attention and resources to defend these claims, regardless of their merit. Successful infringement, licensing or other claims against us may result in substantial monetary liabilities, which may materially and adversely affect our business and results of operations.

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## RISK FACTORS

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Furthermore, any such breaches of the relevant PRC laws and regulations or civil claims made against us may also damage our reputation. If consumers do not believe our content is reliable, accurate or legally compliant, our business model may become less appealing to our customers who, consequently, may be less willing to re-engage us for provision of our marketing services.

**The acquisition of new office premises in Yixing may result in depreciation and other operational expenses which may adversely affect our operating results and financial position**

On 29 June 2018, we paid approximately RMB4,995,000 as a deposit to a real estate developer, an Independent Third Party, to acquire new office premises in Yixing, which are still under construction as at the Latest Practicable Date. We aim to relocate our headquarters to such new office premises after the renovation of the office buildings in February 2020 in order to cater for the expansion of our workforce including establishment of a sales and marketing team and an in-house multimedia production and design team as set out in the section headed “Future Plans and Use of Proceeds” of this prospectus. The total acquisition costs of our new office premises is approximately RMB16,649,000 and the remaining balance is expected to be settled in November 2019. Once our new office premises is handed over, it is expected that there will be an increase in our depreciation expenses, which are estimated at approximately RMB416,000 per year and other operational expenses, such as repair and maintenance costs, which may adversely affect our operating results and financial position.

**We face various competition against new and existing competitors with greater resources and competitors who provide other forms, variety and combinations of marketing services**

According to the F&S Report, the industry in which we operate is highly competitive and fragmented. Our Group’s business is subject to competition potentially with competitors with greater financial and marketing resources. To maintain the competitiveness of our Group among other marketing services providers, our Group needs to adapt to the rapidly changing industry in which we operate. Our Group’s management team is committed to providing creative ideas to meet our customers’ requirements and their marketing demands. There is no assurance that our Group will be able to compete successfully with other participants in the industry.

We face significant competition from a variety of competitors and compete with other marketing companies in the PRC in respect of network size and coverage, location, price, quality and the range of marketing services that we offer, value-added services and our Group’s reputation. We also face competition from other marketing companies for access to other desirable geographical locations in cities among the PRC.

In the future, we may also face competition from new entrants in the marketing industry or newer marketing methods that are not currently widely-used or utilise technologies that have not yet been developed. We cannot predict whether future regulatory changes with respect to, or new developments and technologies that could be used in, the marketing industry will result in further competition.

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## RISK FACTORS

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### **Our insurance coverage may not be sufficient to cover all business risks of our Group**

The insurance industry in the PRC is still at an early stage of development. Insurance companies in the PRC offer limited business insurance products and do not, to the best of our knowledge, offer business liability insurance. While business disruption insurance is available to a limited extent in the PRC, we have determined that the risks of disruption, cost of such insurance and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. The occurrence of certain incidents including severe weather conditions, earthquake, war, power outages and the consequences resulting from them may not be covered by our insurance policies adequately, or at all. If we were subject to substantial liabilities that were not covered by our insurance, we could incur costs and losses that could materially and adversely affect our results of operations.

### **We are subject to risk of uncertainties of our future plans**

As set out in more details in the section headed “Future Plans and Use of Proceeds” of this prospectus, a part of our expansion plan is to establish new branch offices in Wuxi and Beijing. To set up our new branch offices, we intend to rent and renovate new office premises, add equipment to new office premises and hire additional talents to support our business expansions. Accordingly, our overall operating costs will increase substantially due to the anticipated higher rental and related cost, renovation and time cost in relation to the setting up of new office premises and the consequential increase in the number of employees. It is expected that additional costs of approximately RMB3,553,000 and RMB2,000,000 will be incurred for Wuxi and Beijing branch offices for the year ending 31 December 2020, respectively. Besides, benefits to be generated from setting up such new office premises, such as increase in revenue, may not be as significant as expected due to factors beyond our control, such as the general market conditions, the performance of the marketing services industry, and the economic and political environment in the PRC. Such factors may cause a delay in realising the benefits of our expansion plan and hence, our financial results, in particular our profitability, may be adversely affected. In addition, there is no assurance that our future plans will materialise, or be completed by the predetermined timeframe, or that our objectives will be fully or partially achieved.

### **Negative publicity may have an adverse impact on our reputation and business**

Negative publicity associated with our Group may result in the loss of customers and potential future referrals or lead to difficulty in securing new projects based on our Group’s reputation and goodwill. If any customer who is not satisfied with our works, whether justified or not, raises any complaint regarding our Group which comes to the attention of the public, our reputation and business may be adversely affected, which will in turn adversely affect our growth prospects and financial condition.

### **Our Group may be unable to detect, deter and prevent all instances of fraud or other misconduct committed by our Group’s employees, suppliers or other third parties**

Our Group may be unable to prevent, detect or deter all instances of fraud, theft, dishonesty, or other misconduct committed by our employees, suppliers or other third parties. Any such fraud or other misconduct committed against our Group’s interests, which may include past acts that have gone undetected or future acts, may have material adverse effect on our Group’s business, results of operations and financial condition.



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## RISK FACTORS

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### **RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC**

#### **Economic, political and social conditions, as well as government policies in the PRC could have a material adverse effect on our business, results of operations, financial condition and prospects**

Since all of our business operations are conducted in the PRC, our business, financial conditions, results of operations and prospects may be influenced to a significant degree by political, economic, social conditions and legal developments in the PRC.

The PRC economy differs from the economies of most developed countries in many respects, including but not limited to, level of government involvement, level of development, growth rate, control of foreign exchange, and allocation of resources.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. Although the PRC government has in recent years implemented measures emphasising the utilisation of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of the productive assets in China is still owned by the PRC government. The PRC government also exercises significant control over the PRC's economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies.

The PRC government has implemented various measures to encourage economic growth. Some of these measures benefit the overall PRC economy, but may also have a negative effect on us. For example, our operating results and financial conditions may be adversely affected by government control over capital investments or changes in tax regulations that are applicable to us.

#### **Changes in laws, rules, regulations or enforcement policies of the PRC government could have a material adverse effect on our business, financial condition and results of operations**

All our revenue is generated from our operations in the PRC. The PRC legal system is based on written statutes and prior court decisions are not binding. Since 1979, the PRC government has been developing a comprehensive system of laws, rules and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade. The laws, rules and regulations, as well as enforcement policies, of the PRC government, including those regulating our industry and business, are evolving and subject to change. Changes in laws, rules, regulations or administrative interpretations, or stricter enforcement policies by the PRC government, could impose more stringent requirements on us, including significant fines or other penalties for violations or non-compliance. Changes in applicable laws, rules and regulation may also cause disruption to our operation or increase our operating costs.

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## RISK FACTORS

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In addition, compliance with such requirements could impose substantial additional costs or otherwise have a material adverse effect on our business, financial condition and results of operations. Furthermore, regulatory agencies in the PRC may periodically, and sometimes abruptly, change their enforcement practices. As a result, prior enforcement activity, or lack of enforcement activity, is not necessarily predictive of future actions. Any enforcement actions against us could severely harm our results of operation and financial condition. In addition, any litigation or governmental investigation or enforcement proceedings in the PRC may be protracted and may result in substantial cost and diversion of management resources and attention, negative publicity and damage to our reputation.

**Our corporate structure may restrict our ability to receive dividends from, and transfer funds to, our subsidiaries, which could restrict our ability to act in response to changing market conditions in a timely manner**

Our Company is a Cayman Islands holding company and our operations are conducted through our subsidiaries in the PRC. Please refer to the section headed “History, Development and Reorganisation” of this prospectus. The ability of our PRC operating subsidiary to make dividend and other payments to us may be restricted by factors that include changes in applicable foreign exchange policies and other laws and regulations. In particular, under PRC law, each of our PRC operating subsidiary may only pay dividends after at least 10% of its net profit has been set aside as statutory surplus reserve, unless such reserves have reached at least 50% of its registered capital. In addition, the profits available for distribution from our PRC operating subsidiary are determined in accordance with generally accepted accounting principles in the PRC. This calculation may differ if it were performed in accordance with different accounting principles and financial regulations applicable to companies established in the PRC. As a result, we may not have sufficient distributions from our PRC operating subsidiary to enable necessary profit distributions to our shareholders in the future, which would be based upon our financial statements prepared under relevant accounting principles and financial regulations applicable to companies established in the PRC.

Distributions by our PRC operating subsidiary to us except used as dividends may be subject to governmental approval and taxation. Any transfer of funds from our Company to our PRC operating subsidiary, either as a shareholder loan or as an increase in registered capital, is subject to registration or approval of PRC governmental authorities, including the relevant administration of foreign exchange and/or the relevant examining and approving authorities. These limitations on the free flow of funds between us and our PRC operating subsidiary could restrict our ability to act in response to changing market conditions in a timely manner.

**We may be deemed as a PRC resident enterprise under the EIT Law and be subject to PRC taxation on our worldwide income**

The Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the “EIT Law”), effective in January 2008, as amended on 24 February 2017 and 29 December 2018, provides that enterprises established outside of China whose “de facto management bodies” are located in China are considered “resident enterprises” and are generally subject to the uniform 25% enterprise income tax rate on their worldwide income. Under the implementation regulations to the enterprise income tax, a “de facto management body” is defined as a body that has material and overall management and control over

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## RISK FACTORS

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the manufacturing and business operations, personnel and human resources, finances and properties of an enterprise. In April 2009, SAT promulgated a circular, known as Circular 82, and partially amended by Circular 9 promulgated in January 2014 and Circular 42 promulgated in December 2017, to clarify the certain criteria for the determination of the “de facto management bodies” for foreign enterprises controlled by PRC enterprises or PRC enterprise groups. However, no official implementation rules have been issued regarding the determination of the “de facto management bodies” for foreign enterprises that are not controlled by PRC enterprises. We do not currently consider our Company to be a PRC resident enterprise. However, if the PRC tax authorities disagree with our assessment and determine that we are a “resident enterprise”, we may be subject to enterprise income tax at a rate of 25% on our worldwide income. This will have an impact on our effective tax rate, a material adverse effect on our cash flow and net income.

### **Dividends paid to our foreign investors may be subject to withholding taxes under the PRC tax laws**

Under the EIT Law and its implementation rules, dividends payable by a foreign-invested enterprise to its foreign corporate investors who are not deemed a PRC resident enterprise are subject to a 10% withholding tax, unless such foreign investor’s jurisdiction of incorporation has a tax treaty with the PRC that provides for a different withholding tax arrangement. If we are treated as a PRC resident enterprise as described under the risk factor headed “We may be deemed as a PRC resident enterprise under the EIT Law and be subject to PRC taxation on our worldwide income”, dividends paid by us to our non-PRC shareholders as well as capital gains recognised by them with respect to the sale of our Shares may be subject to a PRC withholding tax.

Under the Announcement of SAT on Promulgating the Administrative Measures for Tax Convention Treatment for Non-resident Taxpayer (《國家稅務總局關於發佈〈非居民納稅人享受稅收協議待遇管理辦法〉的公告》) (the “**Circular 60**”), which was issued on 27 August 2015 and amended on 15 June 2018, shareholders who are not PRC tax residents and seek to enjoy preferential tax rates under relevant tax treaties may apply to the PRC tax authorities to be recognised as eligible for such benefits. Under an arrangement between China and Hong Kong, effective in January 2007, dividend withholding tax rate is reduced to 5% for dividends paid by a PRC company to a Hong Kong-resident enterprise if such Hong Kong entity is a “beneficial owner” and such entity directly owns at least 25% of the equity interest of the PRC company. The Notice of the SAT on issues relating to “beneficial owners” in tax treaties (國家稅務總局關於稅收協定中“受益所有人”有關問題的公告), effective on 1 April 2018, provides certain factors which are not conducive to the determination of the identity of the “beneficial owners” under the treaty. If determined to be ineligible for the foregoing tax treaty benefits, dividends paid by us to our non-PRC shareholders as well as capital gains recognized by them with respect to the sale of our Shares would be subject to higher PRC tax rates. In such case, the value of your investment in our shares may be materially and adversely affected.

### **It may be difficult to effect service of process upon us or to enforce against us in the PRC judgments obtained from non-PRC courts**

Our company is a holding company incorporated in the Cayman Islands, while all of the assets of our operating subsidiary are located within the PRC. Therefore, it may not be possible for investors to effect service of process upon us or to enforce against us in China any judgments obtained from non-PRC courts.

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## RISK FACTORS

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Although we will be subject to the GEM Listing Rules, the Takeovers Code and other related rules and regulations upon the listing of our Shares on the Stock Exchange, the holders of our Shares will not be able to bring actions on the basis of any violations of the GEM Listing Rules and must rely on the Stock Exchange or other relevant authorities to enforce such rules. The Hong Kong Codes on Takeovers and Mergers and Share Buy-backs do not have the force of law and only provide standards of acceptable commercial conduct for takeover and merger transactions and share repurchases in Hong Kong.

On 14 July 2006, the Supreme People's Court of the PRC and the Hong Kong government signed an Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between the Parties Concerned. Under such arrangement, where any designated People's Court of the PRC or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing by the parties, any party concerned may apply to the relevant People's Court of the PRC or Hong Kong court for recognition and enforcement of the judgment. The arrangement has been promulgated by the Supreme People's Court of the PRC on 3 July 2008 and came into effect on 1 August 2008, but the outcome and enforceability of any action brought under the arrangement is still uncertain.

The PRC does not have treaties providing for the reciprocal enforcement of judgments of courts with Japan, the United Kingdom, the United States or most other Western countries. In addition, Hong Kong has no arrangement with the United States for reciprocal enforcement of judgments. Accordingly, it may be difficult to secure recognition and enforcement in the PRC for court judgments obtained in other jurisdictions and to access our assets or assets of our directors in the PRC in order to enforce judgment awards against us or our directors outside of the PRC. Therefore, it may be difficult for you to enforce against us, or our directors in the PRC, any judgments obtained from non-PRC courts.

### **RISKS RELATING TO THE SHARE OFFER**

#### **There has been no prior public market for our Shares and the liquidity, market price and trading volume of our Shares may be volatile**

Prior to the Listing, there is no public market for the Shares. The listing of, and the permission to deal in, the Shares on the Stock Exchange do not guarantee the development of an active public market or the sustainability thereof following completion of the Share Offer. Factors such as variations in our Group's turnovers, earnings and cash flows, strategic alliances or acquisitions made by our Group or its competitors, industrial or environmental accidents happened to our Group, loss of key personnel, litigation, fluctuations in the market prices for the products or the services of our Group, the liquidity of the market for the Shares, the general market sentiment regarding the marketing services industry could cause the market price and trading volume of the Shares to change substantially. In addition, both the market price and liquidity of the Shares could be adversely affected by factors beyond our Group's control and unrelated to the performance of our Group's business, especially if the financial market in Hong Kong experiences a significant price and volume fluctuation. In such cases, investors may not be able to sell their Shares at or above the Offer Price.

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## RISK FACTORS

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### **Investors will experience an immediate dilution if our Company issues additional Shares or other securities in the future**

Based on the Offer Price range, the Offer Price is expected to be higher than the net tangible asset value per Share immediately prior to the Listing. Therefore, the purchasers of the Offer Shares will experience an immediate dilution in unaudited pro forma net tangible asset value to approximately HK\$0.11 per Share and approximately HK\$0.13 per Share based on the Offer Price of HK\$0.25 per Offer Share and HK\$0.33 per Offer Share, respectively.

Additional funds may be required in the future to finance the expansion or new developments of the business and operations of our Group or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company other than on a pro rata basis to existing Shareholders, the percentage ownership of the Shareholders in our Company may be diluted or such new securities may confer rights and privileges that take priority over those conferred by the Offer Shares.

In addition, our Company may issue additional Shares upon exercise of options to be granted under the Share Option Scheme in the future. The increase in the number of Shares outstanding after the issue would result in the reduction in the percentage ownership of the Shareholders and may result in a dilution in the earnings per Share and net asset value per Share.

### **Any options granted under the Share Option Scheme may affect our Group's result of operation and dilute Shareholders' percentage of ownership**

Our Company may grant share options under the Share Option Scheme in the future. As at the Latest Practicable Date, no option had been granted to subscribe for Shares under the Share Option Scheme. Following the issue of new Shares upon exercise of the options that may be granted under the Share Option Scheme, there will be an increase in the number of issued Shares. As such, there may be a dilution or reduction of shareholding of the Shareholders which results in a dilution or reduction of the earnings per Share or net asset value per Share. In addition, the fair value of the options to be granted to the eligible participants under the Share Option Scheme will be charged to the consolidated statements of comprehensive income of our Group over the vesting periods of the options. Accordingly, the financial results and profitability of our Group may be adversely affected.

### **Future sales by existing Shareholders of a substantial number of the Shares in the public market could materially and adversely affect the prevailing market price of the Shares**

The Shares held by the Controlling Shareholders are subject to a lock-up period beginning on the date on which trading in the Shares commences on GEM. There is no assurance that the Controlling Shareholders will not dispose of their Shares after the lock-up period. Our Group cannot predict the effect, if any, of any future sales of the Shares by any substantial Shareholder or Controlling Shareholders, or the availability of Shares for sale by any substantial Shareholder or Controlling Shareholders may have on the market price of the Shares. Sales of a substantial amount of Shares by any substantial Shareholder of our Company or Controlling Shareholders or the issuance of a substantial amount of new Shares by our Company, or the market perception that such sales or issuance may occur, could materially and adversely affect the prevailing market price of the Shares.

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## **RISK FACTORS**

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### **Historical dividends are not indicative of our future dividends**

On 27 December 2017, our Group's member declared and subsequently settled dividends of approximately RMB14,246,000 to the then shareholders. The value of dividends declared and paid in previous years should not be relied on by potential investors as a guide to the future dividends of our Group or as a reference or basis to determine the amount of dividends payable in the future. There is no assurance that dividends will be declared or paid in the future, at a similar level or at all. The amount of any dividends to be declared in the future will be subject to, among other factors, our Directors' discretion, having taken into account the substantial capital requirements of our Group in the foreseeable future, the availability of distributable profits, our earnings, working capital, financial position, capital and funding requirements, the applicable laws and other relevant factors.

In any event, there is no assurance that our Company will receive sufficient distribution from its subsidiaries to support any future profit distribution to the Shareholders, or that the amounts of any dividends declared by our Company in the future, if any, will be of a level comparable to dividends declared and paid by our Group in the past, or by other listed companies in the same industry as our Group.

### **Investors may experience difficulties in enforcing their shareholders' rights as the laws of Cayman Islands may differ from those of Hong Kong or other jurisdictions where investors may be located**

Our Company is incorporated in the Cayman Islands and its affairs are governed by the Articles, the Companies Law and common law of the Cayman Islands. The laws of Cayman Islands relating to the protection of the interests of minority shareholders may differ in some respects from those established under statutes or judicial precedent in existence in Hong Kong or other jurisdictions where investors may be located. As a result, minority Shareholders may not enjoy the same rights or remedies available as pursuant to the laws of Hong Kong or such other jurisdictions. A summary of the Cayman Islands company law on protection of minorities is set out in the section headed "Summary of the Constitution of our Company and Cayman Islands Company Law – 3. Cayman Islands company law – (f) Protection of minorities and shareholders' suits" in Appendix III to this prospectus.

### **RISKS RELATING TO THE STATEMENTS MADE IN THIS PROSPECTUS**

**You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media, which may not be consistent with information contained in this prospectus**

We wish to emphasise to potential investors that we do not accept any responsibility for the accuracy or completeness of any press articles or other media that were not prepared or approved by us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us, or of any assumptions underlying such projections, valuations or other forward-looking information included in or referred to by the media. To the extent that any such statements are inconsistent with, or in conflict with, the information contained in this prospectus, we disclaim them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

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## RISK FACTORS

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**You may not place undue reliance on information derived from the third party report set out in this prospectus**

Our Directors believe that the source of information derived from the third party report set out in this prospectus, particularly the section headed “Industry Overview” of this prospectus, is an appropriate source for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Sponsor, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, nor any of their or our Directors, affiliates, advisers or any other parties involved in the Share Offer and no representation is given as to its accuracy.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER**

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### **DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS**

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, there are no other matters the omission of which would make any statement herein or this prospectus misleading, and all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

### **INFORMATION ON THE SHARE OFFER**

The Offer Shares are offered solely on the basis of the information contained and the representations made in this prospectus and the Application Forms, on the terms and subject to the conditions set out herein. No person in connection with the Share Offer is authorised to give any information, or to make any representation not contained in this prospectus and the Application Forms, and any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Directors, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, and any of their respective directors, agents, employees or advisers or any other party involved in the Share Offer.

### **OFFER SHARES ARE FULLY UNDERWRITTEN**

This prospectus is published solely in connection with the Public Offer, which forms part of the Share Offer, which is sponsored by the Sponsor and bookrun and managed by the Joint Bookrunners, and the Joint Lead Managers. The Public Offer Shares are fully underwritten by the Public Offer Underwriters subject to the terms and conditions of the Public Offer Underwriting Agreement. The Placing Shares will be fully underwritten by the Placing Underwriters under the terms and conditions of the Placing Underwriting Agreement. For details of the Underwriters and the underwriting arrangement, please refer to the section headed "Underwriting" of this prospectus.

### **RESTRICTIONS ON OFFER AND SALE OF SHARES**

Each person acquiring the Offer Shares will be required to confirm or by his/her/its acquisition of the Offer Shares will be deemed to confirm that he/she/it is aware of the restrictions on the offer of the Offer Shares described in this prospectus.



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## **INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER**

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Save as mentioned above, no action has been taken in any jurisdiction other than Hong Kong to permit the offering of the Offer Shares or the general distribution of this prospectus and/or the Application Forms. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in relation to the Share Offer in any jurisdiction or, in any circumstance in which such an offer or invitation is not authorised, or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under any applicable laws, rules and regulations of such jurisdictions pursuant to registration with or authorisation by the relevant regulatory authorities as an exemption therefrom.

Prospective investors for the Offer Shares should consult their financial advisers and take legal advice as appropriate, to inform themselves of, and to observe the applicable laws, rules and regulations of any relevant jurisdictions.

### **STRUCTURE AND CONDITIONS OF THE SHARE OFFER**

Further details of the structure and conditions of the Share Offer including its grounds for termination are set out in the section headed “Structure and Conditions of the Share Offer” of this prospectus.

### **APPLICATION FOR LISTING ON GEM**

Application has been made to the Listing Division for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, if the permission for the Shares offered under this prospectus to be listed on GEM has been refused before the expiration of three weeks from the date of the closing of the application lists or such longer period not exceeding six weeks as may, within the said three weeks, be notified to our Company for permission by or on behalf of the Listing Division, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at all times after the Listing, our Company must maintain the “minimum prescribed percentage” of 25% or such applicable percentage of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

No part of the Shares or the loan capital of our Company is listed, traded or dealt in on any other stock exchange. At present, our Company is not seeking or proposing to seek listing of, or permission to deal in, any part of the Shares or loan capital on any other stock exchange. Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER**

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### **PROFESSIONAL TAX ADVICE RECOMMENDED**

If investors are unsure about the taxation implications of the subscription for, purchase, holding, disposal of or dealing in, or exercise of any rights in relation to, the Offer Shares, they should consult an expert. It is emphasised that none of our Company, our Directors, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, agents, representatives or any other persons or parties involved in the Share Offer accept responsibility for any tax effects on or liabilities of any persons resulting from the subscription for, purchase, holding, disposal of or dealing in, or the exercise of any rights in relation to, the Offer Shares.

### **REGISTER OF MEMBERS AND STAMP DUTY**

All the Offer Shares will be registered on our Company's branch register of members, which is to be maintained in Hong Kong by our Company's branch share registrar and transfer office, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. Our Company's principal register of members will be maintained in the Cayman Islands by the Company's principal share registrar and transfer office in the Cayman Islands. Only Shares registered on our Company's branch register of members maintained in Hong Kong may be traded on GEM, unless the Stock Exchange otherwise agrees.

Dealings in the Shares registered on our Company's branch register of members maintained in Hong Kong will be subject to the Hong Kong stamp duty. Dealings in the Shares registered on the principal register of members of our Company maintained in the Cayman Islands will not be subject to the Cayman Islands stamp duty except where our Company holds interests in land in the Cayman Islands.

Unless determined otherwise by our Company, dividends in respect of Shares will be paid to the Shareholders by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder or if joint Shareholders, to the first-named therein in accordance with the Articles.

### **SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS**

Subject to the approval of the listing of, and permission to deal in, the Shares on GEM and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or, under contingent situation, any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS. If investors are unsure about the details of CCASS settlement arrangement and how such arrangements will affect their rights and interests, they should seek the advice of their stockbrokers or other professional advisers.

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## INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

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### COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Thursday, 14 November 2019. Shares will be traded in board lots of 8,000 each. The stock code for the Shares is 8627.

The Company will not issue any temporary documents of title.

### LANGUAGE

If there is any inconsistency between this prospectus and the Application Forms and the Chinese translation of this prospectus and the Application Forms, the English version of the same shall prevail. Names of any laws and regulations, governmental authorities, institutions, natural persons or other entities which have been translated into English and included in this prospectus and for which no official English translation exists are unofficial translations for your reference only.

### ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, total of rows or columns of numbers in tables may not be equal to the apparent total individual items. When information is presented in thousands or millions or units, amounts may have been rounded up or down.

### EXCHANGE RATE CONVERSION

Unless otherwise stated, the conversion of Renminbi into HK dollars in this prospectus is based on the approximate exchange rate of *RMB1.00 to HK\$1.15*.

Such conversions shall not be construed as representations that amounts in HK dollars will be or may have been converted into Renminbi at such rates or any other exchange rates, or vice versa, or at all.

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## DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

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### DIRECTORS

Name	Residential Address	Nationality
<i>Executive Directors</i>		
Mr. Zhou Yang (周楊先生)	Room 302 No. 2 Biyun Garden Yicheng Subdistrict Yixing City Wuxi City Jiangsu Province PRC	Chinese
Ms. Song Ruiqing (宋瑞清女士)	Room 302 No. 2 Biyun Garden Yicheng Subdistrict Yixing City Wuxi City Jiangsu Province PRC	Chinese
<i>Independent non-executive Directors</i>		
Mr. Ho Yau Kwok (何有國先生)	Flat D, 1/F Begonia Mansion 8 Taikoo Wan Road Taikoo Shing Quarry Bay Hong Kong	Chinese
Mr. Yip Koon Shing (葉冠成先生) (formerly known as Mr. Yip Shing Kee (葉成基先生))	Flat A, 13/F Princess Court 9 King Tak Street Ho Man Tin Kowloon Hong Kong	Chinese
Mr. Wong Kin Yip (黃建業先生)	Flat E, 6/F, Block 3 La Cite Noble 1 Ngan O Road Tseung Kwan O New Territories Hong Kong	Chinese

Further information about our Directors is disclosed in the section headed “Directors, Senior Management and Employees” of this prospectus.

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## DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

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### PARTIES INVOLVED IN THE SHARE OFFER

#### Sponsor

#### **Frontpage Capital Limited**

26/F, Siu On Centre

188 Lockhart Road

Wan Chai

Hong Kong

*(A licensed corporation for carrying on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO)*

#### **Joint Bookrunners and Joint Lead Managers**

#### **Frontpage Capital Limited**

26/F, Siu On Centre

188 Lockhart Road

Wan Chai

Hong Kong

*(A licensed corporation for carrying on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO)*

#### **Mouette Securities Company Limited**

Room 1301, 13/F

Tung Wai Commercial Building

109-111 Gloucester Road

Wan Chai

Hong Kong

*(A licensed corporation for carrying on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO)*

#### **Ruibang Securities Limited**

9/F, Sang Woo Building

227-228 Gloucester Road

Wanchai

Hong Kong

*(A licensed corporation for carrying on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO)*

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## DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

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### Legal advisers to our Company

*As to Hong Kong law:*

**Christine M. Koo & Ip, Solicitors & Notaries LLP**

Room 1101, 11/F

Tower 1, Admiralty Centre

18 Harcourt Road

Admiralty

Hong Kong

*(Solicitors of Hong Kong SAR)*

*As to PRC law:*

**Jingtian & Gongcheng**

34th Floor, Tower 3

China Central Place

77 Jianguo Road

Beijing 100025

PRC

*(PRC attorneys-at-law)*

*As to Cayman Islands law:*

**Appleby**

2206-19 Jardine House

1 Connaught Place

Central

Hong Kong

*(Legal advisers as to Cayman Islands law)*

### Legal advisers to the Sponsor and the Underwriters

*As to Hong Kong law:*

**CFN Lawyers in association with Broad & Bright**

Units 4101-04, 41st Floor

Sun Hung Kai Centre

30 Harbour Road

Wanchai

Hong Kong

*(Solicitors of Hong Kong SAR)*

*As to PRC law:*

**Shu Jin Law Firm**

12/F, Taiping Finance Tower

Yitian Road 6001

Futian District

Shenzhen 518017

PRC

*(PRC attorneys-at-law)*

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## DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

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**Auditor and reporting accountants**

**Moore Stephens CPA Limited**

*Certified Public Accountants*

801-806 Silvercord, Tower 1

30 Canton Road

Tsimshatsui

Kowloon

Hong Kong

**Market research consultant**

**Frost & Sullivan Limited**

Unit 1706, One Exchange Square

8 Connaught Place

Central

Hong Kong

**Receiving bank**

**DBS Bank (Hong Kong) Limited**

16/F, The Center

99 Queen's Road Central

Hong Kong

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## CORPORATE INFORMATION

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<b>Registered office in the Cayman Islands</b>	Sertus Chambers Governors Square Suite #5-204 23 Lime Tree Bay Avenue P.O. Box 2547 Grand Cayman, KY1-1104 Cayman Islands
<b>Headquarters and principal place of business in the PRC</b>	Composite Building Xiazhang Village Yicheng Subdistrict Yixing City Wuxi City Jiangsu Province PRC
<b>Registered address in Hong Kong under Part 16 of the Companies Ordinance</b>	Room 813, 8/F Tai Yau Building 181 Johnston Road Wanchai Hong Kong
<b>Company's website</b>	<b><u><a href="http://www.otch.com.cn">www.otch.com.cn</a></u></b> <i>(information on this website does not form part of this prospectus)</i>
<b>Company secretary</b>	Mr. Pang Wai Ching (彭偉正先生) (HKICPA) Room 3204 Oi Yat House Oi Tung Estate Shaukeiwan Hong Kong
<b>Authorised representatives (for the purpose of the GEM Listing Rules)</b>	Mr. Zhou Yang (周楊先生) Room 302 No. 2 Biyun Garden Yicheng Subdistrict Yixing City Wuxi City Jiangsu Province PRC  Mr. Pang Wai Ching (彭偉正先生) (HKICPA) Room 3204 Oi Yat House Oi Tung Estate Shaukeiwan Hong Kong



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## CORPORATE INFORMATION

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<b>Compliance officer</b>	Mr. Zhou Yang (周楊先生)
<b>Audit Committee</b>	Mr. Ho Yau Kwok (何有國先生) ( <i>Chairman</i> ) Mr. Yip Koon Shing (葉冠成先生) Mr. Wong Kin Yip (黃建業先生)
<b>Remuneration Committee</b>	Mr. Yip Koon Shing (葉冠成先生) ( <i>Chairman</i> ) Ms. Song Ruiqing (宋瑞清女士) Mr. Wong Kin Yip (黃建業先生)
<b>Nomination Committee</b>	Mr. Zhou Yang (周楊先生) ( <i>Chairman</i> ) Mr. Ho Yau Kwok (何有國先生) Mr. Yip Koon Shing (葉冠成先生)
<b>Compliance Adviser</b>	<b>Frontpage Capital Limited</b> 26/F, Siu On Centre 188 Lockhart Road Wan Chai Hong Kong <i>(A licensed corporation for carrying on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO)</i>
<b>Cayman Islands principal share registrar and transfer office</b>	<b>Appleby Global Services (Cayman) Limited</b> 71 Fort Street P.O. Box 500 George Town Grand Cayman KY1-1106 Cayman Islands
<b>Hong Kong branch share registrar and transfer office</b>	<b>Tricor Investor Services Limited</b> Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
<b>Principal bank</b>	<b>Jiangsu Yixing Rural Commercial Bank Co., Ltd.</b> No. 81 Taodou Road Yicheng Subdistrict Yixing City Wuxi City Jiangsu Province PRC

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## INDUSTRY OVERVIEW

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*The information and statistics in this section, unless otherwise indicated, are derived from various private and official governmental publications, publicly available sources and the F&S Report, a market research report prepared by Frost & Sullivan and commissioned by our Group. We believe that the sources of the information in this section are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information prepared by Frost & Sullivan and set out in this section has not been independently verified by us, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other party involved in the Share Offer (except Frost & Sullivan) and they do not give any representations as to its accuracy or correctness and accordingly it should not be relied upon in making, or refraining from making, any investment decision.*

### SOURCE AND RELIABILITY OF INFORMATION

Our Group commissioned Frost & Sullivan, an independent market research company, to conduct an analysis of, and to produce a report on, the marketing services market study in the PRC for use in this prospectus. Frost & Sullivan is an independent global consulting firm founded in 1961, and offers industry research, market strategies and provides growth consulting and corporate training on a variety of industries. The information from Frost & Sullivan disclosed in this prospectus is extracted from the F&S Report, a report commissioned by us for a fee of HK\$530,000 and is disclosed with the consent of Frost & Sullivan.

The F&S Report was undertaken through both primary and secondary research obtained from various sources. Primary research included interviews with industry experts and participants in the PRC marketing services market. Secondary research involved reviewing the statistics published by the government official statistics, industry publications, annual reports and data based on Frost & Sullivan's own database. Frost & Sullivan also adopted the following primary assumptions while making projections on the macroeconomic environment, the overall marketing services market and various segment markets in the PRC:

- The PRC's economy is expected to grow at a steady rate supported by favourable government policies as well as global economic recovery, among other factors; and
- The social, economic and political environment of the PRC is likely to remain stable during the forecast period, which will ensure a sustainable and steady development of the marketing services market in the PRC.

Except as otherwise noted, all of the data and forecasts contained in this section are derived from the F&S Report. Our Directors confirm that after taking reasonable care, the sources of information used in this section, which are extracted from the F&S Report, are reliable and not misleading as Frost & Sullivan is an independent professional market research agency with extensive experience, and there is no material adverse change in the overall market information since the date of the F&S Report that would materially qualify, contradict or have an impact on such information.

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## INDUSTRY OVERVIEW

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### MACRO ECONOMIC ENVIRONMENT IN THE PRC

#### Nominal GDP, GDP per capita and forecast

Over the past decades, the PRC has experienced strong economic growth and has become one of the world's leading economy. Driven by a series of economic stimulus policies including Revitalisation Plans of Ten Key Industries and "One Belt One Road", the PRC's nominal GDP maintained relatively fast growth, increasing from RMB59.7 trillion in 2013 to RMB88.6 trillion in 2018, at a CAGR of 8.2%. The per capita nominal GDP also increased from RMB43.9 thousand in 2013 to RMB63.4 thousand in 2018, at a CAGR of 7.6%. Looking forward, the nominal GDP is expected to grow at a similar CAGR of 8.4%, reaching RMB132.2 trillion in 2023. The per capita nominal GDP is further estimated to grow at a CAGR of 8.0%, reaching RMB93.1 thousand in 2023.

#### Per capita annual disposable income

A significant increase in income levels has created an exploding consumer class, providing a solid boost for the growth of the domestic consumption segment. Among the top ranked cities, such as Beijing and Wuxi, their per capita annual disposable income of urban households have reached RMB62.4 thousand and RMB50.4 thousand in 2018, respectively. For Yixing, its per capita annual disposable income of urban households has also reached RMB44.5 thousand in 2018. With regards to income levels, per capita annual disposable income of urban households in the PRC increased from RMB26.5 thousand in 2013 to RMB39.3 thousand in 2018, representing a CAGR of 8.2%. In view of the PRC's economic outlook, per capita annual disposable income of urban households in the PRC is projected to continue its upswing and reach RMB57.0 thousand in 2023, representing a CAGR of 7.7%.

### OVERVIEW OF MARKETING SERVICES INDUSTRY IN THE PRC

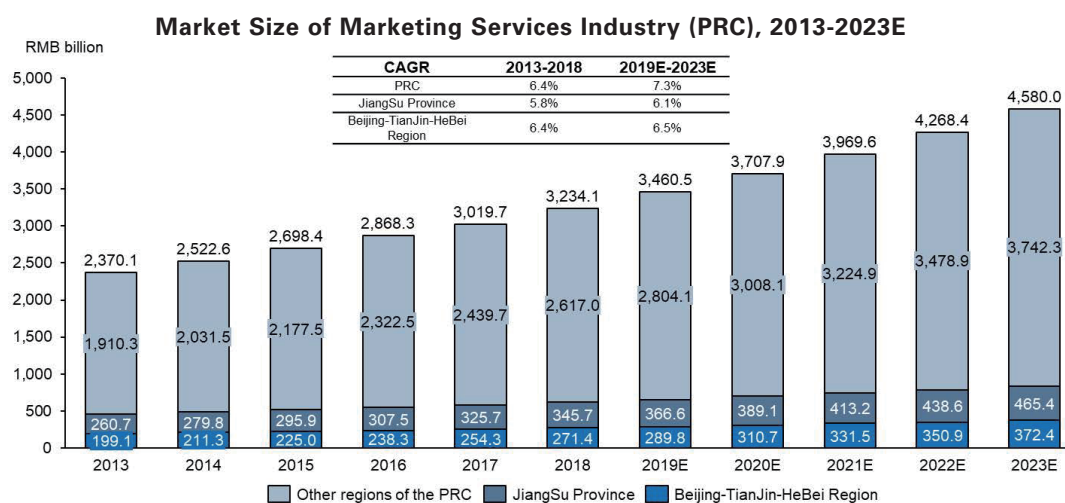
Marketing service is broadly defined as the service to disseminate information and knowledge of a product, service or place. The term marketing services cover a broad spectrum of sub-categories, including market research, brand management, public relations, event management, design and production and any other forms of activities that achieve the marketing objectives.

Driven by the increasing demand for marketing services from the Chinese consumers, the availability of a wide array of distribution channels, and the advancement of technology, the market size of the marketing services industry in the PRC has increased from RMB2,370.1 billion in 2013 to RMB3,234.1 billion in 2018, representing a CAGR of 6.4%. With the supportive government measures and continued product innovation, the marketing services industry is expected to maintain its growth momentum for the next five years at a CAGR of 7.2%, reaching RMB4,580.0 billion in 2023.

## INDUSTRY OVERVIEW

Following the trend of expanding market size of the overall marketing services industry in the PRC, the market size of certain local regions have also increased rapidly in recent years and is expected to continue to expand in the coming future. For instance, as underpinned by the strong provincial government support, the marketing services industry in Jiangsu has been growing rapidly in recent years, which increased from RMB260.7 billion in 2013 to RMB345.7 billion in 2018 at a CAGR of 5.8% and is expected to reach RMB465.4 billion in 2023 at a CAGR of 6.1%. For northern regions, namely the Jingjinji Metropolitan Region, there is a high concentration of international brands in such regions and the huge demand for marketing services encourages the rapid development of the industry. As such, the marketing services industry in the Jingjinji Metropolitan Region has been developing rapidly since the 1990s, which increased from RMB199.1 billion in 2013 to RMB271.4 billion in 2018 at a CAGR of 6.4% and is expected to reach RMB372.4 billion in 2023 at a CAGR of 6.5%.

In order to consolidate market shares, it is an industry norm for marketing services providers to set up multiple branches across various provinces in the PRC so as to (i) effectively gain access to new market for services extension; (ii) considerably reduce travel cost and time; (iii) expand brand recognition to local clients; (iv) gain advantages in local economic opportunities and related policies; and (v) attract talents from different locations.



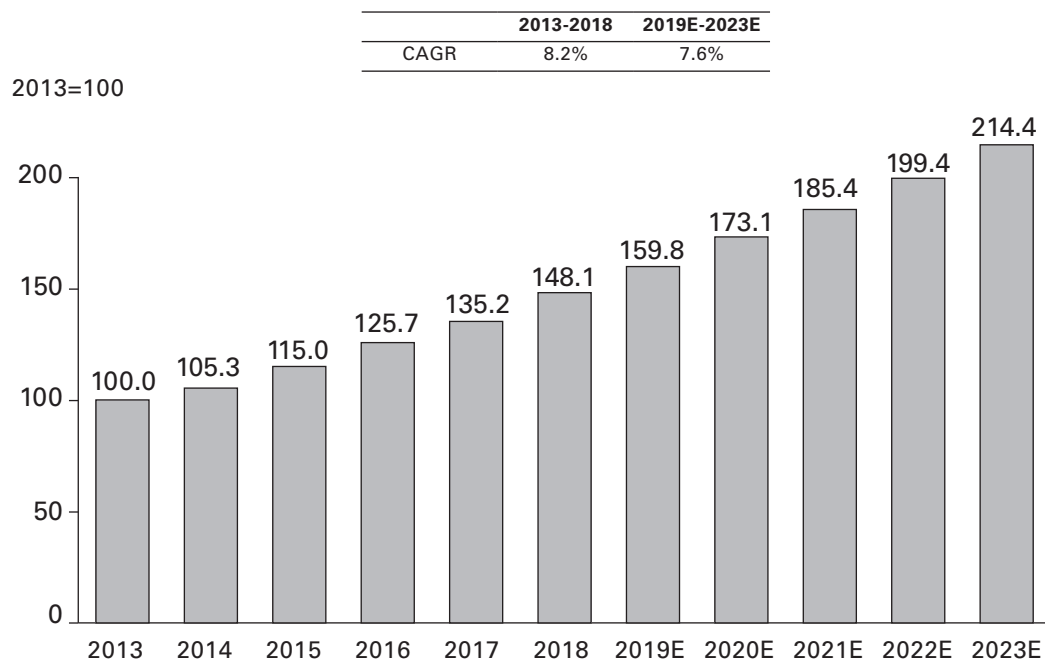
Source: Frost & Sullivan

## INDUSTRY OVERVIEW

### Major costs analysis

As human resources play a significant role in the marketing services industry, the salary cost is the major component in the whole cost structure for the provision of marketing services. The salary indices for employees in the marketing services industry has been increasing steadily from 100.0 in 2013 to 148.1 in 2018, representing a CAGR of 8.2%. The increase is attributable to inflation in the PRC as a whole. With the growing demand of marketing services, it is expected that employers will further increase the salary of employees, so as to attract more young talents into the industry. The salary indices is therefore forecasted to increase at a CAGR of 7.6%, reaching 214.4 in 2023.

**Salary Indices for Employees in the Marketing Services Industry (PRC), 2013-2023E**



Source: Frost & Sullivan

### OVERVIEW OF EVENT MANAGEMENT SERVICES MARKET IN THE PRC

Event management is the process of applying project management skills to plan and execute various events for a target audience to achieve the desired objective. Events can be primarily categorised into:

- (i) MICE (Meetings, Incentives, Conventions, Exhibitions) events. Meetings refer to the corporate gatherings of a number of people in one place, for the purpose of sharing information and discussing and solving problems, usually in formal settings; Incentives refer to meeting events which are often a part of an incentive programme which is offered to its participants to reward their previous performance; Conventions refer to gatherings of people with common objectives designed for discussion, fact-finding, problem solving and consultation; Exhibitions are organised presentations and displays of a selection of items or collection.

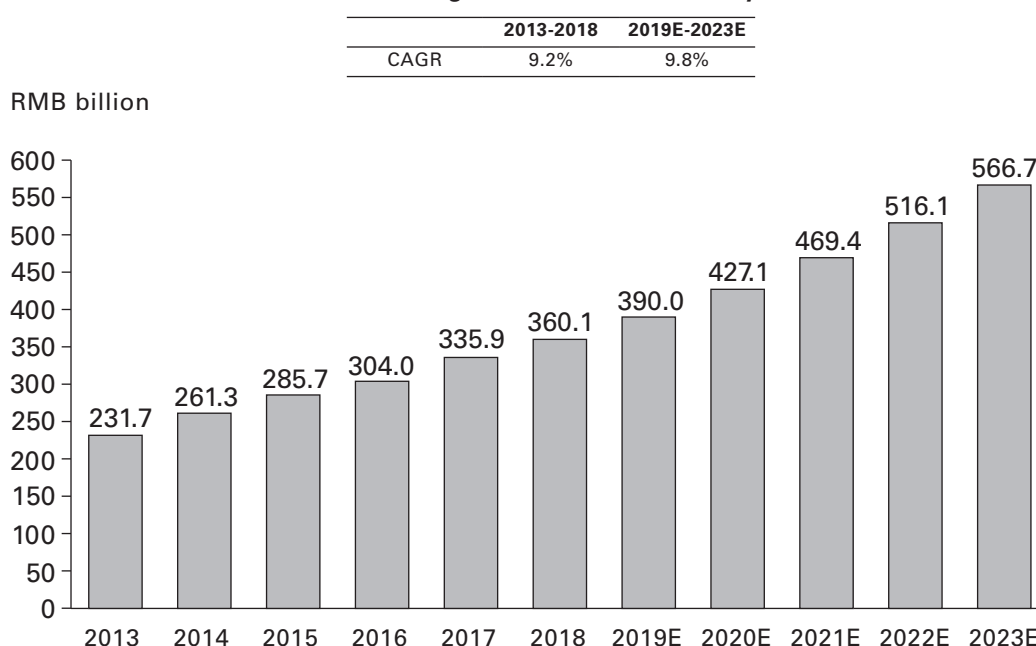
## INDUSTRY OVERVIEW

- (ii) Sports and entertainment events, which refers to events including large-scale public sports events held by government or institutions and small and medium-scale sports activities held by private or a specific group of participants, and performances of all kinds, such as pop concerts instrumental performances, acrobatics performances, operas, etc.
- (iii) Private events, which includes wedding ceremonies, anniversary celebrations, private parties, etc.

### Market size

In line with the growth of the macro economy and the development of various industries in the PRC, the event management market also experienced a rapid growth in recent years, increasing from RMB231.7 billion in 2013 to RMB360.1 billion in 2018, representing a CAGR of approximately 9.2%. Going forward, the market size of event management is expected to increase at a CAGR of 9.8%, reaching RMB566.7 billion in 2023. The growth is attributable by the drivers including growing macro economy and downstream industries in China, increase in annual per capita disposable income, and a higher demand for cultural enrichment.

**Market Size of Event Management Services Industry (PRC), 2013-2023E**

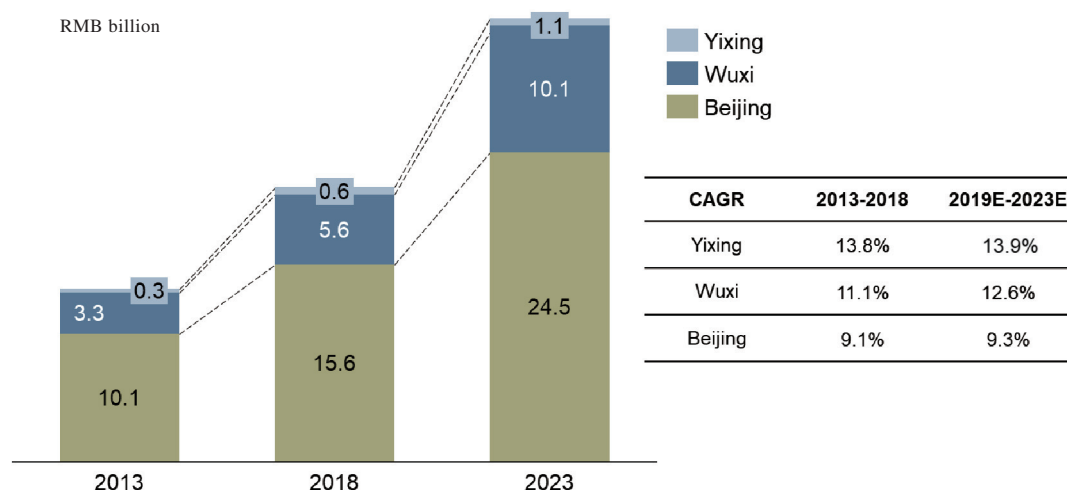


Source: Frost & Sullivan

Underpinned by upgrading MICE infrastructure and rising demand for event management services, the market size of event management service industry in Yixing, Wuxi and Beijing has increased at a CAGR of 13.8%, 11.1% and 9.1% from 2013 to 2018, respectively, and is expected to grow at a CAGR of 13.9%, 12.6% and 9.3% from 2019 to 2023, respectively.

## INDUSTRY OVERVIEW

### Market Size of Event Management Services Industry (PRC selected cities), 2013-2023E



Source: Frost & Sullivan

### Market drivers

#### *Strong government support in the exhibition industry*

The PRC government has been supporting the development of the exhibition service market by issuing policies and guidelines to maintain market order, establish a code of conduct, and provide financing assistance. The supportive policies and guidelines drive the standardisation of the exhibition industry. For instance, in 2015, the State Council issued the “Options for Further Promotion of The Reformation and Development of Exhibition Industry” (《關於進一步促進展覽業改革發展的若干意見》), which laid out a comprehensive plan for the overall development of PRC’s exhibition services market, and multiple policies and monetary incentives were established on the provincial and city level accordingly. Examples of supportive policies included (i) provision of financial subsidy or bonus to encourage enterprises to participate in or organise exhibitions; and (ii) provision of tax preferential treatment such as tax exemption for qualified enterprises organising exhibitions.

#### *Improving MICE infrastructure and facilities*

The MICE infrastructure and facilities in the PRC such as convention and exhibition centres, conference centres, cultural tourism site etc. have been constantly upgraded with the continued economic development and rapid urbanisation in the PRC, especially in tier 1 and 2 cities like Beijing and Shanghai. It has seen that there is a trend of rising MICE activities which are being held in cultural areas. Thus, the upgrading facilities and infrastructures are providing a growth impetus for MICE activities, thus driving the event management industry in general.

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## INDUSTRY OVERVIEW

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### **Market opportunities**

#### *Industry specialisation*

With the robust social and economic development in the PRC in recent years, enterprises in the country are gaining awareness on the fierce market competition and are now more willing to spend on event and marketing. Underpinned by strong government support and improving business infrastructure, increasing number of events, exhibitions and conventions have been organised across provinces throughout the PRC. As the event management services industry has been developing into a more mature market in the PRC with well-established industry supply chain, event management service providers are specialising in various industries and building up the industry and market know-how to meet up with the rising consumer expectation. Thus, the market participants with strong industry knowledge and experience are more likely to gain the competitive edge in the coming years.

#### *Expansion of event management companies*

A wide variety of service companies are involved in the event industry, including event organisers, event equipment suppliers, logistics, hotels etc. As the event industry is developing towards maturity, the market players in the industry are increasing their service scope so as to actively compete for market shares. In the event equipment market, some service providers extend their service scope to event management and other ancillary services to fully utilise their capacity and capture a larger market share.

### **Market challenges**

#### *Price Competition*

With the rising demand for the MICE and event management services, the number of event management service providers are rapidly increasing in the PRC. The event management services market in the PRC is highly fragmented and competitive. Under the fierce market competition, market practitioners without sufficient industry experience, business network, and technology proficiency are likely to initiate price competition which potentially might threaten the overall industry stability and development.

#### *Rising operating cost and demand from clients*

Event management services providers are often facing rising expectations from clients, such as demanding unique event on tight budgets and timeline. To meet such expectation, services providers are often required to put in more financial and human resources into the projects. Between 2013 and 2017, the salary indices for employees in the marketing industry has been at a CAGR of 7.8%, and is expected to continue rising at a CAGR of 6.3%. With the fragmented nature of the event management services industry, individual companies have relatively lower control over the pricing scheme. A high operating cost therefore represents a lower profit margin for the market participants within the industry.



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## INDUSTRY OVERVIEW

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### **Entry barriers**

#### *Reputation and track record*

Event management service providers with profound recognition and proven track record are highly preferred by customers. As the event management service market does not have any professional qualification system, customers are mainly relying on the past experience and the brand image of the service providers. Moreover, existing players with solid record and reputation can dominate the event management market while market entrants may face difficulties in penetrating into the market.

#### *Technical know-how*

With the increasing competition in the event management market in the PRC, operation experiences, technical know-how and management capability serve as an increasingly important key success factor for strong incumbents and barrier for new entrants. The successful operation of events requires effectiveness and efficiency in organisation and management, as well as the capability of emergency management. An experienced management and execution team is key to ensure such success. Meanwhile, specialised knowledge such as equipment assembling and debugging techniques are also required.

### **Competitive landscape of event management services industry in the PRC**

Underpinned by the continuous economic development and improving MICE infrastructures and facilities in the PRC in recent years, the event management industry in the PRC has been undergoing rapid growth with increasing number of market players entering the market to satisfy the rising consumption for event management services. The overall event management industry in the PRC is highly fragmented with over thousands of market participants with different specialisms. These market participants consist of companies from various industries such as venue operators, brand operators, hotel management, independent event organisers, etc.

The major players in the field have established reputation and a track record of success as a contractor for event management services. Geographical adaptability is one of the key success factors in the competitive market. Thus, a number of event management service providers would adopt localisation strategy by establishing presence in various provinces and cities in China. It is also common for event management service providers in the PRC to specialise in certain industries as various industries usually have different needs and require industry-specific know-how to facilitate the event operations.

In 2018, the Group has recorded a revenue of RMB36.3 million from event management services, accounting for 0.01% market share in the PRC event management services industry.

### **OVERVIEW OF DESIGN AND PRODUCTION SERVICES INDUSTRY IN THE PRC**

Design service refers to the realisation of a concept into a configuration, plan, drawing, graphics, video or other specification whereas production refers to the creation of the designed products which could be used to be sold by a business to its customers or for value creation purposes.

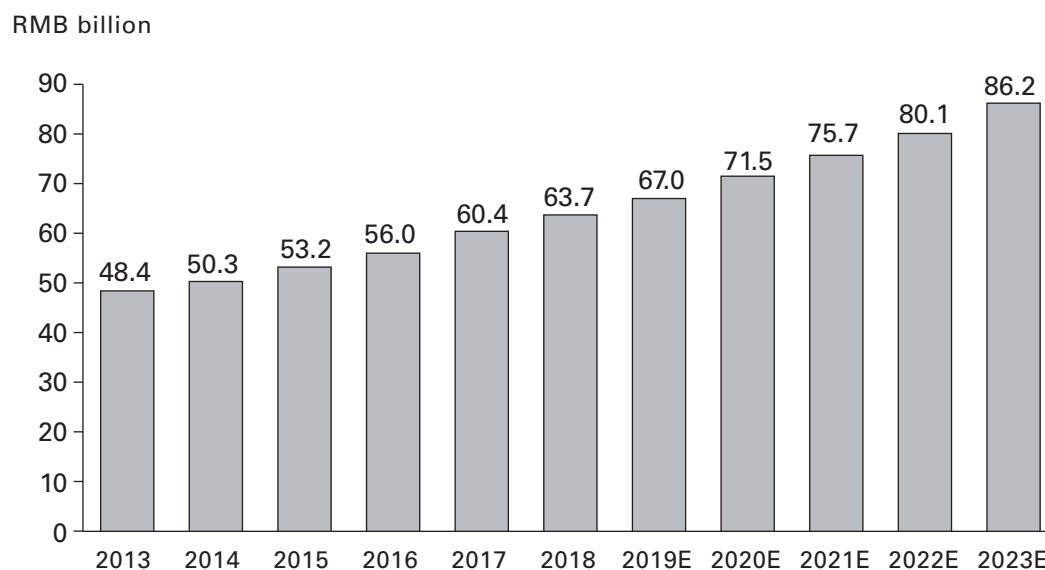
## INDUSTRY OVERVIEW

### Market size

The market size of design and production services industry in the PRC has increased from RMB48.4 billion in 2013 to RMB63.6 billion in 2018, representing a CAGR of 5.6%. With the continued healthy development of the PRC economy, and the increasingly sophisticated design and production services requested by clients, the market size is forecasted to maintain its growth momentum at a CAGR of 6.5%, reaching RMB86.2 billion in 2023.

**Market Size of Design and Production Services Industry (PRC), 2013-2023E**

	2013-2018	2019E-2023E
CAGR	5.7%	6.5%

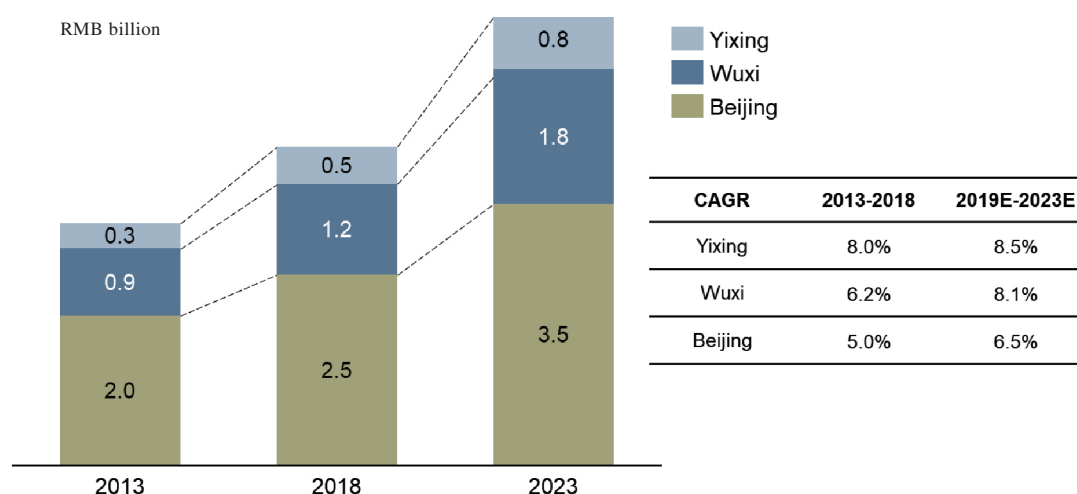


*Source: Frost & Sullivan*

With the favourable governmental policies driving the creative design industry in the PRC, the demand for market size of design and production services industry in Yixing, Wuxi and Beijing have been rising in the past few years. The market size of design and production markets in Yixing, Wuxi and Beijing has increased at a CAGR of 8.0%, 6.2% and 5.0% from 2013 to 2018, respectively, and is expected to grow at a CAGR of 8.5%, 8.1% and 6.5% from 2019 to 2023, respectively.

## INDUSTRY OVERVIEW

### Market Size of Design and Production Services Industry (PRC selected cities), 2013-2023E



	CAGR	2013-2018	2019E-2023E
Yixing		8.0%	8.5%
Wuxi		6.2%	8.1%
Beijing		5.0%	6.5%

Source: Frost & Sullivan

### Market drivers

#### *Rising demand for design and production services in the PRC*

Chinese enterprises have been seeking ways to improve their competitiveness in the increasingly competitive market in the past few years. Enterprises are now paying more attention to advertisement and other marketing approach to promote their products and strengthen their brand values. Thus, increasing resources invested in design services has provided a strong growth momentum to the design and production services industry in the PRC. Also, the “Made in China 2025” initiative issued in 2015 encourages enterprises in manufacturing industry to strengthen quality and brand building and propel a shift from OEM (made in China) to ODM (created in China). The policy paper particularly points out the importance of strengthening relevant advertising services and increasing the intensity of advertising and promotion by the manufacturing and related enterprises which further drive the market growth of the design and production services market in the PRC.

#### *Favourable governmental policies on promoting creative design industry*

The Ministry of Culture, the National Development and Reform Commission, the Ministry of Finance and the State Administration of Cultural Heritage of the PRC have issued “*Suggestions on the Promotion of Cultural and Creative Products of Cultural and Cultural Relics Institutions*” in 2017 with the aim to stimulate the collaboration of cultural and creative related organisations such as art galleries, cultural pavilions, museums and other groups with cultural resources and encourage them to expand cooperation with private organisation to share resources, ideas and market. Also, the State Council has further stimulated the development of design and production services market by encouraging activities and events such as design competition and international exhibitions to promote the demonstration and trading of related products and services and help local products go abroad. These initiatives have provided strong growth opportunities for the design and production market in the PRC.

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## INDUSTRY OVERVIEW

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### **Market opportunities**

#### *Market trend of “New Media”*

Design and production is one of the integral segments of the marketing services market. With the overall design and production industry developing into the mature stage of the industry life cycle, it has seen that the design and production industry in the PRC is consolidating with the strong players expanding their services scope in the design and production value chain through vertical and horizontal integration. Such integration or strategic partnerships between the market players with technology companies is becoming increasingly common in recent years with the prevalence of digitalisation. With the emerging trend for marketing services using “new media”, which use digital technology platforms, such as internet, mobile network, video gaming and social media platforms that involve multimedia elements, the amalgamation of technology and design and production services companies is an important factor for future market success as it increases the operation efficiency and connects targeted audiences from offline to online.

#### *Technology advancement in design and production industry*

As the technology constantly evolves, it has brought revolutionary changes to the marketing services industry in the PRC. One of the key applications of technology in design and production industry is big data. A gigantic amount of data is collected every day through social marketing, e-commerce, digital marketing which is of huge value in the design and production industry. The data gathered can be used as useful consumer insights for design research and analysis. On the other hand, augmented and virtual reality is another key technology trend in design and production industry, in particular in video production aspect in the PRC. Augmented and virtual reality is a progressive step from video design and production by providing an interactive customer experience. The application of augmented and virtual reality on mobile devices provides a niche and engaging way for marketers to reach the target audience.

### **Market challenges**

#### *Acquiring high-quality human resources*

One of the key challenges in the design and production industry is the lack of skilled labour in the current market. The available and qualified education program for design and production is highly limited in the PRC. In addition, the average salary level in the industry is relatively lower than other industries. Thus, the design and production service providers may find it challenging to hire the appropriate labour.

#### *Issues in intellectual property*

The intellectual property system is the basic legal system that fosters social and economic development, scientific and technological innovation, and cultural prosperity. Although the PRC has a long history of civilisation, the intellectual protection rights system in the PRC was established at a comparatively late stage compared with the developed countries. The late development of the concept of intellectual property and design rights protection has been one of the major hurdles in the design and production industry in the PRC. As the IPR system is gradually developing underpinned by vigorous effort from the State Council in recent years, the design and production services market in the PRC is expected to continue with a healthy and prosper development in the coming years.

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## INDUSTRY OVERVIEW

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### **Entry barriers**

#### *Reputation and proven track record*

Reputation and track record are important factors that affect customers' choice over design and production services industry practitioners. Due to the absence of a complete system for qualification, certification and evaluation, customers primarily rely on reputation and track record for the selection of service providers. Therefore, service providers with better recognition and strong track record are more competitive, creating a major barrier for new entrants.

#### *Established customer relationship*

The customers tend to prefer establishing a long-term business relationship with the existing players to ensure successful execution. The incumbent market players have an extensive knowledge of the customers need and provide quality design and production services. The market entrants may find it difficult to penetrate the market and sustain their business.

### **Competitive Landscape of design and production services industry**

The design and production services market in the PRC is considered to be highly fragmented with over 10,000 establishments of various scales across the country. The design and production services market consists of market players with various specialised services such as graphic design, advertisement, product design, etc. The larger industry players tend to have a wider range of service scope whereas the smaller players usually specialise in one or a few services.

The design and production services market primarily compete with (i) brand reputation and track record; (ii) service scope; (iii) localised knowledge; and (iv) geographical coverage (i.e. branches in various provinces in the PRC).

As the market is well developed and is currently at the mature stage of the industry life cycle where the value chain is well established and it is expected consolidation activities including lateral and horizontal consolidation between industry players to be active in the next few years, thus the market concentration is also anticipated to rise in the forecasted period.

In 2018, the Group has recorded gross revenue of RMB17.1 million from design and production services, accounting for 0.03% market share in the design and production services industry in the PRC.

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## REGULATORY OVERVIEW

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Our business and operations in the PRC are subject to laws and regulations issued by various PRC government authorities. Set forth below are the principal laws and regulations applicable to our current business and operations in the PRC.

### LAWS AND REGULATIONS RELATING TO THE INDUSTRY

#### Regulations on the Catalogue of Industries for Guiding Foreign Investment

Guidance on foreign investment in different industries in the PRC can be found in the Catalogue of Industries for Guiding Foreign Investment (《外商投資產業指導目錄》) (the “**Catalogue**”) jointly issued by the National Development and Reform Commission of the PRC (中華人民共和國國家發展與改革委員會) (the “**NDRC**”) and the MOFCOM and such Catalogue has been amended and re-promulgated from time to time by these two government authorities. The Catalogue only lists out specific industries falling under the encouraged, restricted and prohibited categories and those not listed there would fall into the permitted category. The Catalogue, which was issued on 28 June 2017 and came into effect on 28 July 2017 (the “**2017 Catalogue**”), stipulates catalogue of encouraged foreign investment industries and the Special Management Measures for the Access of Foreign Investment in which the industries falling under the restricted and prohibited categories are listed out.

The Special Administrative Measures for Access of Foreign Investment (Negative List) (2018 Edition) (《外商投資准入特別管理措施(負面清單)(2018年版)》), which was promulgated by the NDRC and the MOFCOM on 28 June 2018 and further implemented on 28 July 2018 (the “**2018 Negative List**”), repealed the special administrative measures for access of foreign investment provided in the 2017 Catalogue. On 30 June 2019, the Special Administrative Measures for Access of Foreign Investment (Negative List) (2019 Edition) (《外商投資准入特別管理措施(負面清單)(2019年版)》) (the “**2019 Negative List**”) and the Catalogue of Industries for Encouraging Foreign Investment (2019 Version) (《鼓勵外商投資產業目錄(2019年版)》) was jointly promulgated by the NDRC and the MOFCOM and became effect on 30 July 2019, the 2018 Negative List was simultaneously repealed and the catalogue of encouraged foreign investment industries in the 2017 Catalogue was repealed simultaneously. According to the 2017 Catalogue, the 2018 Negative List, the 2019 Negative List, and the Catalogue of Industries for Encouraging Foreign Investment (2019 Version), the industries in which the PRC subsidiaries of our Group engage do not fall in the scope of encouraged foreign investment industries or special administrative measures for access of foreign investment and shall be classified as the permitted category for foreign investment.

#### Regulations on Advertising

The Advertising Law of the PRC (《中華人民共和國廣告法》) (the “**Advertising Law**”), which was promulgated on 27 October 1994 and amended on 24 April 2015 and 26 October 2018, is enacted with a view to regulate advertising activities, promote the sound development of the advertising industry, and maintain the socio-economic order. The Advertising Law applies to all commercial advertising activities in which product business operators or service providers directly or indirectly introduce, via a certain medium and in a certain form, goods or services marketed by them within the territory of the PRC. Under the Advertising Law, advertising agent refers to any natural person, legal person or other organisation that accepts authorisation to provide advertisement design, production services or agency services, and advertisement publisher refers to any natural person, legal person or other organisation that publishes an advertisement for an advertiser or for an advertising agent authorised by an advertiser.

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## REGULATORY OVERVIEW

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According to the Advertising Law, advertisers shall entrust the design, production and publishing of advertisements to advertising agents with the business qualifications. In their advertising activities, advertisers, advertising agents and advertisement publishers shall sign written contracts in accordance with the law, and shall not engage in any form of unfair competition. Advertising agents and advertisement publishers shall, in accordance with the law and administrative regulations, inspect the relevant certification documents and verify the contents of advertisement. For any advertisement with inconsistent content or incomplete certification documents, advertising agents shall not provide design, production and agency service, and advertisement publishers shall not publish such advertisements.

Under the relevant PRC laws and regulations, the PRC subsidiaries of our Group, as a marketing services provider themselves, do not need to apply for review and approval for their provision of plans for artistic, cultural or other types of events and design of marketing materials in writing. However, it should be ensured that the plans and designs shall comply with the relevant laws and regulations. For instance, according to the Advertising Law, any advertisement shall not involve any of the circumstances including: (1) using or using in disguised form the National Flag, the National Anthem or the National Emblem, or the Army Flag, the Army Anthem or the Army Emblem of the People's Republic of China; (2) using or using in disguised form the names or images of state organs or their functionaries; (3) using "state-level", "the highest-grade", "the best" or other similar words; (4) damaging the dignity or interest of the State, or revealing state secrets; (5) hampering social stability or damaging social public interest; (6) damaging personal or property safety, or revealing personal privacy; (7) hampering the social public order or going against good social practice; (8) containing any information suggesting obscenity, pornography, gambling, superstitious, terror or violence; (9) containing any information of ethnic, racial, religious or sexual discrimination; (10) hindering the protection of the environment, natural resources or cultural heritage; or (11) falling in other circumstances as prohibited under laws and regulations. In addition, no advertisement shall damage the physical and mental health of minors and persons with disabilities. No entity or individual may design, produce, provide agency or publish advertisements for products or services which are prohibited from production or sale by laws or administrative regulations, or for products or services of which the advertising of such products or services is prohibited. In the event of publishing advertisements involving any of the aforesaid prohibited circumstances, the market regulation department shall confiscate the advertising fee from the advertising agent, impose a fine ranging from RMB200,000 to RMB1 million, and in serious cases, revoke its business licence.

According to the Advertising Law, where administrative licensing is required to be obtained for any item involved in the content of an advertisement, such item shall conform to the licensed content. Any data, statistics, research result, summary, quotation and other quoted information used in an advertisement shall be authentic and accurate, with the sources indicated. If the quoted information is subject to a scope of application or a validity period, the scope of application or validity period shall be clearly indicated. Advertisements for medical treatment, pharmaceuticals, medical devices, agricultural pesticides, veterinary medicines and healthcare food, and other advertisements that are required to be reviewed as per laws and administrative regulations shall be reviewed by the relevant authorities before they are published. Advertisements for medical treatment, pharmaceuticals, healthcare food, medical devices, cosmetics, alcohol, beauty products, and online games detrimental to the physical and mental health of the minors shall not be published in the mass media of communication targeting the minors.

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## REGULATORY OVERVIEW

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According to the Decision of the State Council on Cancellation and Adjustment of the Fourth Batch of Administrative Approval Items (《國務院關於第四批取消和調整行政審批項目的決定》) which was promulgated and came into force on 9 October 2007, the State Council of the PRC (“**State Council**”) decided to abolish the approval for the qualification of the advertising business. According to Decision of the State Administration for Industry and Commerce on Repealing the Provisions on the Administration of Foreign-Funded Advertising Enterprises (《國家工商行政管理總局關於廢止〈外商投資廣告企業管理規定〉的決定》) which was promulgated and came into force on 29 June 2015, the Provisions on the Administration of Foreign-Funded Advertising Enterprises(《外商投資廣告企業管理規定》) were repealed.

### LAWS AND REGULATIONS RELATING TO FOREIGN INVESTMENT IN THE PRC

#### Company Law of the People’s Republic of China

According to the Company Law of the PRC (《中華人民共和國公司法》) (the “**Company Law**”) effective since 1 July 1994 and subsequently amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013 and 26 October 2018, companies established in the PRC may be a company with limited liability or company limited by shares. Each company has the status of a legal person and owns its assets itself. The company shall bear liabilities for its debts with all its assets. The foreign-invested companies in the PRC shall be governed by the Company Law. Where any other laws provide otherwise for foreign investment, such provisions shall prevail.

#### Wholly Foreign-Owned Enterprise Law of the People’s Republic of China

The Wholly Foreign-owned Enterprise Law of the PRC (《中華人民共和國外資企業法》) (the “**WFOE Law**”) which was promulgated on 12 April 1986 and amended on 31 October 2000 and 3 September 2016, the establishment, operation duration and extension, separation, merger or other major changes of a wholly foreign-owned enterprise which is not subject to special entry administrative measures shall be subjected to the record-filing management. The special entry administrative measures stipulated by the State shall be promulgated by or approved for promulgation by the State Council. The establishment procedures, approval procedures, registered capital requirements, foreign exchange matters, accounting practices, taxation and labour matters of a wholly foreign-owned enterprise are regulated by the WFOE Law and the Rules for the Implementation of the WFOE Law (《中華人民共和國外資企業法實施細則》), which was promulgated on 12 December 1990 and amended on 12 April 2001 and 19 February 2014.

According to the Foreign Investment Law of the PRC(《中華人民共和國外商投資法》), the “**Foreign Investment Law**”) promulgated by the Standing Committee of the National People’s Congress on 15 March 2019 and shall come into effect as of 1 January 2020, the State shall implement the management systems of pre-establishment national treatment and negative list for foreign investment, and shall give national treatment to foreign investment beyond the negative list. Simultaneously, the WFOE Law shall be repealed on 1 January 2020.



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## REGULATORY OVERVIEW

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### Administration of the Establishment and Change of Wholly Foreign-Owned Enterprises

According to the Announcement [2016] No. 22 of the NDRC and the MOFCOM (國家發展改革委、商務部公告2016年第22號) promulgated on 8 October 2016, the scope of the special entry administrative measures for foreign investment is subject to the relevant provisions on prohibited or restricted industries for foreign investment and the requirements on equity and senior management for foreign investment in the encouraged category as specified in the Catalogue.

The Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》), which was promulgated by the MOFCOM on 8 October 2016 and subsequently amended on 30 July 2017 and 30 June 2018, stipulates that the record-filing procedures, instead of approval procedures shall apply to the establishment and change of foreign-invested enterprises which are not subject to special entry administrative measures stipulated by State. The establishment of foreign invested enterprises as well as a non-foreign-invested enterprise changing into a foreign-invested enterprise due to acquisition, consolidation by merger, shall file and submit the record-filing information on the formation of foreign-invested enterprises while going through the formation registration procedures or modification registration procedures with the competent authorities for industry and commerce and market supervision.

### Interim Provisions on Investment Made by Foreign-Invested Enterprises in the PRC

The Interim Provisions on Investment Made by Foreign-Invested Enterprises in the PRC (《關於外商投資企業境內投資的暫行規定》), which were jointly promulgated by MOFCOM and SAIC on 25 July 2000 and amended on 28 October 2015, stipulates that the provisions of the Interim Provisions on Guiding Foreign Investment Direction (repealed by the Regulations on Guiding Foreign Investment Direction (《指導外商投資方向規定》)) and the Regulations on the Catalogue of Industries for Guiding Foreign Investment will govern the investment of foreign-invested enterprises in the PRC. Any foreign-invested enterprise that intends to invest and establish a company which engages business in the industries of the encouraged or the permitted category shall apply to the company registration authority at the place where the invested company is to be located. The relevant company registration authority will, in accordance with the relevant provisions of the Company Law and the Regulations on the Administration of Company Registration of the PRC (《中華人民共和國公司登記管理條例》), decide whether to approve the registration or not.

## LAWS AND REGULATIONS RELATING TO TAXATION

### Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the “**EIT Law**”) promulgated by the National People’s Congress (“**NPC**”) on 16 March 2007 and became effective on 1 January 2008 and subsequently amended on 24 February 2017 and 29 December 2018, and the Implementation Rules to the EIT Law (《中華人民共和國企業所得稅法實施條例》) (the “**Implementation Rules**”), which was promulgated by the State Council on 6 December 2007 and became effective on 1 January 2008 and amended on 23 April 2019, enterprises are divided into resident and non-resident enterprises. A resident enterprise shall pay enterprise income tax on its income deriving from both inside and outside the PRC at the rate of enterprise income tax of 25%. A non-resident enterprise that has an establishment or place of business in the PRC shall pay enterprise income tax on its

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## REGULATORY OVERVIEW

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income deriving from inside the PRC and obtained by such establishment or place of business, and on those deriving from outside the PRC but has actual relationship with such establishment or place of business, at the rate of enterprise income tax of 25%. A non-resident enterprise that does not have an establishment or place of business in the PRC, or has an establishment or place of business in the PRC but the income has no actual relationship with such establishment or place of business, shall pay enterprise income tax on its income deriving from inside the PRC at the reduced rate of enterprise income tax of 10%. Meanwhile, for the small low-profit enterprise, the enterprise income tax is paid at the tax rate of 20%.

According to the Notice of the MOF and the SAT on Implementing the Policy on Inclusive Tax Reliefs for Small Low-Profit Enterprises (Cai Shui [2019] No. 13) (《財政部、稅務總局關於實施小微企業普惠性稅收減免政策的通告(《財稅[2019]13號》)》), which was promulgated on 17 January 2019, from 1 January 2019 to 31 December 2021, the portion of annual taxable income amount of a small low-profit enterprise which does not exceed RMB1 million shall be computed at a reduced rate of 25% as taxable income amount, and be subject to enterprise income tax at 20% tax rate; the portion of annual taxable income amount which exceeds RMB1 million but does not exceed RMB3 million shall be computed at a reduced rate of 50% as taxable income amount, and be subject to enterprise income tax at 20% tax rate.

According to the Announcement of the SAT on Several Issues concerning the Enterprise Income Tax on the Indirect Transfers of Properties by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》), which was promulgated by SAT on 3 February 2015 and amended on 1 December 2017 and 29 December 2017 (the “**SAT Notice 7**”), a non-resident enterprise that indirectly transfers equities and other properties of a Chinese resident enterprise to evade its obligation of paying enterprise income tax by implementing arrangements that are not for reasonable commercial purpose, such indirect transfer shall, in accordance with the provisions of Article 47 of the EIT Law, be re-identified and recognised as a direct transfer of equities and other properties of the Chinese resident enterprise. The indirect transfer of Chinese taxable property refers to the transaction which produces a result identical or substantially similar to direct transfer of Chinese taxable property by a non-resident enterprise through transfer of equities and other similar interests (hereinafter referred to as the “equities”) of foreign enterprises directly or indirectly holding Chinese taxable properties (excluding Chinese resident enterprises registered outside the PRC, and hereinafter referred to as the “foreign enterprises”), including the circumstances under which changes in foreign enterprises’ shareholders due to restructuring of the non-resident enterprise may occur. A non-resident enterprise indirectly transferring Chinese taxable property is known as an equity transferor. SAT Notice 7 also provides that, the above provisions shall not apply to the overall arrangements that are in relation to indirect transfer of Chinese taxable property if they meet any of the following circumstances: (1) a non-resident enterprise who buys and sells equity from the same listed foreign enterprise in the open market and obtains the proceeds from indirect transfer of Chinese taxable property; or (2) under the circumstance that a non-resident enterprise directly hold and transfer Chinese taxable property, the proceeds from the transfer of such property can be exempted from the enterprise income tax in the PRC in accordance with the applicable provisions of tax conventions or arrangements.

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### Value-Added Tax

According to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) (the “**VAT Regulations**”), which was promulgated by the State Council on 13 December 1993 and subsequently amended on 10 November 2008, 6 February 2016 and 19 November 2017, and Implementation Regulations to the VAT Regulations of the PRC (《中華人民共和國增值稅暫行條例實施細則》), which were promulgated by the MOF and became effective on 25 December 1993 and amended on 15 December 2008 and 28 October 2011, entities or individuals engaging in sale of goods, provision of processing services, repairs and replacement services (hereinafter referred to as the “**labour services**”), sale of services, intangible assets, real property or importation of goods within the territory of the PRC shall pay value-added tax. Unless provided otherwise, taxpayers that sell goods, labour services or tangible personal property leasing services or import goods shall be subject to a 17% tax rate.

According to the Trial Scheme for the Conversion of Business Tax to Value-added Tax (《營業稅改徵增值稅試點方案》) promulgated by the MOF and the SAT and became effective on 16 November 2011, the government launched gradual taxation reforms starting from 1 January 2012, whereby it collected value-added tax in lieu of business tax on a trial basis from regions and industries showing strong economic performance, such as transportation and certain modern service industries.

Furthermore, according to the Notice of the MOF and the SAT on Overall Implementation of the Pilot Programme of Replacing Business Tax with Value-added Tax (《財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》) promulgated by the SAT on 23 March 2016 and became effective on 1 May 2016, entities and individuals engaged in sales of services, intangible assets or real property within the territory of the PRC are value-added taxpayers which are divided into general taxpayers and small-scale taxpayers, and shall pay value-added tax rather than business tax according to the measures in the aforementioned notice. According to the notice, taxpayers may be subject to a tax rate of 6%, 11% or 17% according to different taxable activities. In addition, the taxpayer may continue to enjoy tax incentives of VAT in accordance with the relevant provisions during the remaining validity period of tax incentives if the tax incentives of business tax before the application of pilot collection of VAT in lieu of business tax has already been enjoyed.

According to the Notice of the MOF and the SAT on Adjusting the Value-added Tax Rate (Cai Shui [2018] No. 32) (《財政部、國家稅務總局關於調整增值稅稅率的通知(財稅[2018]32號)》), which was promulgated on 4 April 2018 and became effective on 1 May 2018, the VAT tax rates on sales or imported goods are adjusted from 17% and 11% to 16% and 10%, respectively.

According to the Notice of the Relating Policies on Deepening Value-added Tax Reform (《關於深化增值稅改革有關政策的公告》) promulgated on 20 March 2019 and be effected on 1 April 2019, the VAT tax rates on sales or imported goods are adjusted from 16% and 10% to 13% and 9% respectively.

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## REGULATORY OVERVIEW

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### LAWS AND REGULATIONS RELATING TO DIVIDEND DISTRIBUTION

According to the Company Law and the WFOE Law, wholly foreign-owned enterprises in the PRC may pay dividends only out of their accumulated after-tax profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, wholly foreign-owned enterprises in the PRC shall contribute at least 10% of the profit into their statutory surplus reserves upon distribution of their after-tax profits of the current year until these reserves have reached 50% of the registered capital of the enterprises and these reserves cannot be distributed as dividends in cash.

According to the EIT Law, the Implementation Rules and the Circular of the SAT on Releasing the Schedule of Negotiated Tax Rates for Dividends (《國家稅務總局關於下發協定股息稅率情況一覽表的通知》), which was promulgated by SAT on 29 January 2008 and became effective on the same day, dividends paid to its foreign investors are subject to a withholding tax rate of 10%, unless relevant tax agreements entered into by the PRC government provide otherwise.

The PRC and the government of Hong Kong entered into the Arrangement between the Mainland of the PRC and Hong Kong for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the “**Arrangement**”) on 21 August 2006. According to the Arrangement, the withholding tax rate on dividends paid by a PRC company to a Hong Kong resident is 5%, provided that such Hong Kong resident directly holds at least 25% of the equity interests in the PRC company, and 10% if the Hong Kong resident holds less than 25% of the equity interests in the PRC company.

Pursuant to the Circular of the SAT on Relevant Issues relating to the Implementation of Dividend Clauses in Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》), which was promulgated by SAT on 20 February 2009 and became effective on the same day, recipients of dividends paid by PRC enterprises must satisfy certain requirements in order to obtain a preferential income tax rate pursuant to a tax treaty, and one such requirement is that the taxpayer must be the “beneficial owner” of relevant dividends. All the following requirements must be satisfied in order for a fiscal resident of the other party to a tax agreement to enjoy such treatment of being taxed at a tax rate specified in the tax agreement for the dividends paid to it by a Chinese resident company: (i) such a fiscal resident who obtains dividends should be a company as provided in the tax agreement; (ii) the owner’s equity interests and voting shares of the Chinese resident company directly owned by such a fiscal resident reaches a specified percentage; and (iii) the equity interests of the Chinese resident company directly owned by such a fiscal resident, at any time during the twelve months prior to the obtaining of the dividends, reach a percentage specified in the tax agreement. In addition, the Announcement of the State Administration of Taxation on Issues Relating to “Beneficial Owner” in Tax Treaties (《國家稅務總局關於稅收協定中“受益所有人”有關問題的公告》) promulgated by SAT on 3 February 2018 and effective on 1 April 2018, made a definition on “beneficial owners”, and introduced various factors to adversely impact the recognition of such “beneficial owners”.

According to the Administrative Measures for Non-resident Taxpayers’ Enjoyment of the Treatment under Tax Agreements (《非居民納稅人享受稅收協定待遇管理辦法》) (the “**Administrative Measures**”), which was promulgated by SAT on 27 August 2015 and amended on 15 June 2018, any non-resident taxpayer meeting conditions for enjoying the convention treatment may be entitled to the convention treatment itself/himself when filing a tax return or making a withholding declaration through a withholding agent, subject to the subsequent administration by the tax authorities.

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## REGULATORY OVERVIEW

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### LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE REGISTRATION

Under the Foreign Currency Administration Rules of the PRC (《中華人民共和國外匯管理條例》) promulgated on 29 January 1996 and as amended on 14 January 1997 and 5 August 2008 and various regulations issued by the SAFE and other relevant PRC government authorities, Renminbi is convertible into other currencies for the purpose of current account items, such as trade related receipts and payments and the payment interest and dividend. The conversion of Renminbi into other currencies and remittance of the converted foreign currency outside the PRC for the purpose of capital account items, such as direct equity investments, loans and repatriation of investment, requires the prior approval from SAFE or its local office.

According to the Regulations on the Administration of the Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the People's Bank of China and became effective on 1 July 1996, foreign exchange receipts under the current account of foreign-invested enterprises may be retained to the fullest extent specified by the foreign exchange bureau. Any portion in excess of such amount shall be sold to a designated foreign exchange bank or through a foreign exchange swap centre.

#### SAFE Circular 37

On 4 July 2014, SAFE promulgated the Circular on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicle (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the “**Circular 37**”), which became effective on 4 July 2014. Under Circular 37, (1) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the “**Overseas SPV**”), that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing; and (2) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change in the Overseas SPV's PRC resident shareholder, name of the Overseas SPV, term of operation, or any increase or reduction of the contributions by the PRC resident, share transfer or swap, and merger or division.

#### SAFE Circular 13

According to the Circular of the SAFE on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (the “**Circular 13**”), which was promulgated by SAFE on 13 February 2015 and became effective on 1 June 2015, the administrative examination and approval procedures relating to the foreign exchange registration approval under domestic direct investment were cancelled and the foreign exchange registration under domestic direct investment will be directly reviewed and handled by banks in accordance with the Circular 13 and the guidelines for direct investment-related foreign exchange business attached to Circular 13. SAFE and its branches shall perform indirect regulation over the foreign exchange registration via qualified banks. A related market entity may choose at its own will any bank at its place of incorporation to handle the direct investment-related foreign exchange registration, and may handle subsequent formalities which include the opening of direct

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## REGULATORY OVERVIEW

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investment-related account and funds transfer (including the outward or inward remittance of profits and dividends) only upon completion of the direct investment-related foreign exchange registration. In addition, the annual inspection of the direct investment-related foreign exchange was cancelled and changed to stock equity registration.

### **SAFE Circular 19**

According to the Notice on Reforming the Administrative Approach Regarding the Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) promulgated by SAFE and became effective on 1 June 2015, foreign invested enterprises may convert their foreign currency capital into Renminbi according to its actual business needs at their own discretion. The ratio of the discretionary settlement of foreign currency capital of foreign enterprises is tentatively set at 100%, which is subject to adjustment by SAFE in accordance with balance of payments situations. In addition, the foreign currency registered capital of a foreign-invested enterprise that has been settled in Renminbi may only be used for purposes within the business scope approved by the applicable governmental authority and shall not be used for the following purposes: (i) directly or indirectly used for expenditures prohibited by the laws and regulations or beyond the enterprise's business scope; (ii) directly or indirectly used for securities investments unless otherwise specified by laws and regulations; (iii) directly or indirectly used for providing Renminbi entrusted loans (unless permitted in the business scope), repaying loans between enterprises (including third party cash advance), or repaying bank loans it has obtained and sub-lent to third parties; or (iv) used to purchase non-self-use real estate, except for foreign invested real estate enterprises.

## **LAWS AND REGULATIONS RELATING TO LABOUR**

### **Employment Contracts**

According to the Labour Law of the PRC (《中華人民共和國勞動法》) effective since 1 January 1995, amended on 27 August 2009 and 29 December 2018 the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) which became effective on 1 January 2008, and the Implementing Regulations of the Labour Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) effective since 18 September 2008, an employment relationship is established from the date when an employee commences work for an employer, and a written employment contract must be entered into on this same date or within one month from the date on which the employee commences work if an employment relationship has already been established. If an employer fails to enter into a written employment contract with an employee within one year from the date on which the employment relationship is established, it must pay the employee twice his/her salary for each month of the eleven months' period and rectify the situation by subsequently entering into a written employment contract with the employee.

### **Employee Social Insurance and Housing Provident Funds**

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) which was promulgated on 28 October 2010, came into effect on 1 July 2011, and amended on 29 December 2018, an employer shall, within thirty days from the date of establishment of the entity and upon the presentation of the business license, registration certificate or entity seal to the local social insurance agency, apply for social insurance registration to the social insurance agency. Employers in the PRC are

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required to make contributions to various social insurances (including medical, pension, unemployment, work-related injury and maternity insurance) on behalf of its employees, and if an employer fails to pay social insurance premiums on time or in full amount, it will be ordered by the collection agency of social insurance premiums to pay or make up the deficit of premiums within a prescribed time limit, and a daily late fee at the rate of 0.05% of the outstanding amount from the due date will be imposed. If it still fails to pay the premiums within the prescribed time limit, a fine of one to three times the outstanding amount might be imposed by the relevant administrative department.

According to the Regulation on the Administration of Housing Provident Fund (《住房公積金管理條例》) which was promulgated and came into effect on 3 April 1999, amended on 24 March 2002 and 29 March 2019, enterprises must register at and be subject to review by housing provident fund administration centers in competent jurisdictions, and open accounts of housing fund for their employees with the designated banks. Enterprises are also obliged to pay and deposit housing fund in full amount in a timely manner. Any enterprise that fails to make housing fund contributions may be ordered to rectify the non-compliance and pay the required contributions within a stipulated deadline. Otherwise, an application may be made by the housing provident fund administration center to a local court for compulsory enforcement.

### LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY

#### Regulations on Trademarks

The Trademark Law of the PRC (《中華人民共和國商標法》) (the “**Trademark Law**”) was promulgated on 23 August 1982 and amended on 22 February 1993, 27 October 2001, 30 August 2013, 23 April 2019 and will take effect on 1 November 2019 respectively, and the Implementation Regulations on the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) were promulgated on 3 August 2002 by the State Council and were amended on 29 April 2014.

The Trademark Laws and its implementation regulations provide the basic legal framework for the regulations of trademarks in the PRC. In China, registered trademarks include commodity trademarks, service trademarks, collective marks and certificate marks. The Trademark Office under SAIC is responsible for the registration and administration of trademarks throughout the country. Trademarks are granted on a term of ten years. Twelve months prior to the expiration of the ten-year term, an applicant can renew the application and reapply for trademark protection.

Under the Trademark Law, any of the following acts may be regarded as an infringement of the exclusive right to use of a registered trademark:

- use of a trademark that is identical with or similar to a registered trademark on the same or similar kind of commodities without the authorisation of the trademark registrant;
- sale of commodities infringing upon the exclusive right to use the registered trademark;
- counterfeiting or making, without authorisation, representations of a registered trademark, or selling such representation of a registered trademark;

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## REGULATORY OVERVIEW

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- replacing the trademark and reselling the products without the consent of the registrant of the replaced trademark;
- providing conveniences to help others infringe the exclusive rights to use the registered trademark intentionally; and
- causing other damages to others' exclusive rights to use the registered trademarks.

Violation of the Trademark Law may result in the imposition of fines, confiscation and destruction of the infringing commodities. Trademark licensing agreements must be filed with the Trademark Office under SAIC or its regional counterparts. The licensor shall supervise the quality of the commodities on which the trademark is used, and the licensee shall guarantee the quality of such commodities.

### **Regulations on Copyright**

The Copyright Law of the PRC (《中華人民共和國著作權法》) (the “**Copyright Law**”), which was promulgated on 7 September 1990 and amended on 27 October 2001 and 26 February 2010, protects personal rights such as the right of publication and that of attribution as well as property rights such as the right of production and that of distribution.

Under the Copyright Law, “works” shall include writings, oral works, photographic works, works of fine arts and etc. The ownership of copyright in a commissioned work shall be subject to the terms of the contract between the commissioning party and the commissioned party. Where the contract does not expressly provide for the copyright ownership or where there is no contract, the copyright shall be owned by the commissioned party.

Reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the owner of the copyright therein, unless otherwise provided in the Copyright Law, shall constitute infringements of copyrights.



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## HISTORY, DEVELOPMENT AND REORGANISATION

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### OVERVIEW

The history of our Group can be traced back to 2006 when Ms. Song established Xiashu Workshop with a view of capturing business opportunities in the marketing services industry in the PRC. Under the leadership of Ms. Song, Xiashu Workshop has gradually built up its reputation which has laid the foundation for the subsequent success of our Group. For instance, our Group has established business relationship with a state-owned enterprise, which has subsequently become our major customer, as a result of the successful initial collaboration with Xiashu Workshop for a design project of a travel magazine for promotion of tourist spots in Yixing before the establishment of our Group. In light of the gradual expansion of the business operations of Xiashu Workshop, Mr. Zhou joined Xiashu Workshop in 2013 to share Ms. Song's workload by contributing his sales and managerial experiences. Having regard to the increasing demand in the market and the need for business expansion, Mr. Zhou and Ms. Song established Wuxi Orange and Yixing Orange in 2014 to gradually take up the marketing services business of Xiashu Workshop, which was deregistered in June 2018.

Over the years, we have expanded our business operations and we are capable of providing marketing services to customers in both governmental and commercial sectors of the PRC. We have built a solid customer base and a supplier network within the PRC marketing services industry.

### Business milestones

The following table sets forth the major development milestones of our Group's business:

<b>Year</b>	<b>Milestone</b>
2014	<p>Wuxi Orange and Yixing Orange were established in the PRC</p> <p>With the previous successful collaborations with Xiashu Workshop, we then established business relationship with one of our major customers which is a state-owned enterprise for promotion of a national tourist resort in Yixing</p> <p>We were contracted by a property developer, which is a subsidiary of a Hong Kong listed company, for organising a promotional event in Wuxi</p>
2015	<p>We organised our first large scale public festival event in Yixing</p>
2016	<p>Our first cooperation with automobile dealer for organising promotional events in Yixing</p>
2017	<p>We secured a service contract with a contract sum over RMB1 million with a major customer in Wuxi</p>
2018	<p>We were awarded a project from a state-owned enterprise customer in Wuxi with a contract sum of RMB3.7 million to provide marketing services</p>

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## HISTORY, DEVELOPMENT AND REORGANISATION

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### CORPORATE HISTORY

Our Group comprises of two indirectly wholly-owned operating subsidiaries in the PRC, namely Wuxi Orange and Yixing Orange, which are principally engage in the provision of marketing services in the PRC. Set out below are their brief corporate history.

#### Wuxi Orange

Wuxi Orange was established in the PRC under the name of Wuxi Blue Media Co., Ltd.\* (無錫深藍傳媒有限公司) with limited liability on 30 May 2014. At its establishment, Wuxi Orange had a registered capital of RMB2,000,000, which was owned by Ms. Song and Jiangsu Blue Media Co., Ltd.\* (江蘇深藍傳媒有限公司) (“**Jiangsu Blue**”) as to 95% and 5%, respectively. At the material time, Jiangsu Blue was an investment vehicle with a registered capital of RMB2,000,000, which was owned by Ms. Song and an Independent Third Party as to 50% each.

On 25 June 2017, a shareholders’ resolution of Wuxi Orange was passed to (i) change to its existing name, Wuxi Orange Tour Cultural and Creative Co., Ltd.\* (無錫旅橙文化創意有限公司); (ii) agree that Jiangsu Blue disposed of its registered capital of RMB100,000 in Wuxi Orange to Ms. Song at a consideration of RMB1,072,910 (being 5% of the total equity interest of Wuxi Orange as at 30 May 2017 and 5% of RMB18,000,000 of the additional registered capital); and (iii) increase the registered capital of Wuxi Orange from RMB2,000,000 to RMB20,000,000. The additional registered capital of RMB18,000,000 was subscribed by Ms. Song in the sum of RMB18,000,000 and settled by cash on 28 June 2017. Thereafter, Wuxi Orange was wholly owned by Ms. Song.

For further changes which were made in connection with the Reorganisation in the shareholding of Wuxi Orange, please refer to the paragraph headed “Reorganisation” in this section.

#### Yixing Orange

Yixing Orange was established in the PRC under the name of Yixing Blue Media Co., Ltd.\* (宜興深藍傳媒有限公司) with limited liability on 13 November 2014. At its establishment, Yixing Orange had a registered capital of RMB2,000,000, which was owned by Mr. Zhou and Jiangsu Blue as to 99% and 1%, respectively.

On 16 November 2017, a shareholders’ resolution of Yixing Orange was passed to (i) change to its existing name, Yixing Orange Tour Cultural and Creative Co., Ltd.\* (宜興旅橙文化創意有限公司); and (ii) agree that Jiangsu Blue disposed of its registered capital of RMB20,000 in Yixing Orange to Wuxi Orange in consideration of RMB3,255.60 (being approximately 1% of the net assets value of Yixing Orange at the time of the disposal). Thereafter, Yixing Orange was owned by Mr. Zhou and Wuxi Orange as to 99% and 1%, respectively.

For further changes which were made in connection with the Reorganisation in the shareholding of Yixing Orange, please refer to the paragraph headed “Reorganisation” in this section.

For the corporate history of our Company and our intermediate holding companies, please refer to the paragraph headed “Reorganisation” in this section.

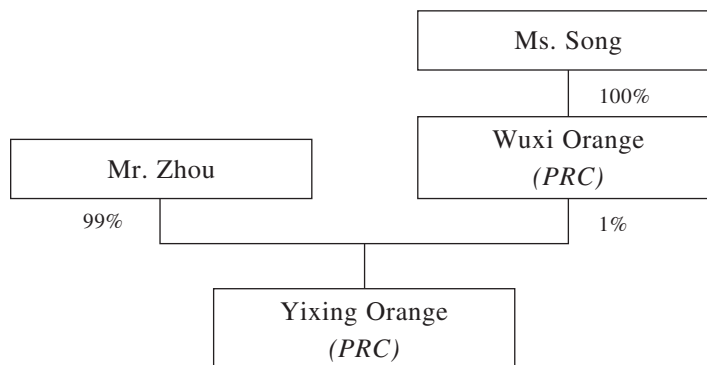
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## HISTORY, DEVELOPMENT AND REORGANISATION

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### REORGANISATION

The following chart sets out the structure of our Group immediately before the Reorganisation:



Our Group underwent the following major Reorganisation steps for streamlining our corporate structure and in preparation for the Listing, pursuant to which our Company became the holding company of our Group:

#### (A) Offshore Reorganisation

##### 1. Incorporation of OTHK

OTHK was incorporated in Hong Kong with limited liability on 5 February 2018 with an issued and fully paid share capital of HK\$1,000 divided into 1,000 ordinary shares. Upon its incorporation, Mr. Zhou, Ms. Song and Mr. Ho were allotted and issued to 451, 449 and 100 shares, respectively.

##### 2. Incorporation of OTBVI

OTBVI was incorporated in the BVI with limited liability on 6 April 2018 and is authorised to issue a maximum of 50,000 shares of a single class with par value of US\$1.00 each. Upon its incorporation, each of Mr. Zhou, Ms. Song, Mr. Fan and Mr. Ho was allotted and issued at par 357, 343, 200 and 100 fully paid ordinary shares, respectively.

##### 3. Incorporation of our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 13 April 2018 with an authorised share capital of US\$50,000 divided into 50,000 shares with par value of US\$1.00 each. Upon its incorporation, one fully paid share with par value of US\$1.00 was allotted and issued to the initial subscriber. On 13 April 2018, the subscriber share was transferred to Mr. Zhou as fully paid share of our Company. On the same day, our Company further allotted and issued 356, 343, 200 and 100 fully paid shares with par value of US\$1.00 each to Mr. Zhou, Ms. Song, Mr. Fan and Mr. Ho, respectively.

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## HISTORY, DEVELOPMENT AND REORGANISATION

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### **4. Incorporation of QY, SRU and DSHH**

DSHH was incorporated in the BVI with limited liability on 10 April 2018 and is authorised to issue a maximum of 50,000 shares of a single class with par value of US\$1.00 each. Upon its incorporation, Mr. Ho was allotted and issued at par 100 fully paid ordinary shares.

QY was incorporated in the BVI with limited liability on 1 June 2018 and is authorised to issue a maximum of 50,000 shares of a single class with par value of US\$1.00 each. Upon its incorporation, each of Mr. Zhou and Ms. Song was allotted and issued at par 357 and 343 fully paid ordinary shares, respectively.

SRU was incorporated in the BVI with limited liability on 1 June 2018 and is authorised to issue a maximum of 50,000 shares of a single class with par value of US\$1.00 each. Upon its incorporation, Mr. Fan was allotted and issued at par 200 fully paid ordinary shares.

### **5. Acquisition of OTHK by OTBVI**

On 16 April 2018, each of Mr. Zhou and Ms. Song (as vendors) and Mr. Fan (as purchaser) entered into bought and sold notes and instruments of transfer, pursuant which Mr. Fan acquired 94 and 106 shares of OTHK from Mr. Zhou and Ms. Song in consideration of HK\$94 and HK\$106, respectively.

On 28 May 2018, each of Mr. Zhou, Ms. Song, Mr. Ho and Mr. Fan (as vendors) and OTBVI (as purchaser) executed bought and sold notes and instruments of transfer, pursuant to which OTBVI acquired:

- (i) 357 ordinary shares (representing 35.7% of the issued share capital) of OTHK from Mr. Zhou in consideration of HK\$357;
- (ii) 343 ordinary shares (representing 34.3% of the issued share capital) of OTHK from Ms. Song in consideration of HK\$343;
- (iii) 200 ordinary shares (representing 20% of the issued share capital) of OTHK from Mr. Fan in consideration of HK\$200; and
- (iv) 100 ordinary shares (representing 10% of the issued share capital) of OTHK from Mr. Ho in consideration of HK\$100.

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## HISTORY, DEVELOPMENT AND REORGANISATION

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### **6. Acquisition of OTBVI by our Company**

On 25 June 2018, each of Mr. Zhou, Ms. Song, Mr. Fan and Mr. Ho (as vendors) and the Company (as purchaser) executed instruments of transfer, pursuant to which our Company acquired:

- (i) 357 ordinary shares (representing 35.7% of all the issued shares) of OTBVI from Mr. Zhou in consideration of US\$357;
- (ii) 343 ordinary shares (representing 34.3% of all the issued shares) of OTBVI from Ms. Song in consideration of US\$343;
- (iii) 200 ordinary shares (representing 20% of all the issued shares) of OTBVI from Mr. Fan in consideration of US\$200; and
- (iv) 100 ordinary shares (representing 10% of all the issued shares) of OTBVI from Mr. Ho in consideration of US\$100.

### **7. Acquisition of our Company by QY, SRU and DSH**

On 25 June 2018, each of Mr. Zhou, Ms. Song, Mr. Fan and Mr. Ho (as vendors) and QY, SRU and DSH (as purchasers) executed instruments of transfer, pursuant to which:

- (i) QY acquired 357 Shares with par value of US\$1.00 each (representing 35.7% of the issued share capital) of our Company from Mr. Zhou in consideration of US\$357;
- (ii) QY acquired 343 Shares with par value of US\$1.00 each (representing 34.3% of the issued share capital) of our Company from Ms. Song in consideration of US\$343;
- (iii) SRU acquired 200 Shares with par value of US\$1.00 each (representing 20% of the issued share capital) of our Company from Mr. Fan in consideration of US\$200; and
- (iv) DSH acquired 100 Shares with par value of US\$1.00 each (representing 10% of the issued share capital) of our Company from Mr. Ho in consideration of US\$100.

### **8. Subdivision of share capital of our Company**

On 13 July 2018, the shareholders of our Company, namely QY, SRU and DSH, passed a written resolution to subdivide every issued and unissued shares of our Company with par value of US\$1.00 each into 1,000 shares with par value of US\$0.001 each.

Immediately following the aforesaid subdivision, QY, SRU and DSH held 700,000, 200,000 and 100,000 shares with par value of US\$0.001 each, respectively.

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## HISTORY, DEVELOPMENT AND REORGANISATION

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### (B) Onshore Reorganisation

#### 1. *Alignment of shareholding interest of Mr. Zhou and Ms. Song in Wuxi Orange and Yixing Orange*

On 22 January 2018, Wuxi Orange entered into an equity transfer agreement with Mr. Zhou, pursuant to which Mr. Zhou agreed to transfer his registered capital of RMB1,980,000 in Yixing Orange (representing 99% of the equity interest in Yixing Orange) to Wuxi Orange at nil consideration.

On 27 February 2018, Mr. Zhou entered into an equity transfer agreement with Ms. Song, pursuant to which Ms. Song agreed to transfer her registered capital of RMB10,200,000 in Wuxi Orange (representing 51% of the equity interest in Wuxi Orange) to Mr. Zhou at nil consideration.

#### 2. *Establishment of Yixing Dikai*

Yixing Dikai was established in the PRC with limited liability on 23 May 2018 with a registered capital of RMB100,000, which was owned by Mr. Zhou, Ms. Song and Mr. Fan as to approximately 39.67%, 38.11% and 22.22% respectively upon its establishment.

#### 3. *Onshore Pre-IPO Investments*

##### *(i) Onshore pre-IPO investments by Mr. Ho*

On 14 March 2018, Mr. Ho entered into a subscription agreement with Mr. Zhou and Ms. Song, pursuant to which Mr. Ho agreed to subscribe for an additional registered capital of RMB2,000,000 in Wuxi Orange. On 20 May 2018, Mr. Zhou, Ms. Song and Mr. Ho passed a directors' resolution of Wuxi Orange to agree that Mr. Ho subscribed for an additional registered capital of RMB222,222 in Wuxi Orange. The aggregate consideration for the said subscriptions was RMB3,569,270.65, representing 10% of the net asset value of Wuxi Orange as at 31 December 2017 assessed by an independent external valuer in the PRC.

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## HISTORY, DEVELOPMENT AND REORGANISATION

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Details of Mr. Ho's onshore pre-IPO investments are set out below:

Background of Mr. Ho:	<p>Mr. Ho runs the business of providing solutions on products design in Hong Kong and Canada, which provides entrepreneurs with technical assistance and market support in their products delivery to the market. Prior to setting up his own business, Mr. Ho was once employed by Deloitte Touche Tohmatsu. He is a member of the Hong Kong Institute of Certified Public Accountants.</p> <p>Mr. Ho met Mr. Zhou in a social occasion in Yixing in about 2013 during his course of employment with Deloitte Touche Tohmatsu.</p>
Dates of subscription agreement and resolution:	14 March 2018 and 20 May 2018
Total amount of consideration:	RMB3,569,270.65
Basis of determination of consideration:	Based on 10% of the net asset value of Wuxi Orange as at 31 December 2017, i.e. RMB35,692,706.47 assessed by an independent external valuer in the PRC
Settlement of consideration:	Settled by cash on 25 April 2018 and 25 May 2018
Investment costs per Share after the Capitalisation Issue and discount to the Offer Price:	Approximately HK\$0.074 per Share, representing a discount of approximately 74.5% to the mid-point of the Offer Price range
Shareholding in our Company immediately following completion of the Capitalisation Issue and the Share Offer:	7.5%
Use of proceeds:	The proceeds from Mr. Ho have not been utilised and will be applied to our general working capital.

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## HISTORY, DEVELOPMENT AND REORGANISATION

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Strategic benefits: Our Directors believe that our Group could benefit from (i) exposure to Mr. Ho's own business in Hong Kong and Canada and thereby gaining access to additional marketing and design platforms; and (ii) Mr Ho's expertise in design solutions and accounting, which may enhance our Group's provisions of marketing services and corporate governance.

Lock up: Mr. Ho has given a voluntary lock-up undertaking to our Group that he agrees not to sell, transfer or dispose of any part of his Shares for a period of six months from the Listing Date.

Public float: Given that (i) Mr. Ho will not become our Substantial Shareholder upon Listing, as he will hold less than 10% of the total issued share capital of our Company immediately after completion of the Capitalisation Issue and the Share Offer; and (ii) Mr. Ho is an Independent Third Party, the Shares held by Mr. Ho shall be counted as part of the public float upon Listing for the purpose of Rule 11.23 of the GEM Listing Rules.

*(ii) Onshore pre-IPO investments by Mr. Fan*

On 24 May 2018, Mr. Zhou, Ms. Song, Yixing Dikai and Mr. Ho entered into an equity transfer agreement, pursuant to which (i) Mr. Zhou agreed to transfer his registered capital of RMB10,200,000 in Wuxi Orange (representing approximately 45.9% of the equity interest in Wuxi Orange) to Yixing Dikai in consideration of RMB16,382,952.27; and (ii) Ms. Song agreed to transfer her registered capital of RMB9,800,000 in Wuxi Orange (representing approximately 44.1% of the equity interest in Wuxi Orange) to Yixing Dikai in consideration of RMB15,740,483.55.

The total consideration of RMB32,123,435.82 was determined based on 90% of the net asset value of Wuxi Orange as at 31 December 2017 assessed by an independent external valuer in the PRC, and RMB7,137,827.44 out of the total consideration (representing approximately 20% of the net asset value of Wuxi Orange as at 31 December 2017 assessed by an independent external valuer in the PRC) was settled by Mr. Fan as pre-IPO investment.

Upon completion of the above transfers of equity interest, Mr. Fan indirectly acquired approximately 20% of the equity interest in Wuxi Orange from Mr. Zhou and Ms. Song (via Mr. Fan's shareholding interest of approximately 22.22% in Yixing Dikai, which will own approximately 90% of the equity interest in Wuxi Orange after the above transfers of equity interest).



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## HISTORY, DEVELOPMENT AND REORGANISATION

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Details of Mr. Fan's onshore pre-IPO investments are set out below:

**Background of Mr. Fan:** Mr. Fan is an entrepreneur in Yixing with near 20 years of experience in business management. He served as an executive director of China Rare Earth Holdings Limited (a company listed on the Main Board, stock code: 00769) between August 1999 and August 2005. Mr. Fan served as an executive director of Pan Asia Environmental Protection Group Limited (a company listed on the Main Board, stock code: 00556) between March 2007 and April 2016, and has been re-designated as a non-executive director since April 2016.

Mr. Ho met Mr. Fan in a social occasion in about 2014 when Mr. Ho was conducting field work during his employment with Deloitte Touche Tohmatsu. Mr. Ho introduced Mr. Fan to Mr. Zhou in about 2018 after knowing our Group's interest in Hong Kong equity capital market.

**Date of agreement:** 24 May 2018

**Amount of consideration:** RMB7,137,827.44

**Basis of determination of consideration:** Based on approximately 20% of the net asset value of Wuxi Orange as at 31 December 2017 assessed by an independent external valuer in the PRC

**Settlement of consideration:** Settled by cash on 25 May 2018 via payment to Yixing Dikai

**Investment costs per Share after the Capitalisation Issue and discount to the Offer Price:** Approximately HK\$0.074 per Share, representing a discount of approximately 74.5% to the mid-point of the Offer Price range

**Shareholding in our Company immediately following completion of the Capitalisation Issue and the Share Offer:** 15.0%

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## HISTORY, DEVELOPMENT AND REORGANISATION

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Use of proceeds:	The consideration paid by Mr. Fan for 20% of the equity interest in Wuxi Orange was ultimately transferred to Mr. Zhou and Ms. Song. As such, there was no cash inflow into our Group.
Strategic benefits:	Our Directors believe that our Group could benefit from (i) access to Mr. Fan's business and social network in both PRC and Hong Kong, making us easier to explore new business opportunities and expand our customer base; and (ii) Mr. Fan's management experience as director of listed companies in Hong Kong, which could enhance our Group's corporate governance and internal control measures.
Lock up:	Mr. Fan has given a voluntary lock-up undertaking to our Group that he agrees not to sell, transfer or dispose of any part of his Shares for a period of six months from the Listing Date.
Public float:	Given that Mr. Fan will become our Substantial Shareholder upon Listing as he will hold more than 10% of the total issued share capital of our Company immediately after completion of the Capitalisation Issue and the Share Offer, the Shares held by Mr. Fan shall not be counted as part of the public float upon Listing for the purpose of Rule 11.23 of the GEM Listing Rules.

Save as aforesaid, Mr. Ho and Mr. Fan are Independent Third Parties and are not connected with our Group or any of its connected persons (including our Controlling Shareholders). Upon completion of the pre-IPO investments by Mr. Ho and Mr. Fan (together the “**Pre-IPO Investments**”), Wuxi Orange became a sino-foreign equity joint enterprise (中外合資經營企業) and was owned by Yixing Dikai and Mr. Ho as to 90% and 10%, respectively.

Pursuant to the Pre-IPO Investments, each of Mr. Ho or Mr. Fan is not entitled to enjoy any special right in connection with the Pre-IPO Investments, and they have given a voluntary lock-up undertaking to our Group that both agree not to sell, transfer, or dispose of any part of their Shares for a period of six months commencing from the Listing Date. The Sponsor is of the view that the Pre-IPO Investments are in compliance with the “Interim Guidance on Pre-IPO Investments” issued by the Listing Committee and dated 13 October 2010 (HKEx-GL29-12) since the considerations of the Pre-IPO Investments were settled more than 28 clear days before the date of the first submission of the listing application to the Stock Exchange

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## HISTORY, DEVELOPMENT AND REORGANISATION

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in relation to the Listing. The Sponsor also confirmed that the Pre-IPO Investments are in compliance with Guidance Letter HKEx-GL43-12, whereas the Guidance Letter HKExGL44-12 is not applicable to the Pre-IPO Investments.

#### **4. *Establishment of Yixing Tianxi***

Yixing Tianxi was established in the PRC with limited liability on 20 June 2018 with a registered capital of HK\$500,000, which was wholly owned by OTHK upon its establishment.

#### **5. *Acquisition of Wuxi Orange by Yixing Tianxi***

On 23 June 2018, the then shareholders of Wuxi Orange, namely Yixing Dikai and Mr. Ho, entered into an equity transfer agreement with Yixing Tianxi, pursuant to which Yixing Tianxi acquired:

- (i) Yixing Dikai's registered capital of RMB20,000,000 in Wuxi Orange (representing approximately 90% of the equity interest in Wuxi Orange) in consideration of RMB32,123,435.82; and
- (ii) Mr. Ho's registered capital of RMB2,222,222 in Wuxi Orange (representing approximately 10% of the equity interest in Wuxi Orange) in consideration of RMB3,569,270.65.

The total consideration of RMB35,692,706.47 was determined based on the net asset value of Wuxi Orange as at 31 December 2017 assessed by an independent external valuer in the PRC.

After the aforesaid transfers of equity interest, Yixing Tianxi held an aggregate registered capital of RMB22,222,222 (being its entire equity interest) in Wuxi Orange, and Wuxi Orange became a domestic investment of foreign-funded enterprises (外商投資企業境內再投資企業) and an indirectly wholly-owned subsidiary of our Company.

Immediately after completion of the above Reorganisation steps, our Company became the holding company of our Group.

#### **(C) Capitalisation Issue and Share Offer**

In contemplation of the Listing, the authorised share capital of our Company was increased from US\$50,000 divided into 50,000,000 Shares with par value of US\$0.001 each to US\$2,000,000 divided into 2,000,000,000 Shares with par value US\$0.001 each, pursuant to the written resolutions of our existing shareholders passed on 21 October 2019.

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## HISTORY, DEVELOPMENT AND REORGANISATION

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Following the aforesaid increase of the authorised share capital of our Company and conditional on the share premium account of our Company being credited as a result of the Share Offer, our Company will capitalise an amount of US\$599,000 standing to the credit of the share premium account of our Company and to appropriate such amount as to capital to pay up in full at par a total of 599,000,000 new Shares with par value of US\$0.001 each for allotment and issuance to QY, SRU and DSHH in proportion to the then existing shareholdings prior to the commencement of dealing of our Shares on GEM.

Our Company will offer 200,000,000 Offer Shares under the Share Offer for subscription by professional, institutional and other investors, representing a total of 25% of the enlarged issued share capital of our Company upon Listing.

Immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), the Offer Shares will represent 25% of our Company's enlarged issued share capital, while QY, SRU and DSHH held 420,000,000, 120,000,000 and 60,000,000 Shares, representing 52.5%, 15% and 7.5% of the enlarged issued share capital of our Company, respectively.

### PRC LEGAL COMPLIANCE

As advised by our PRC Legal Adviser, (i) all the Reorganisation steps described above in the PRC have been completed in accordance with PRC laws and regulations; and (ii) all necessary approvals, registrations and filing required for the above Reorganisation steps in the PRC under the PRC laws and regulations have been obtained.

### M&A Provisions

According to Article 2 of the M&A Provisions, “merger and acquisition of domestic enterprises by foreign investors” referred to in the M&A Provisions shall mean any of the following where a foreign investor: (i) purchases the equity interests of a domestic non-foreign-invested enterprise (the “**domestic enterprise**”); (ii) subscribes for the increased capital of a domestic enterprise so as to change the domestic enterprise into a foreign-invested enterprise; (iii) establishes a foreign-invested enterprise, through which such foreign investor purchases the assets of a domestic enterprise and operates its assets; or (iv) purchases the assets of a domestic enterprise, and then uses such assets to invest in and establish a foreign-invested enterprise through which it operates the assets. According to Article 11 of the M&A Provisions, an enterprise established or controlled by a PRC company or individual shall obtain approval from the MOFCOM prior to the acquisition of any domestic enterprise related to such company or individual. The M&A Provisions also requires that an offshore special purpose vehicle (“**SPV**”) formed for listing purposes and controlled directly or indirectly by PRC companies or individuals as stipulated in Article 39, shall obtain the approval of the CSRC prior to the listing and trading of such SPV's securities on an overseas stock exchange.

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## HISTORY, DEVELOPMENT AND REORGANISATION

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Given that Mr. Ho is a Hong Kong permanent resident and was not connected with our Group's PRC subsidiaries before his investment, no approval from the MOFCOM is required in respect of his investment in Wuxi Orange. Besides, the acquisition of the equity interests in Wuxi Orange from Mr. Zhou and Ms. Song by Yixing Dikai which is a domestic company, the establishment of Yixing Tianxi by OTHK and the acquisition of Wuxi Orange from Yixing Dikai and Mr. Ho by Yixing Tianxi which is a wholly foreign-owned enterprise were not subject to Article 2 or Article 11 of the M&A Provisions. Therefore, the Reorganisation steps in the PRC described above were not subject to approval from the MOFCOM under the M&A Provisions. Our Company is not an offshore SPV as stipulated in Article 39 of the M&A Provisions and the Listing is not subject to prior approval from CSRC under the M&A Provisions.

### **SAFE Registration**

Pursuant to Circular 37, a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing.

Pursuant to the Circular on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) (“**Circular 13**”), which was promulgated by the SAFE on 13 February 2015 and came into effect on 1 June 2015, the power to accept SAFE registration was delegated from local SAFE to local bank where the assets or interest in the domestic entity was located.

Based on the requirements of Circular 37 and Circular 13, (i) Mr. Zhou and Ms. Song registered in Bank of China Limited Yixing branch in respect of their overseas investments in QY on 20 June 2018; and (ii) Mr. Fan also registered in Bank of China Limited Yixing branch in respect of his overseas investments in SRU on the same day.

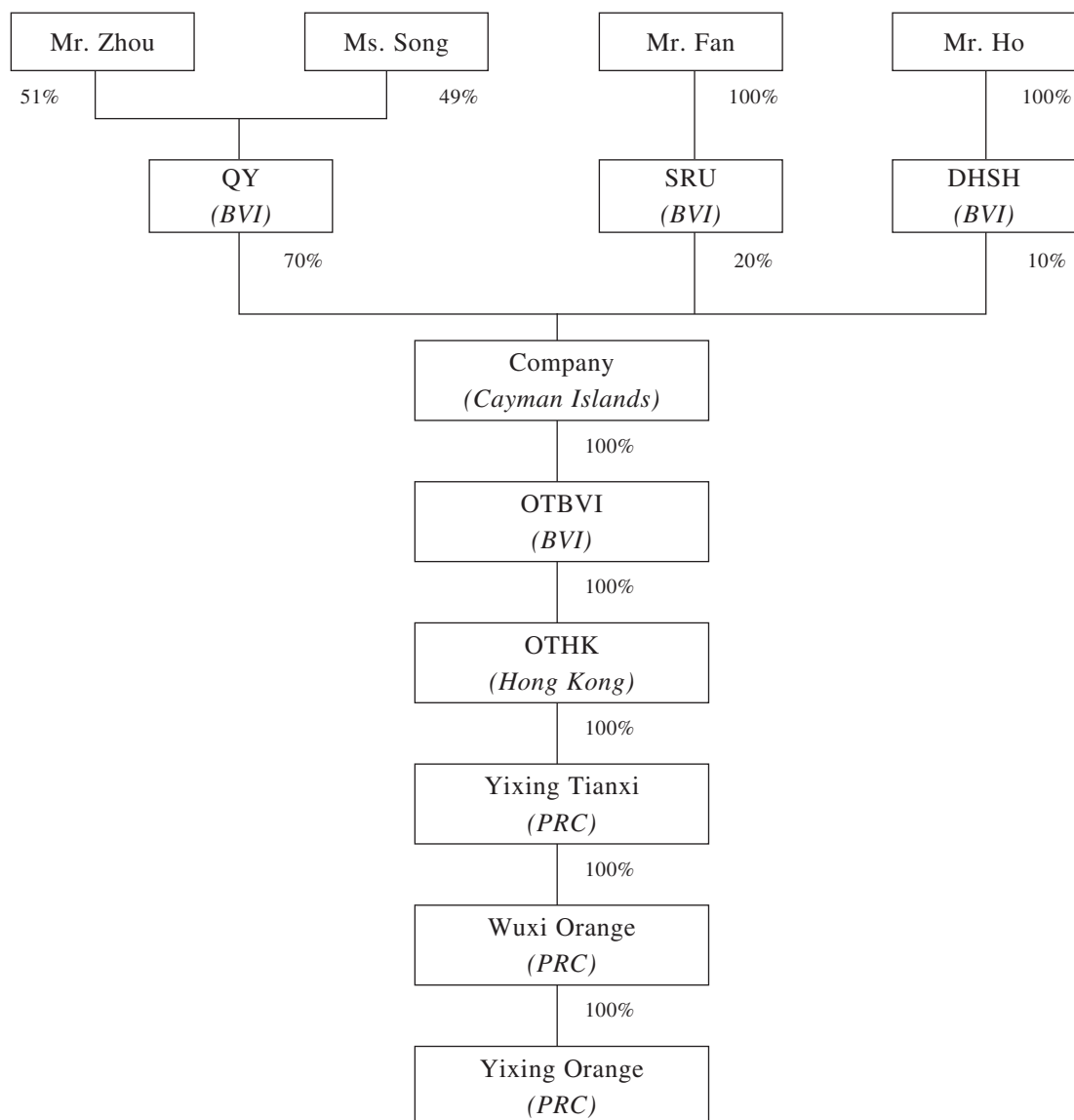
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## HISTORY, DEVELOPMENT AND REORGANISATION

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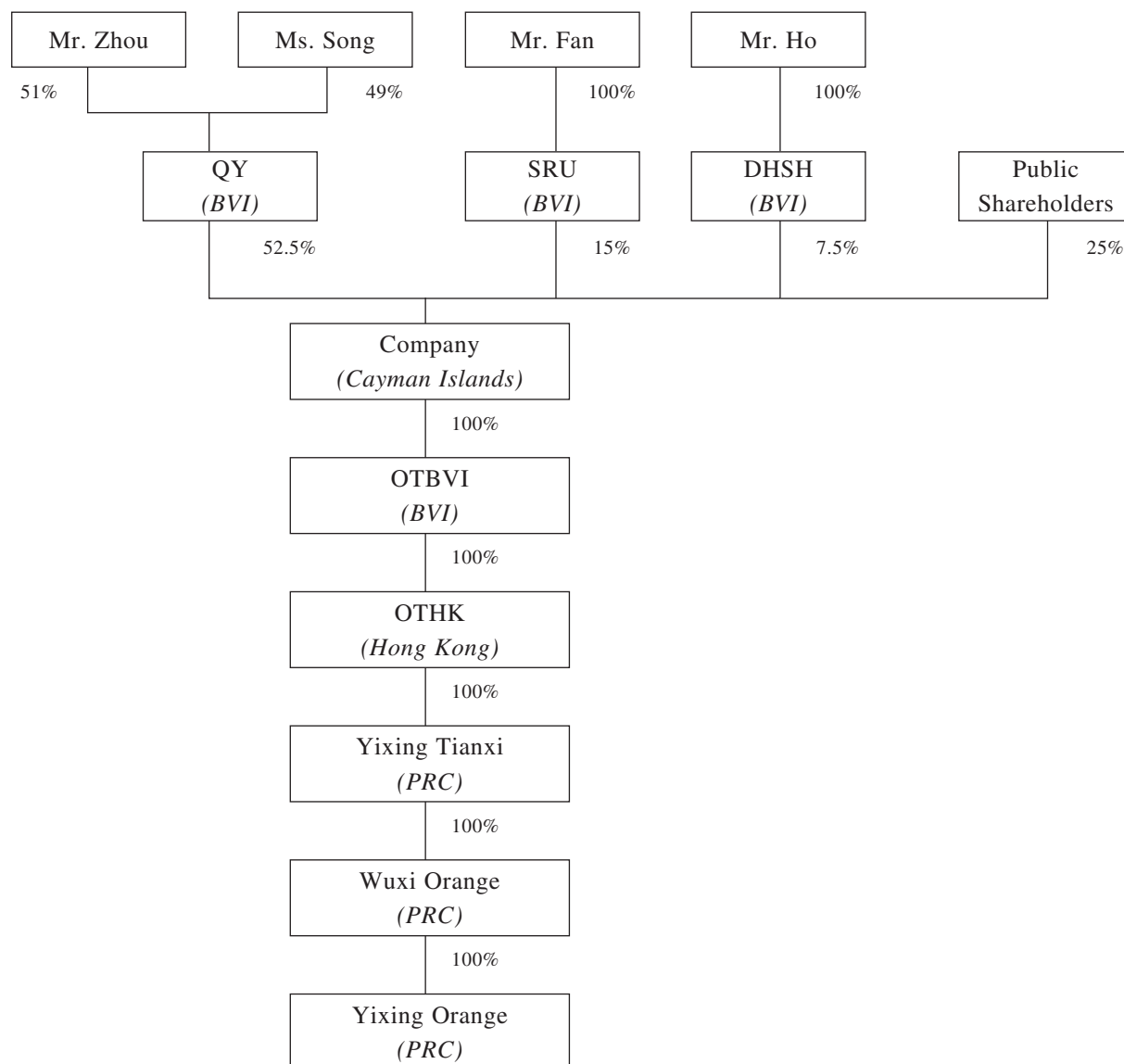
### GROUP STRUCTURE

The following diagram sets out the corporate structure of our Group immediately after completion of the Reorganisation but before completion of the Capitalisation Issue and the Share Offer:



## HISTORY, DEVELOPMENT AND REORGANISATION

The following diagram sets out the corporate structure of our Group immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme):



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## HISTORY, DEVELOPMENT AND REORGANISATION

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### EXCLUDED BUSINESS

#### *Xiashu Workshop*

Pursuant to the Reorganisation, Xiashu Workshop is not included in our Group. Xiashu Workshop is the predecessor of our Group, which was registered as a sole proprietorship in the PRC on 29 August 2006. The investment sum of RMB50,000 was fully made by Ms. Song. Its principal business is related to the design and distribution of advertisements. Since May 2014 and after the establishment of Wuxi Orange, Xiashu Workshop has gradually reduced its operation and had not provided any marketing services in 2018 in the PRC. Xiashu Workshop was therefore not in competition with our Group.

Having considered that (i) Xiashu Workshop is not in the form of a limited liability company; and (ii) the amount of investment sum in Xiashu Workshop was small to gain trust and confidence from our customers, Xiashu Workshop is not included in our Group pursuant to the Reorganisation.

Xiashu Workshop was deregistered on 6 June 2018. As advised by our PRC Legal Adviser, (i) Xiashu Workshop had no record of non-compliance of relevant PRC laws and regulations during the Track Record Period and up to its deregistration; and (ii) the deregistration has been completed in accordance with PRC laws and regulations and Xiashu Workshop ceased to be a sole proprietorship.

Our Directors confirm that (i) Xiashu Workshop had not been subject to any material penalty by PRC government authorities in respect of its business operation since its registration and up to the date of deregistration; and (ii) our Group would have the minimum cash flow requirement under the Rule 11.12A (1) of the GEM Listing Rules if Xiashu Workshop were included in our Group.

Based on the above, our Directors consider that the business operations and financial results of Xiashu Workshop were not material to our Group during the Track Record Period. To the best knowledge, information and belief of our Directors, there is no material impact or matter to our Group in respect of Xiashu Workshop that needs to be brought to the attention of our Shareholders or potential investors.



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## BUSINESS

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### OVERVIEW

Our Group is a marketing services company headquartered in Yixing of the PRC with a principal focus on the provision of (i) event management services; and (ii) design and production services. We commenced our business under our Group's predecessor in 2006, and we have accumulated over 12 years of experience in the provision of marketing services. Over the years, we have developed well-established relationships with customers from governmental and commercial sectors of the PRC, including government authorities, residents' committees, state-owned enterprises, real estate corporations, automobile dealers, crafts companies, artists, as well as other corporate customers.

We believe that our event management services as well as design and production services can provide comprehensive solutions to our customers, helping them establish effective channels to disseminate ideas and interact with their target audiences. Our ability to bring together talents through our own internal expert teams, suppliers and professionals of different fields ensures the needs and goals of our customers on marketing services are sufficiently addressed and implemented.

Set out below is a brief summary of our marketing services provided during the Track Record Period:

1. **Event management services** – we act as an event manager and devise plans for a variety of cultural, artistic, recreational and corporate promotional events in accordance to our customers' request. We also engage and coordinate with suppliers for lighting, visual and audio systems, stage performance, venue decoration, logistics, software technology and other on-site operation services pertaining to the execution of the events, as well as overseeing the event promotion and execution process.
2. **Design and production services** – we design and produce various sketches, graphics and other marketing materials, such as photo albums, leaflets, website aesthetics, packaging, posters, advertisements, books and magazines to meet our customers' marketing objectives. In doing so, we engage and coordinate with suppliers for necessary technical input such as photo shooting, editing, typesetting, printing and information technology services.

During the years ended 31 December 2016, 2017, 2018 and the five months ended 31 May 2019, 52.8%, 60.0%, 68.0% and 69.1% of our revenue was derived from our event management services, respectively, while 47.2%, 40.0%, 32.0% and 30.9% of our revenue was derived from our design and production services during the same period, respectively. For details of our business model, please refer to the paragraph headed "Our business" in this section. During the Track Record Period, all of our revenue was generated in the PRC.

### COMPETITIVE STRENGTHS

We believe that our Group's success is attributable to the following competitive strengths:

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### **Proven business track record and established reputation in the provision of marketing services**

During the Track Record Period, we have successfully completed 585 and 1,079 projects for the provision of event management services and design and production services, respectively. Given our proven track record of success, our Directors believe that we have accumulated considerable goodwill for our Group in the form of high level customer satisfaction in the marketing services that we have provided. We have built good reputation within the industry and established strong connections with our existing customer base, as 56.3%, 49.3%, 61.5% and 76.5% of our revenue was generated from returning customers, who used our marketing services more than once, for the years ended 31 December 2016, 2017, 2018 and the five months ended 31 May 2019, respectively.

The established reputation provides us with a solid foundation to continuously improve our performance of marketing services to customers, while serving as a platform for our Group to explore and pursue new business opportunities by offering our marketing services to new customers from different sectors.

### **Well-established and stable business relationships with a broad customer base comprising governmental and commercial sectors**

We have developed a broad customer base comprising customers from governmental and commercial sectors in the PRC. Our customers in the governmental sector consist of the PRC government authorities, residents' committees, as well as various state-owned enterprises. In the commercial sector, our customers mainly consist of real estate corporations, automobile dealers, crafts companies and individuals who are artists and masters in arts and crafts. During the Track Record Period, we provided marketing services to over 500 customers. Our Directors consider that we have maintained well-established and stable relationships with our major customers as we are engaged by them for our marketing services more than once since our first co-operation. For the years ended 31 December 2016, 2017, 2018 and the five months ended 31 May 2019, revenue of approximately RMB19,654,000, RMB20,162,000, RMB32,834,000 and RMB10,065,000, were generated from these returning customers, respectively. For details of our customers, please refer to the paragraph headed "Customers" in this section.

Our ability to maintain stable relationships with customers allows us to market our business to potential customers through word-of-mouth marketing. By maintaining a close and stable relationship with customers from different sectors, we believe that we are able to gain a better understanding of our customers' needs and up-to-date market trends, which help us improve our ability to cater to our customers' demands and expectations.

### **Experienced management team with comprehensive knowledge and experience in the industry**

We believe the strength of our management team is fundamental to our success. Our management team has performed its duties with professional diligence and has implemented effective strategies to maintain the growth of our Group. Certain members of our senior management team have more than 10 years of experience in the marketing services industry. We believe that the experienced management team is equipped with the skills and industry knowledge to make detailed and well-planned implementation plan in order to provide quality marketing services to our customers.

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Mr. Zhou and Ms. Song established Wuxi Orange and Yixing Orange, the operating subsidiaries of our Group, in 2014. Mr. Zhou has played a critical role in formulating the marketing strategies and development of our Group with his sales and managerial experience. Ms. Song has over 18 years of experience in the marketing services industry. She has extensive knowledge in brand promotion, advertising strategies, design and creative production through her past working experiences, which is crucial to our operations in the past years. Our management team is also supported by other well-trained staff, who have extensive experience in event management, promotion as well as cultural and design aspects.

In view of the fierce competition in the rapidly changing marketing services industry, our management team is committed to providing creative ideas to meet our customers' requirements and their marketing demands. For instance, we have implemented a number of internal policies to enhance the cohesion of our departments and teams to further improve efficiency, quality of services and eventually customer satisfaction level. We believe that our experienced management team, together with the support from the production expertise and other skilled suppliers, can provide us with the basis for implementing strategies and achieving ultimate goals, as well as to operate and manage our business efficiently.

### **Established network and relationship with different suppliers that facilitate the quality control of our marketing services**

Since the commencement of our business, we have worked with different suppliers and have established close relationships with them. These suppliers provided services such as printing, venue decoration, audio and visual systems support, stage construction, typesetting and software technology to us. Through working with them, we are able to have a better understanding of their background, skills and expertise, which has enabled our Group to have a better control on the services quality and costs in our business operation.

As at Latest Practicable Date, we had over 200 suppliers on our list of approved suppliers. We believe that such established network of suppliers can give us flexibility to select the suitable suppliers according to the nature of the project and customers' requirements, so as to have a better control on costs and quality of our marketing services.

### **BUSINESS STRATEGIES**

In order to support the continued expansion of our business operations and to facilitate our effort in capturing a greater portion of market share within the PRC marketing services industry, we plan to enhance our customer outreach, service-offering capabilities and the qualities of our marketing services by implementation of the business strategies which are set out as follows:

#### **Expanding our business network and service capacity by establishment of new branch offices in Wuxi and Beijing**

Since the incorporation of our Group in 2014 and up to the Latest Practicable Date, our Group only had its operation through its current headquarters in Yixing without previously setting up any branch office in other cities in the PRC. According to the F&S Report, we operate in a highly fragmented industry with over thousands of market players with different specialism and a number of event services

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providers would adopt localisation strategy by establishing presence in various provinces and cities in the PRC. Therefore, our Directors are of the view that it would be advantageous for our Group to set up new branch offices and not only conduct business through the current headquarters in Yixing. As such, we intend to set up new branch offices in Wuxi and Beijing in the short to medium term. We believe that the establishment of new branch offices in Wuxi and Beijing would be beneficial to our Group in the following aspects:

**(a) Increase our brand presence**

In order to increase our overall market share, it is crucial for us to establish a strong brand presence and high publicity in the market. While our marketing staff may pitch to the customers directly in their premises with temporary stay in the cities where our customers are located, they may not be able to continue to cultivate the relationships with customers after their visits as they will be mobilised again to different places to visit other customers and attend various expos from time to time. Therefore, as a complementary measure, our new branch offices in Wuxi and Beijing will act as contact points to provide our customers with a more convenient access to our Group especially when our marketing staff are not in the nearby areas. We also expect our new branch offices to serve as local hubs to follow up on our customers' requests and liaise with our suppliers in the respective region. In addition, it will also be easier for us to recruit talents in the respective local job markets with our new branch offices. As such, by establishing new branch offices in Wuxi and Beijing, which are larger cities as compared with Yixing, it will enhance our brand presence in the market and it will also help consolidate relationships with our customers and collaborators within the vicinity of the respective regions.

**(b) Enhance our operational efficiency**

To differentiate ourselves from competitors in the competitive market, we strive to provide quality, timely and responsive marketing services to our customers. For some projects, we are required to adhere to certain service commitments as agreed, such as (i) prompt response within a committed time frame; (ii) attendance of project meetings on an agreed frequency; and (iii) station a project team in the cities where the projects are carried out for a prescribed period. In view of the above, our Directors consider that, without the branch offices in Wuxi and Beijing, where the demand for our services in these cities have been growing rapidly, it is operational inefficient for our Group as (a) our staff have to travel between our office, customers' premises and project sites from time to time to carry out our projects. Consequently, our productivity has been affected as frequent travel to and fro multiple locations have occupied a considerable working hours of our staff even though the projects are carried out in our neighbouring cities such as Wuxi. Besides, the unpredictable traffic conditions and travelling time across the cities may also refrain us from providing prompt response to the sudden request of our customers within the committed time; (b) in order to better serve our customers and fulfil our service commitments, we have provided our project teams with accommodation near our customers during the course of projects. Nevertheless, this has hindered our flexibility of scheduling project pipelines and our capability of taking up new projects as we may not have sufficient capacity to address other customers' requests, especially when our staff have to station in another location for a period of time; and (c) considerable additional costs, such as accommodation fees and travelling expenses, would be incurred in absence of branch offices. Assuming we carry out projects in Wuxi and Beijing solely with our staff from Yixing office, the Directors expect that the average travel frequency to Wuxi and Beijing would be approximately four times and once per week while the average days of accommodation in Wuxi and Beijing would be approximately one day and five days per week, respectively. As such, upon the

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establishment of the new branch offices according to our expansion plan, our Directors estimate that annual travel and accommodation costs of approximately RMB0.9 million and RMB2.7 million would be saved. Having considered that the travelling time would occupy the working hours of our staff, we will also benefit from related travelling time cost saving by the branch offices in Wuxi and Beijing of approximately RMB2.8 million and RMB1.2 million, respectively, by making reference to the average salary levels of our staff. Furthermore, our Directors also note that some invitations for quotation or tender for services to be provided in Wuxi and Beijing preferably seek service providers who have local branch offices in Wuxi and Beijing. Therefore, our Directors considered that it is necessary for us to establish the new branch offices in Wuxi and Beijing in order to enhance our operation efficiency and capture business opportunities in the respective markets.

Nowadays, marketing service providers have adopted online marketing to promote products and services with various digital means such as internet, social media platforms and mobile network. Our Directors are of the view that online marketing is a direct marketing tool which complements our existing services provided. For instance, we applied the techniques of online marketing in delivering our services such as the publication of websites to promote our customers' products and services and the dissemination of information of events through social media platforms. Although these works may be carried out at our office premise, our staff still need to attend multiple locations as required to execute other marketing services such as organisation of events and exhibitions and meet with our customers and collaborators. As such, even though online marketing has provided a convenient means for us to serve our customers, our Directors consider that there is a commercial rationale for setting up new branch offices as we are not solely engaged in the provision of online marketing services and it will bring the benefits to us in the aspects as mentioned above.

In selecting the cities where our new branch offices will be established, our Directors considered factors including (i) the market demand for our marketing services in the cities; (ii) the ease of hiring talents for new branch offices; and (iii) the consuming power of local citizens in the cities.

***(i) the market demand for our marketing services***

For the years ended 31 December 2016, 2017 and 2018, the customers located in Wuxi and Beijing have provided a growing source of revenue for our Group. The revenue generated from our customers located in Wuxi increased from approximately RMB5,413,000 for the year ended 31 December 2016 to approximately RMB10,730,000 for the year ended 31 December 2017 and further increase to approximately RMB15,257,000 for the year ended 31 December 2018. The revenue generated from our customers located in Beijing also increased from approximately RMB1,578,000 for the year ended 31 December 2016 to approximately RMB3,043,000 for the year ended 31 December 2017 and further increase to approximately RMB4,038,000 for the year ended 31 December 2018. Besides, our Directors also observe that our Group has given up the invitations for quotations or tenders with a total proposed budget value as offered by our customers of approximately RMB7.8 million and RMB17.3 million for projects to be carried out in Wuxi and Beijing, respectively, during the year ended 31 December 2018. Our Directors are of the view that the main reasons for us not to accept the invitations or submit tenders for these projects were primarily due to operational factors such as (i) distance and frequency of travel required for the projects; (ii) the duration of the projects; (iii) availability of manpower; (iv) our current project pipelines; and (v) the size and complexity of the projects, which may disallow us to fully cater to the customers' demands or adhere to the service commitments as agreed. We have also given up these invitations as certain of them prefer to seek service providers with local branch office of which we currently lack in Wuxi and Beijing.

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Furthermore, our Directors are of the view that setting up branch offices in Wuxi and Beijing would also establish our brand presence outside Yixing to explore further business opportunities by reaching potential customers not only in these two cities but also the neighbouring areas. For instance, the Wuxi branch office will be geographically closer and give us easier access to potential customers with marketing demands in nearby major cities in Jiangsu Province and Yangtze River Delta (長江三角洲), such as Shanghai (上海), Nanjing (南京) and Suzhou (蘇州). According to the F&S Report, as underpinned by the strong provincial government support, the marketing services industry in Jiangsu has been growing rapidly in recent years, which increased from RMB260.7 billion in 2013 to RMB345.7 billion in 2018 at a CAGR of 5.8% and is expected to reach RMB465.4 billion in 2023 at a CAGR of 6.1%. For the Beijing branch office, it allows us to explore the market of Beijing and adjacent regions, including Tianjin City (天津) and Hebei Province (河北) (these three areas together referred as the Jingjinji Metropolitan Region (京津冀城市群) in the PRC). According to the F&S Report, there is a high concentration of international brands in the Jingjinji Metropolitan Region and the huge demand for marketing services encourages the rapid development of the industry. As such, the marketing services industry in the Jingjinji Metropolitan Region has been developing rapidly since the 1990s, which increased from RMB199.1 billion in 2013 to RMB271.4 billion in 2018 at a CAGR of 6.4% and is expected to reach RMB372.4 billion in 2023 at a CAGR of 6.5%. We believed that leveraging on our branch offices as the regional hubs, we can radiate our services into neighboring regions.

Therefore, given that (i) there is an increasing demand from our customers in Wuxi and Beijing and some of such demand cannot be fully catered in those locations during the Track Record Period; and (ii) the potential market demands in Wuxi and Beijing together with the neighboring cities, our Directors believe that there will be sufficient demand for our marketing services in Wuxi and Beijing. As such, it would be strategic to establish new branch offices in Wuxi and Beijing in order to consolidate our relationships with existing customers and respond to the rising demand for our marketing services.

In order to capture the demand for marketing services for our new branch offices, we intend to set up a sales and marketing team to improve our brand awareness in Wuxi and Beijing. Our sales personnel will actively participate in large scale expos and regularly visit our current as well as potential customers. Furthermore, we will also make suitable advertisement in various advertising channels to enhance our Group's profile. For details, please refer to the section headed "Business – Business strategies – Setting up a sales and marketing team and the enhancement of marketing efforts to improve our brand awareness and our brand image" of this prospectus.

***(ii) the ease of hiring talents for new branch offices***

Our Directors consider that recruiting talents is one of the keys to success for our new branch offices. Without the support of professional and talented staff to deliver quality services, we may not be able to attract or retain any customers amid the huge market demand for marketing services. Therefore, we select our new branch offices in locations that are abundant in human capital. For instance, the population size of Wuxi and Beijing is approximately 5.2 times and 17.3 times larger than that of Yixing, respectively. Moreover, there are over 10 and 90 tertiary education institutions in Wuxi and Beijing, respectively, and some of them are famous tertiary education institutions offering marketing programs. As such, our Directors believe that it will be relatively easier for us to hire talents in the local job market with the larger pool of tertiary graduates and experienced professionals in Wuxi and Beijing for our new branch offices.

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*(iii) the consuming power of local citizens in the cities*

We select the location of our new branch offices in cities where the local citizens have higher household disposable income. Our Directors are of the view that with higher household disposable income, local citizens are willing to spend more on expenditure. The strong consuming power of local citizens will likely encourage corporations to increase their budget on marketing activities in order to stimulate consumption of their products or services. According to the F&S Report, the per capita annual disposable income of urban households in Wuxi and Beijing ranked top among the cities in the PRC at approximately RMB50,300 and RMB62,300 in 2018, respectively, which is higher than that of Yixing of approximately RMB44,500 for the same period. Therefore, we believe that driven by the stronger consuming power and the larger population size as mentioned above, it will be easier for us to build up our project pipelines in Wuxi and Beijing and sustain the business of our new branch offices.

We plan to employ 23 staff members in our Wuxi branch office, including one general manager, three operation managers, 17 staff for event management and/or design and two accounting and administrative staff. As for our Beijing branch office, we intend to employ 12 staff members, including one general manager, two operation managers, seven staff for event management and/or design and two accounting and administrative staff. Except for the accounting and administrative staff, we intend to recruit candidates that possess tertiary education preferably in marketing-related disciplines. Among the new hires, general managers are expected to have at least five years of experience in managerial roles in the marketing services industry given that their responsibility is to oversee the operation and development of our new branch offices. We also expect operation managers to have at least four years of work experience in the marketing services industry while the other new hires shall possess one to three years of work experience relevant to their positions. We demand our staff to be creative and proficient in various techniques in providing marketing services, including graphic design, editorial as well as event management.

In view of the plan above, we intend to secure an office in Wuxi by November 2019 and in Beijing by April 2020, so that the aforesaid recruitment can commence in a timely manner. Renovation costs and acquisition costs for fixtures, furniture and office equipment will also be incurred for our new branch offices in Wuxi and Beijing. Once our new branch offices in Wuxi and Beijing are set up, it is expected that additional costs in relation to (i) office rental for the leased offices in the commercial area of Wuxi and Beijing; (ii) depreciation of renovation costs; and (iii) staff costs with the monthly salaries paid to the general managers of approximately RMB30,000, operation managers of approximately RMB20,000, design and execution staff of approximately RMB8,000 and account and administrative staff of approximately RMB4,000, which in total of approximately RMB3,553,000 and RMB2,000,000 will be charged to our statement of comprehensive income for our Wuxi branch office and Beijing branch office

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for the year ending 31 December 2020, respectively. Set out below is the expected additional cost to be incurred for our Wuxi branch office and Beijing branch office for the year ending 31 December 2020:

	<b>Wuxi branch office</b>	<b>Beijing branch office</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation of property, plant and equipment	285	153
Employee benefits expenses	3,174	1,477
Rental expenses	94	370
	<u>3,553</u>	<u>2,000</u>

For further details on our plans to establish new branch offices in Wuxi and Beijing, please refer to the section headed “Future Plans and Use of Proceeds” of this prospectus.

### **Setting up a sales and marketing team and the enhancement of marketing efforts to improve our brand awareness and our brand image**

It is our continuous goal to increase our market share in the marketing services industry in the PRC. We currently conduct marketing primarily through establishing a reputable track record, obtaining referrals and word-of-mouth marketing. The responsibility of maintaining customers’ relationship as well as keeping abreast of potential business opportunities currently relies heavily on our executive Directors, in particular, Mr. Zhou to oversee our Group’s marketing aspects. Given the scale and nature of our current business primarily based in Yixing, this has been possible to maintain a limited growth with selected new business opportunities while maintaining the number of returning customers. Looking forward, to further increase our market share, our Directors are of the view that it would be strategic and necessary for our Group to take a proactive step in sales and marketing in order to expand our operations geographically through setting up new branch offices in Wuxi and Beijing. Therefore, we intend to recruit specialised sales and customer management personnel to represent our Group at trade fairs, expos, conventions and exhibitions, as well as to handle customer relationships, provide customer-oriented services and increase the number of returning customers.

According to the F&S Report, the PRC marketing services industry is currently highly fragmented and competitive. Having regard that (i) our market share was less than 0.1% for both the PRC’s event management services industry and the PRC’s design and production services industry; and (ii) our new branch offices will be set up in Wuxi and Beijing, our Directors are of the view that, an increase in our marketing efforts and a more aggressive marketing approach is required. In order to reach our full potential and capture opportunities to take on complex and technical projects, these additional marketing efforts are needed to enhance our market share and to build project pipeline for our new branch offices. We therefore intend to raise our brand awareness and brand image, and to emphasise our ability to provide high quality and reliable marketing services to distinguish us from competitors and attract potential customers through participating in large-scale expos and making appropriate advertisement in suitable channels. Our Directors consider that such strategy is particularly crucial for our Group to sustain the business growth of new branch offices as it will boost our Group’s profile in a new location and capture the potential demand at the respective places.



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Furthermore, our current marketing strategy may no longer be suitable once our new branch offices are set up. We currently rely on Mr. Zhou to oversee customer relationships and regularly visit our current and potential customers. When new branch offices are established, frequent travel may be required and Mr. Zhou may not be able to fully address all of the existing and potential customers if our Group solely relies on him to handle our customer relationships. As such, foreseeing the expansion of our business scale with the new branch offices to be established and the increasing number of customers, our Directors consider that there is an imminent need to set up a sales and marketing teams to handle sales and marketing activities in the PRC.

Based on the aforesaid plans, we intend to spend approximately RMB3,586,000 of the proceeds from the Share Offer to employ eight sales professionals with at least two to five years of relevant experience in sales and marketing to form our sales and marketing team. They should possess good communication skills in cultivating customer relationships and also have extensive network to source projects for our Group. The range of monthly salary of the new hires would be from approximately RMB6,000 to RMB15,000. Our sales and marketing team will travel around major cities of the PRC, such as Shanghai and Beijing, to participate in various business expos in order to proactively reach out and promote our marketing services to potential customers. We will select appropriate large-scale expos organised or supported by government authorities so as to maximise the reach out of potential customers. It is expected that approximately RMB1,640,000 of the proceeds from the Share Offer will be used in participating various business expos in the PRC. The sales and marketing team will also regularly visit our current and potential customers for update of corporate profile and promotion of our scope of services. Given that our current marketing strategy is through word-of-mouth only, we do not have an established system for publication or distribution of marketing materials in respect of our services. Therefore, in order to further elevate our brand awareness, our sales and marketing staff will also liaise with appropriate advertising agents for necessary works in order to raise our Group's publicity and awareness in the industry through various online and offline advertising channels and approximately RMB1,290,000 of the proceeds from the Share Offer will be applied in this area.

### **Increasing our production capability by setting up an in-house multimedia production and design team**

During the Track Record Period, we have provided comprehensive marketing services including the production of advertisements, video clips, animations and pages on various digital technology platforms such as internet, mobile network, video gaming and social media platforms. Our Directors are aware of the growing demand from our customers for marketing services on digital technology platforms as well as software applications, and the potential for our business development from these platforms. With the rapidly rising internet penetration rate in the PRC, our Group has recognised these new-media platforms as one of our growth momentum for the marketing services and the significance of multimedia element for providing users with digital generative or interactive processes. For the year ended 31 December 2018, our revenue generated from projects which involved multimedia element increased by 37.8% as compared with that for the year ended 31 December 2017. Our Group also recognises the amalgamation of technology and marketing services as an important factor for future market success in terms of operation efficiency and connection with targeted audiences from online to offline. As such, our Directors believe that, given (i) the significance of digital technology platforms as a promotional channel in the PRC and its correlation with the growth of e-commerce in the PRC; and (ii) the increasing demand

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from our customers for marketing services involving multimedia element, it is imperative for our Group to develop in-house expertise in digital marketing, graphical design and audiovisual production in order to have a better control over the production of these marketing materials and to ensure quality of our production and thereby attracting potential customers. Besides, according to the F&S Report, the larger industry players tend to have a wider range of service scope whereas the smaller players usually specialise in one or a few services. Our Directors believe that our own in-house multimedia production and design team will help enhance our service offerings and production capability, thus making us to stand out from our competitors.

We currently rely on our selected suppliers to deliver their expertise on multimedia products and services. While this has been satisfactory given the nature and current scale of our business, moving forward, our Directors believe that it would be strategic and more efficient for our Group to develop in-house expertise in this specialist area as our Group could benefit from following ways:

*(i) Direct control of overall production process*

Our Directors consider that there are certain limitations on reliance of suppliers for provision of multimedia products and services. For instance, we may not receive prioritised and responsive services from our suppliers. They may also be unable to fully understand and address the request from us to fulfill the expectation of our customers. During the peak season, our suppliers may even decline to take up our orders because of their limited capacity. As such, by establishing an in-house multimedia production and design team, we can directly control the overall production process, including the production schedule and the quality of our deliverables. It allows us to respond timely to latest market trends, the customised needs of our customers and enhance our operation efficiency. Besides, in view of setting up the new branch offices, our in-house multimedia production and design team can also provide technical support to those branch offices with direct communication among the teams.

*(ii) Cost saving*

For the year ended 31 December 2018, our project costs incurred in relation to multimedia productions amounted to approximately RMB8,040,000. Assuming all the multimedia productions were handled by our production team, costs would be saved as it is estimated that the annual costs to be incurred for our multimedia production and design team amounted to approximately RMB2,834,000 according to our expansion plans. In addition, through establishing an in-house team, we can achieve better cost control in relation to multimedia works and extra capacity is also created to address the increasing demand for marketing services with multimedia elements. Therefore, given the increasing demand for multimedia services from our customers and the potential demand arising from our expansion plans, our Directors consider that it would be commercially viable and more cost-efficient for our Group to set up our own in-house multimedia production and design team.

We therefore intend to set up a multimedia production and design team which will involve investment in recruitment of animators and designers, technician production staff, purchase of equipment and software, and training to employees. We intend to employ one general manager, one director, three animators and designers, one scriptwriter, three videographers and two post-production editors for our in-house multimedia production and design team. We expect that the general manager recruited should have at least five years of managerial experience in multimedia design and production industry in order to lead our newly established team while the other new hires should have at least two years of relevant

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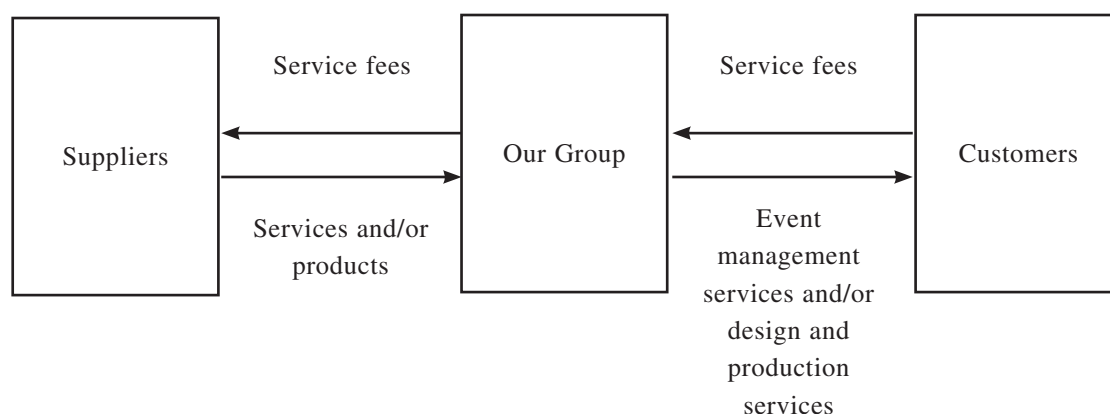
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experience for their positions. We will also pursue candidates who have academic background relevant to the multimedia design and production industry and equipped with appropriate knowledge as well as skills for production of video and animation. The range of monthly salary of the new hires would be from approximately RMB6,000 to RMB25,000.

Foreseeing the business expansion of our Group in the short term and the establishment of our in-house multimedia production and design team as described above, we entered into a contract with our internal resources in June 2018 for the purchase of a presale office in Yixing as our new headquarters, which is expected to be delivered to our Group in November 2019. Please refer to the paragraph headed “Properties” in this section for further details. Our staff members are expected to move to the new headquarters by the end of February 2020. Our Directors believe that the establishment of our new headquarters with own property will allow us to gain trust and confidence from both current and potential customers, helping us reinforce our market position and capture more market share within the industry.

### OUR BUSINESS

We generate revenue from the provision of marketing services in the PRC with a focus on delivering (i) event management services; and (ii) design and production services, for which we undertake to offer quality services to satisfy our customers’ diverse marketing needs and to meet their specifications and requests. We closely manage each step of our project execution and coordinate with our suppliers to implement our services. Set out below is a diagram illustrating our overall business model:



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The table below sets forth our revenue by the type of services we provided during the Track record Period:

	Year ended 31 December						Five months ended 31 May			
	2016		2017		2018		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Event management services	18,423	52.8	24,537	60.0	36,280	68.0	7,761	70.0	9,094	69.1
Design and production services	16,490	47.2	16,340	40.0	17,078	32.0	3,309	30.0	4,070	30.9
	<u>34,913</u>	<u>100.0</u>	<u>40,877</u>	<u>100.0</u>	<u>53,358</u>	<u>100.0</u>	<u>11,070</u>	<u>100.0</u>	<u>13,164</u>	<u>100.0</u>

The following table sets forth a breakdown of number of customers and our revenue by major geographical regions in the PRC.

	2016			Year ended 31 December 2017			2018			Five months ended 31 May 2018			2019		
	No. of customers	RMB'000	%	No. of customers	RMB'000	%	No. of customers	RMB'000	%	No. of customers (unaudited)	RMB'000	%	No. of customers	RMB'000	%
Eastern China	277	32,764	93.8	252	36,526	89.4	208	46,509	87.2	69	10,852	98.0	62	10,418	79.1
- Yixing	211	21,888	62.7	190	19,768	48.4	146	25,762	48.3	46	6,506	58.8	31	4,183	31.8
- Wuxi	30	5,413	15.5	37	10,730	26.2	45	15,257	28.6	18	3,008	27.2	27	5,285	40.1
- Shanghai	5	1,030	3.0	6	1,429	3.5	4	2,740	5.1	3	1,074	9.7	3	946	7.2
- Nanjing	9	914	2.6	2	1,679	4.1	3	472	0.9	1	170	1.5	1	4	-
- Xuzhou	2	757	2.2	7	1,581	3.9	2	208	0.4	-	-	-	-	-	-
- Other eastern China regions	20	2,762	7.8	10	1,339	3.3	8	2,070	3.9	1	94	0.8	-	-	-
Northern China	7	1,644	4.7	6	3,416	8.4	10	4,038	7.6	1	142	1.3	5	1,896	14.4
- Beijing	6	1,578	4.5	4	3,043	7.4	10	4,038	7.6	1	142	1.3	5	1,896	14.4
- Other northern China regions	1	66	0.2	3	373	1.0	-	-	-	-	-	-	-	-	-
Central China	2	191	0.5	2	345	0.8	1	2,075	3.9	-	-	-	1	850	6.5
Other regions of China	3	314	1.0	4	590	1.4	6	736	1.3	1	76	0.7	-	-	-
	<u>289</u>	<u>34,913</u>	<u>100.0</u>	<u>265</u>	<u>40,877</u>	<u>100.0</u>	<u>225</u>	<u>53,358</u>	<u>100.0</u>	<u>71</u>	<u>11,070</u>	<u>100.0</u>	<u>68</u>	<u>13,164</u>	<u>100.0</u>

### Event management services

For event management services, we act as an event manager, taking responsibility of creative, technical and logistical elements of events with services covering scopes of design, planning, promotion, coordination and management of an event for our customers. Based on our customers' objective, we advise the theme of the event and visualise our concepts with a detail implementation plan. In general, we offer various services in an event which include (i) the design of overall concept and theme of an event; (ii) location scouting and site selection for suitable venue of an event; (iii) design and production of different forms of event materials such as backdrop, exhibition boards, brochure as well as various audio and visual production; (iv) decoration of venue including stage construction and installation of audio, visual and lighting equipment; (v) design and arrangement for performance and entertainment in an event; and (vi) on-site supervision to oversee the event. We liaise with our suppliers for various technical know-hows to realise our ideas and assist us to perform the above services. We may also be responsible for the promotion of events through various platforms if requested by our customers. To ensure the smooth implementation, we closely manage each step of our project execution especially the on-site condition of the event.

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## BUSINESS

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The following sets out the details of works we offer to our customers for event management services:

*Design and planning:*

We advise themes and concepts for our customers, depending on our customers' requirements and/or the objectives of an event, which aim to complement, attract or highlight an element, place, product or service of our customers. We devise a plan for all elements of an event, sometimes with the assistance of software technology, to set out and model the details such as venue decoration, audio and visual production, activities and stage performance, event software, promotional channels, stage construction, event materials and equipment necessary for the execution of event. We also design and supply necessary graphics and contents to our suppliers for them to process and use in our planned events and promotional channels such as printed and online advertisements, mobile applications, web pages and social media platforms.

*Project management:*

We act as the event manager and are responsible for the overall management of the event. We coordinate with suppliers for the provision of, including (i) on-site operation services such as stage construction, venue decoration, installation of audio, visual and lighting equipment; and (ii) production of event materials such as backdrop, exhibition boards, brochure as well as various audio and visual production. We also engage suppliers to help disseminate promotional materials via online and offline promotional channels. We closely supervise and monitor the work progress and quality of each project on a regular basis. We meet with our customers to review the project implementation and progress in order to identify and resolve any material issue.

*On-site supervision:*

We are responsible for supervising the on-site condition of the event. We assign team members to oversee the installation and decoration works at the venue of the event/exhibitions, carry out a final run-through and/or inspection at the venue, and check to ensure that all aspects meet the quality standard and fulfill the specifications and requirements as agreed with our customers.

During the Track Record Period, we have successfully completed 585 projects for our event managements services. For instance, we organised various (i) cultural and recreational events for governmental authorities and state-owned enterprises; (ii) promotional events for corporate customers such as automobile dealers and real estate corporations; and (iii) exhibitions for crafts companies and individual artists to display their crafts and artworks.

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## BUSINESS

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Set out below are the pictures of some of the events coordinated and managed by our Group:



*“Cultural event”*



*“Artistic exhibition”*



*“Festival event”*



*“Recreational event”*

### **Design and production services**

For design and production services, our customers usually request us for production of marketing materials and disseminate them through various channels. We generally offer design, writing and editorial as well as animated media work services to our customers. We use our expertise and knowledge to transform and express our customers' ideas in different forms including photo albums, brochures, packaging, advertisement, books, magazines and video clips. We also help design and edit contents of publications, marketing materials, web pages and various social media platforms to meet our customers' marketing objectives. We engage our suppliers for various production steps and disseminate these marketing materials via offline and online promotional channels. Aside from marketing materials, we also contribute marketing and promotional ideas on our customers' products to improve their marketability and aesthetics.

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## BUSINESS

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The following sets out the details of works we offer to our customers for design and production services:

*Design works:*

We design and produce graphic contents in the form of, including sketches, drawings, paintings and photographs in accordance with the specifications and requirements of our customers. Our design works also include digital form in 2D/3D forms that are produced by using graphic design software and tools.

*Writing and editorial works:*

We produce and edit contents expressed in writing in the form of, including but not limited to, articles, short stories, poems, marketing slogans, annotations and descriptions in relation to our customers' business, products and services for publication.

*Animated media works:*

We assist our customers in designing, creating, editing and producing different videos, short movies and flash animation for promotion of their products and/or services. As part of the process, we provide services such as concept development, storyboard creation, script writing and post-production works.

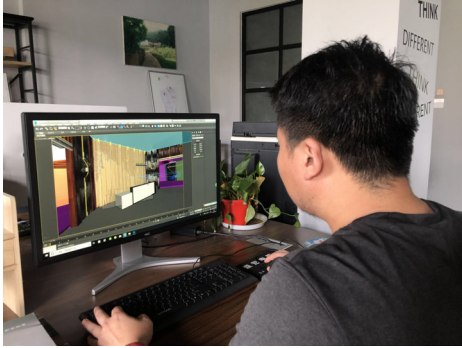
During the Track Record Period, we have successfully completed 1,079 projects for the provision of design and production services for our customers, and examples include, (i) video clips and other marketing materials for promotion of local tourist spots; (ii) suggestions of cultural and aesthetic elements on the production of Zisha clay (紫砂) teapots including background stories and sketches on the design of teapots to enhance its marketability; and (iii) corporate brochures and web page design for our corporate customers.

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## BUSINESS

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Set out below are the examples of some of the design and production services provided by our Group:



*“Design works”*



*“Animated media works”*



*“Writing and editorial works”*



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## BUSINESS

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### OUR PROJECTS BACKLOG

The table below sets out the monetary value movement of the outstanding project value of our projects during the Track Record Period:

	Number of projects	Contract sum <sup>(Note)</sup> (RMB'000)
<b>Outstanding contract sum as at 1 January 2016</b>	61	6,103
Contract value for newly signed contracts during the year	579	31,816
Contract value completed during the year	<u>(600)</u>	<u>(34,913)</u>
<b>Outstanding contract value as at 31 December 2016 and carried forward to 1 January 2017</b>	40	3,006
Contract value for newly signed contracts during the year	479	38,506
Contract value completed during the year	<u>(516)</u>	<u>(40,877)</u>
<b>Outstanding contract value as at 31 December 2017 and carried forward to 1 January 2018</b>	3	635
Contract value for newly signed contracts during the year	500	63,959
Contract value completed during the year	<u>(449)</u>	<u>(53,358)</u>
<b>Outstanding contract value as at 31 December 2018 and carried forward to 1 January 2019</b>	54	11,236
Contract value for newly signed contracts during the period	110	11,763
Contract value completed during the period	<u>(99)</u>	<u>(13,164)</u>
<b>Outstanding contract value as at 31 May 2019</b>	<u><u>65</u></u>	<u><u>9,835</u></u>

Note: The contract sum represents the agreed contract value, net of tax.

As at the Latest Practicable Date, we have 52 projects on hand with the aggregate contract sum of our Group's projects amounted to approximately RMB13,829,000, which is expected to be recognised for the year ending 31 December 2019.

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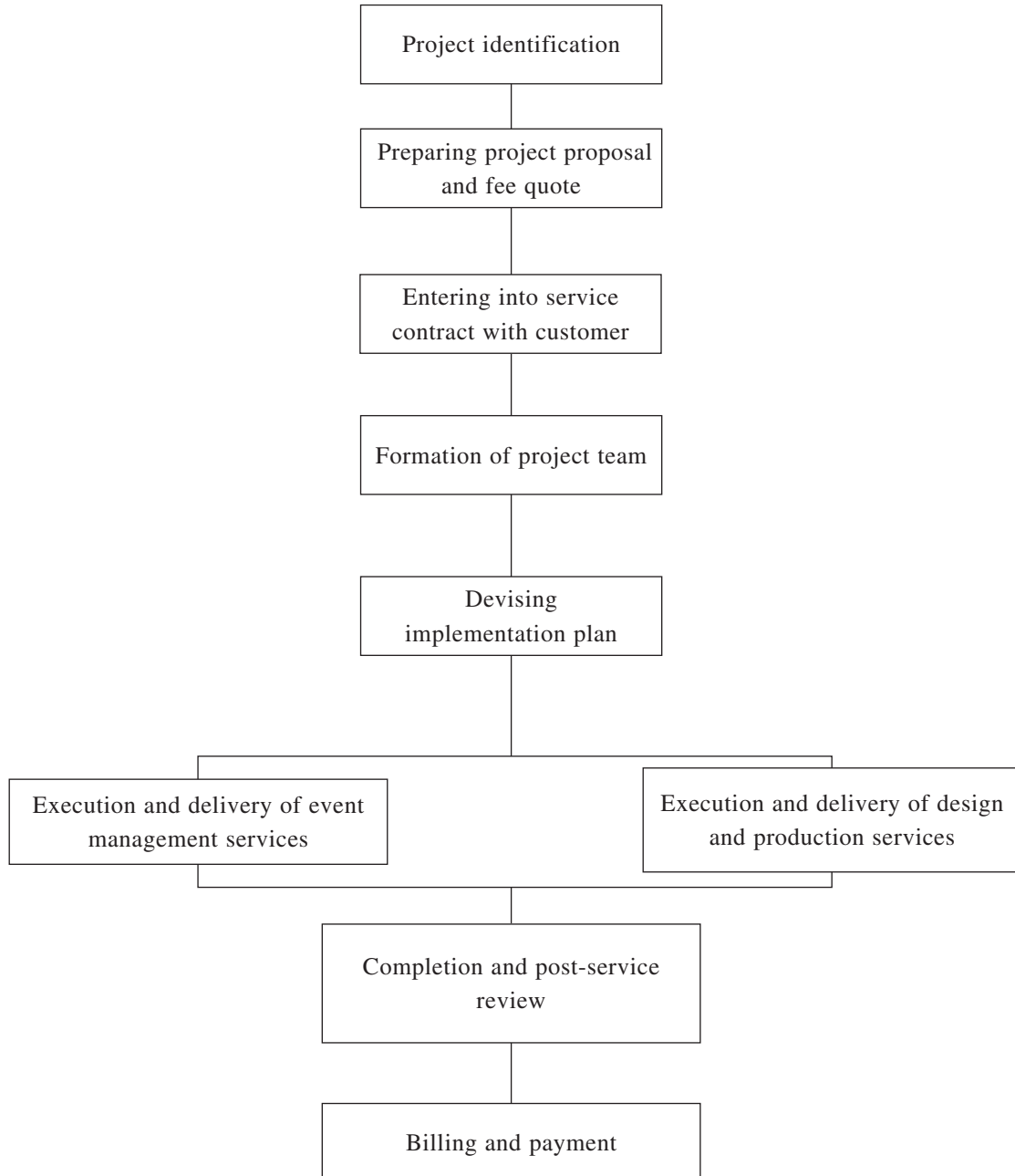
# BUSINESS

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## OPERATING FLOW

### Our operation processes

The following chart illustrates the general operation flow of our business of marketing services:



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## BUSINESS

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### **Project identification**

In general, we receive offers from our potential customers to engage us for marketing services from time to time. We may also receive tender invitations requesting our marketing services. After identifying possible business opportunities, we would obtain further information from our potential customers regarding their background, business needs and proposed budgets for the requested tasks.

### **Preparing project proposal and fee quote**

After collecting the necessary information in respect of the marketing services to be provided, a project leader who possesses expertise and experiences in the relevant project type will be assigned to manage the project. Based on our potential customers' needs and expectations, the project leader will proceed to formulate a project proposal setting out the skeleton and core elements of the proposed project, including its overarching theme, implementation direction, proposed content to be used and the core designs integrating various cultural and commercial elements as required. We will also incorporate our company background, core members, and job references into our project proposal to demonstrate our experience, qualification and capability. Depending on the size of the proposed project, it generally takes no more than a week to formulate the project proposal.

Based on the project proposal formulated, we will also prepare an itemised fee quote table setting out our service fees as well as prices for all necessary equipments and services required for undertaking the project. Afterwards, the proposal together with our fee quote table will be presented to our potential customers for their comment and approval. We welcome customers' input at this stage and would attend to customer's special requests and make further customisation to our products and services where suitable. If it is by way of tender, we will submit our project proposal, fee quote table and all other necessary supporting documents to the relevant body for review and selection.

### **Entering into service contract with customers**

Once our potential customers approve our project proposal and fee quotation, they will enter into a service contract with us. The service contracts generally set out the contract sum, the period of engagement, our scope of services, payment term and the respective rights and obligations of the customers and our Group under the project. We usually bill our customers in accordance with the progress milestones stipulated in the service contracts, which vary from project by project as negotiated with each of the customers. As set out in the payment schedule, we generally request an upfront payment, ranging from 20% to 50% of the contract sum upon signing of the service contract. No retention money is required from our customers for the provision of our marketing services. In case of a successful tender, a written service contract will be prepared in accordance with the terms and information set out in both the tender offer and our subsequent submission.

### **Formation of project team**

After the service contract has been signed, our project leader will form a project team responsible for the overall execution and supervision of the project. The team consists of core members including, (i) the project leader who is responsible for the overall management of the team; (ii) artists and designers who will contribute to the creative and artistic contents of our services; and (iii) event planners who are skilled in devising event concepts and familiar with the technical aspects of launching events.

### **Devising implementation plan**

Our project team will proceed to devise the implementation plan based on the conceptual framework laid down in the project proposal, which involves finalising project theme selection, creating substantive outline in respect of the content, compiling implementation timetable for the relevant parties as well as considering appropriate marketing channels to reach out to the target audience. At this stage, we will negotiate with select and retain suppliers necessary for the execution of the relevant tasks.

We will notify our customers immediately for any material changes to the implementation plan. After confirming the details of the implementation plan and incorporating all special requests of our customers, we will present the finalised plan for our customers' approval.

### **Execution and delivery of our services**

Once the implementation plan is approved, our project team will proceed to project execution stage. During the execution stage, each team member will report to the project leader from time to time throughout the project. The project leader will oversee the team to ensure our services are delivered to fulfill the agreed timeline and our customers' expectation. The following are the detailed steps for execution of our services:

#### *Event management services*

Our project team will carry out the substantive design of the event and create the fine details in respect of the execution, such as the type of infrastructure to be used, the appropriate audio and visual elements to be adopted, the activities to be staged at the actual event date, as well as the marketing materials to be displayed through our promotional channels. From time to time, the designs will be circulated to our customers and suppliers for feedback.

Our project team will also coordinate the activities of suppliers for the provision of various on-site operation services, event material production as well as marketing channel development. Throughout the process, our project team will carry out frequent onsite supervisions to oversee the work of the suppliers to ensure that the venue is properly set up and all required works are carried out in accordance with our implementation plans. If any defect or irregularity is discovered at this stage or that our customers require certain modifications, we will direct our suppliers to carry out remedial work immediately to rectify any existing problem. Prior to the event date, our team will coordinate with suppliers to carry out final run-throughs to ensure smooth execution of the event. Depending on the nature and the scale, events may last from few days to a month. Our project team will be actively involved in the continuous management of the event.

#### *Design and production services*

Our project team will carry out the substantive design of marketing materials, create the details pertaining to its production and dissemination such as the form of communication medium to be used, the audio and visual elements to be incorporated into the marketing products, as well as the method of dissemination through our various offline and online promotional channels. From time to time, our plans will be circulated to our suppliers and customers for feedback. Necessary adjustments and remedial works will also be made where necessary.

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## BUSINESS

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Meanwhile, our project team will coordinate the activities of suppliers for the provision of services including the actual creation and production of marketing materials such as (i) paintings, drawings, photographs and different animated works as required; (ii) printing and compiling the said works into marketable forms; and (iii) construction of marketing platforms such as web pages, software applications and social media interfaces as well as the actual dissemination of the materials to the target audiences.

### Completion and post-service review

When we have successfully delivered our services to customers, for instance, at the time of the completion of events, or acceptance of final design or products without further comments, we will ask our customers to sign on a slip to acknowledge the receipt of our services. At this stage, we will also invite our customers to provide feedback in relation to the quality and timeliness of our services provided. We will carefully evaluate our customers' comment and take remedial actions if necessary.

### Billing and payment

Our service fees are settled by installment in accordance with the progress milestones as stipulated in the service contract. Once we have obtained the signed acknowledgement slip from our customers for the receipt of our services, we will send them the final invoice for the services provided with the remaining unbilled contract sum. Our customers will pay us according to the payment method as agreed in our service contract and make necessary payment on or before the due date.

## CUSTOMERS

We have developed a broad customer base during the Track Record Period, with customers from the governmental and commercial sectors in the PRC. Our customers in the governmental sector consist of PRC government authorities, residents' committees and state-owned enterprises, and our customers in the commercial sector mainly consist of real estate corporations, crafts companies and individual artists as well as other corporate customers. The following table sets out the revenue by customers' sectors during the Track Record Period:

	2016		Year ended 31 December				Five months ended 31 May			
	RMB'000	%	2017		2018		2018		2019	
			RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Governmental sector	11,489	32.9	12,123	29.7	17,193	32.2	4,739	42.8	5,434	41.3
Commercial sector	23,424	67.1	28,754	70.3	36,165	67.8	6,331	57.2	7,730	58.7
	<u>34,913</u>	<u>100.0</u>	<u>40,877</u>	<u>100.0</u>	<u>53,358</u>	<u>100.0</u>	<u>11,070</u>	<u>100.0</u>	<u>13,164</u>	<u>100.0</u>

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## BUSINESS

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During the Track Record Period, we have provided our marketing services to over 500 customers. Owing to our well-established customer relationships and our proven track record in provision of marketing services, we have returning customers for our various marketing services. For the years ended 31 December 2016, 2017, 2018 and the five months ended 31 May 2019, the revenue generated from these returning customers, who used our marketing services more than once, amounted to approximately RMB19,654,000, RMB20,162,000, RMB32,834,000 and RMB10,065,000, representing approximately 56.3%, 49.3%, 61.5% and 76.5% of our total revenue for the corresponding periods, respectively.

For the years ended 31 December 2016, 2017, 2018 and the five months ended 31 May 2019, the total revenue attributable to our customers amounted to approximately RMB34,913,000, RMB40,877,000, RMB53,358,000 and RMB13,164,000, respectively, out of which our largest customer accounted for 11.4%, 7.0%, 7.1% and 8.5% of our Group's total revenue for the corresponding periods, respectively, while the percentage of our Group's total revenue attributable to our five largest customers in aggregate was 30.7%, 27.0%, 26.8% and 35.4%, respectively.

## BUSINESS

The following tables set out the profile of our five largest customers during the Track Record Period:

*For the year ended 31 December 2016*

Rank	Customer	Background of customer	Year of first becoming our customer	Services provided by our Group	Revenue derived from customer for the year	
					RMB'000	% of total revenue
1	Yixing City Yangxian Eco-tourism Building and Development Limited* (宜興市陽羨生態旅遊建設發展有限公司)	A state-owned limited liability company established in the PRC in 2006 which principally engages in investment and development of infrastructure for tourism industry in Yixing	2014	Event management services and design and production services, among others, (i) organisation of tourism promotion events; (ii) production of marketing materials; and (iii) design and production of promotional contents on social media platforms	3,985	11.4
2	Fan Zefeng and Yixing City Aiyi Arts and Pottery Limited* (范澤鋒及宜興愛宜藝術陶瓷有限公司)	A limited liability company established in the PRC in 1988, together with its controlling shareholder who is a tea pottery artist in the PRC, which principally engages in production of artistic tea pottery products	2014	Event management services and design and production services, among others, (i) organisation of artistic exhibitions; (ii) production of marketing materials; and (iii) graphic design works	2,397	6.9
3	Fan Weiqun and Fan's Vase Pottery and Arts Limited* (范偉群及宜興范家壺莊陶瓷藝術品有限公司)	A limited liability company established in the PRC in 2005, together with its controlling shareholder who is a tea pottery artist in the PRC, which principally engages in production of artistic tea pottery products	2014	Event management services and design and production services, among others, (i) organisation of artistic exhibitions; (ii) production of marketing materials; and (iii) graphic design works	2,358	6.8
4	Yixing City Huayuan Vehicle Sales Limited* (宜興市華源汽車銷售有限公司)	A limited liability company established in the PRC in 2006 which principally engages in sales and trading of automobiles	2016	Event management services, among others, organisation of automobile exhibitions and promotion events	999	2.9
5	Jiangsu Old Canal Investments and Development Limited* (江蘇古運河投資發展有限公司)	A state-owned limited liability company established in the PRC in 2005 which principally engages in development and management of tourist spots in Wuxi	2015	Event management services and design and production services, among others, (i) organisation of tourism promotion events; (ii) production of marketing materials; and (iii) design and production of promotional contents on social media platforms	945	2.7
<b>Five largest customers combined</b>					<b>10,684</b>	<b>30.7</b>
<b>All other customers</b>					<b>24,229</b>	<b>69.3</b>
<b>Total revenue for the year</b>					<b>34,913</b>	<b>100.0</b>

## BUSINESS

*For the year ended 31 December 2017*

Rank	Customer	Background of customer	Year of first becoming our customer	Services provided by our Group	Revenue derived from customer for the year	
					RMB'000	% of total revenue
1	Fan Zefeng and Yixing City Aiyi Arts and Pottery Limited* (范澤鋒及宜興愛宜藝術陶瓷有限公司)	A limited liability company established in the PRC in 1988, together with its controlling shareholder who is a tea pottery artist in the PRC, which principally engages in production of artistic tea pottery products	2014	Event management services and design and production services, among others, (i) organisation of artistic exhibitions; (ii) production of marketing materials; and (iii) graphic design works	2,868	7.0
2	Wuxi Hengting Industrial Limited* (無錫恆廷實業有限公司)	A state-owned limited liability company established in the PRC in 2009 which principally engages in development and operation of infrastructure in Wuxi	2017	Event management services and design and production services, among others, (i) organisation of festival events and recreational events; (ii) production of marketing materials; and (iii) design and production of promotional contents on social media platforms	2,585	6.3
3	Beijing City Morning Glory Cultural Media Limited* (北京晨光榮耀文化傳播有限公司)	A limited liability company established in the PRC in 2016 which principally engages in provision of search engine optimisation services in Beijing	2017	Event management services and design and production services, among others, (i) organisation of exhibitions and commercial events; and (ii) production of marketing materials	2,176	5.3
4	Yixing City Yangxian Eco-tourism Building and Development Limited* (宜興市陽羨生態旅遊建設發展有限公司)	A state-owned limited liability company established in the PRC in 2006 which principally engages in investment and development of infrastructure for tourism industry in Yixing	2014	Event management services and design and production services, among others, (i) organisation of tourism promotion events; (ii) production of marketing materials; and (iii) design and production of promotional contents on social media platforms	1,899	4.6
5	Shanghai City Wobao Industrial Limited* (上海沃寶實業有限公司)	A limited liability company established in the PRC in 2014 which principally engages in provision of real estate agency and real estate marketing services	2017	Event management services, among others, organisation of real estate promotion events	1,557	3.8
<b>Five largest customers combined</b>					<b>11,085</b>	<b>27.0</b>
<b>All other customers</b>					<b>29,792</b>	<b>73.0</b>
<b>Total revenue for the year</b>					<b>40,877</b>	<b>100.0</b>



## BUSINESS

*For the year ended 31 December 2018*

Rank	Customer	Background of customer	Year of first becoming our customer	Services provided by our Group	Revenue derived from customer for the year	
					RMB'000	% of total revenue
1	Wuhan Hongao Green-Energy Engineering Co., Limited* (武漢宏澳綠色能源工程有限責任公司)	A limited liability company established in 2012 in the PRC which principally engages in provision of energy-saving optimization solutions, exhaust gas treatment and water treatment system solutions, as well as engineering construction services	2018	Event management services and design and production services, among others, (i) organisation of commercial exhibitions; (ii) graphic design works; and (iii) production of marketing materials	3,774	7.1
2	Wuxi Hengting Industrial Limited* (無錫恆廷實業有限公司)	A state-owned limited liability company established in the PRC in 2009 which principally engages in development and operation of infrastructure in Wuxi	2017	Event management services and design and production services, among others, (i) organisation of festival events and recreational events; (ii) production of marketing materials; and (iii) design and production of promotional contents on social media platforms	3,558	6.7
3	Wuxi Golebrand Advertising Spread Co., Limited* (無錫博藍廣告傳播有限公司)	A limited liability company established in the PRC in 2004 which principally engages in provision of marketing design and planning as well as advertising agency services	2018	Event management services and design and production services, among others, (i) organisation of commercial exhibitions and promotion events; and (ii) production of marketing materials	2,641	4.9
4	Fan Zefeng and Yixing City Aiyi Arts and Pottery Limited* (范澤鋒及宜興愛宜藝術陶瓷有限公司)	A limited liability company established in the PRC in 1988, together with its controlling shareholder who is a tea pottery artist in the PRC, which principally engages in production of artistic tea pottery products	2014	Event management services and design and production services, among others, (i) organisation of artistic exhibitions; (ii) production of marketing materials; and (iii) graphic design works	2,302	4.3
5	Shanghai City Wangjia Property Consultation Limited* (上海旺加房地產諮詢有限公司)	A limited liability company established in the PRC in 2016 which principally engages in provision of real estate agency and real estate marketing services	2018	Event management services, among others, organisation of real estate promotion events	2,018	3.8
<b>Five largest customers combined</b>					<b>14,293</b>	<b>26.8</b>
<b>All other customers</b>					<b>39,065</b>	<b>73.2</b>
<b>Total revenue for the year</b>					<b>53,358</b>	<b>100.0</b>

## BUSINESS

*For the five months ended 31 May 2019*

Rank	Customer	Background of customer	Year of first becoming our customer	Services provided by our Group	Revenue derived from customer for the period	
					RMB'000	% of total revenue
1	Culture, Sports and Tourism Bureau of Xishan District, Wuxi* (無錫市錫山區文化體育和旅遊局)	A government bureau under a municipal government in Wuxi	2019	Event management services, among others, organisation of recreational events and tourism promotion events	1,113	8.5
2	Fan Zefeng and Yixing City Aiyi Arts and Pottery Limited* (范澤鋒及宜興愛宜藝術陶瓷有限公司)	A limited liability company established in the PRC in 1988, together with its controlling shareholder who is a tea pottery artist in the PRC, which principally engages in production of artistic tea pottery products	2014	Event management services and design and production services, among others, (i) organisation of artistic exhibitions; (ii) production of marketing materials; and (iii) graphic design works	1,038	7.9
3	Wuxi Golebrand Advertising Spread Co., Limited* (無錫博藍廣告傳播有限公司)	A limited liability company established in the PRC in 2004 which principally engages in provision of marketing design and planning as well as advertising agency services	2018	Event management services and design and production services, among others, (i) organisation of commercial exhibitions and promotion events; and (ii) production of marketing materials	858	6.5
4	Wuhan Hongao Green-Energy Engineering Co., Limited* (武漢宏澳綠色能源工程有限責任公司)	A limited liability company established in 2012 in the PRC which principally engages in provision of energy-saving optimization solutions, exhaust gas treatment and water treatment system solutions, as well as engineering construction services	2018	Event management services and design and production services, among others, (i) organisation of commercial exhibitions; (ii) graphic design works; and (iii) production of marketing materials	849	6.4
5	Yixing City Zhangzhu County Shanjuan Village Residents' Committee* (宜興市張渚鎮善卷村村民委員會)	A residents' committee in Yixing	2018	Event management services and design and production services, among others, (i) organisation of cultural exhibitions; and (ii) production of marketing materials; and (iii) graphic design works	802	6.1
<b>Five largest customers combined</b>					<b>4,660</b>	<b>35.4</b>
<b>All other customers</b>					<b>8,504</b>	<b>64.6</b>
<b>Total revenue for the period</b>					<b>13,164</b>	<b>100.0</b>

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## BUSINESS

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None of our Directors, their close associates, or any Shareholders who or which, to the knowledge of our Directors, owned more than 5% of the issued Shares of our Company as at the Latest Practicable Date had any interest in any of the five largest customers of our Group during the Track Record Period. Our Directors further confirm that (i) none of our customers was a supplier of our Group during the Track Record Period; and (ii) none of our customers had any relationship with our Directors and their close associates during the Track Record Period.

In addition, after conducting background search with publicly available information and enquiry of our five largest customers, to the best knowledge and information of our Directors, each of the five largest customers during the Track Record Period was independent to each other.

Our Directors consider that we do not have any concentration of customers.

### **Principal terms of service contracts**

We enter into binding contracts with our customers on a project-by-project basis instead of entering into long-term contracts. In general, we are required to ensure that the contents for our services provided should comply with relevant PRC laws and regulations, and should not involve any of the specific circumstances as stipulated under the Advertising Law of the PRC. For details, please refer to the section headed “Regulatory Overview – Laws and regulations relating to the industry - Regulations on advertising” of this prospectus. Set out below are the common principal contractual terms with our major customers during the Track Record Period:

Contract sum:	The agreed amount (included applicable tax) for carrying out the scope of work.
Contract period:	The expected project commencement date and completion date. In general, our services period varies from less than a month to a year.
Type and scope of services:	The type and scope of works which our Group is required to perform.
Payment term:	Our service fees are settled by installment in accordance with certain pre-agreed progress milestones with customers. We generally charge our customers an upfront fee, ranging from 20% to 50% of the contract sum, at the time of engagement, while the final payment is required to be settled by customers upon the completion of projects. No retention money is required by our customers for the provision of our marketing services.
Intellectual property rights:	The intellectual property rights of the services and products provided by our Group shall belong to customers.

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Unless provided in the service contract, our Group shall not use the design or product made for the benefit of customers for any other purposes.

Default and termination:

We shall perform the obligations provided in the service contract, failing which customer is entitled to terminate the contract and seek damages from our Group.

### **Pricing policy**

Our pricing is based on a cost-plus-margin model in general with mark-up determined on project basis. The services fees charged by our Group vary significantly depending on the types, scale, complexity of the projects and any specific requirements of our customers. In general, our quotation or tender of our marketing services has usually taken into account a number of factors, such as (i) nature of marketing services required; (ii) scale, complexity and difficulty of the project; (iii) the prevailing market rates offered by other competitors in the marketing services industry; (iv) estimated labour costs; (v) cost analysis taking into account the fees and charges by suppliers; (vi) number and type of equipment or manpower required; (vii) project timetable under customers' requirements; (viii) background and length of business relationship with our customers; and (ix) our budget and determination of a reasonable profit margin to be attained.

### **Credit policy**

In general, the credit period granted by us is up to 90 days from the invoice day and our customers settle by way of bank transfer in RMB. Our management closely monitors the credit exposure and repayment conditions of our customers. For more information, please refer to the section headed "Financial Information – Discussion of certain items of consolidated statements of financial position – Trade and other receivables – Trade receivables" of this prospectus. We have made provision for expected credit loss of trade receivables of approximately RMB33,000, RMB116,000, RMB476,000 and RMB514,000 as at 31 December 2016, 2017, 2018 and 31 May 2019, respectively.

### **Seasonality**

In general, it is our low season in the first half of the year, while our peak season usually occurs during the second half of the year and more projects are completed in such period. Based on the best understanding of our Directors, our customers generally prepare the budget proposals for the events or marketing materials in the first half of the year and execute such plans in the second half of the year. As a result, we record relatively higher revenue during the second half of the year, which is primarily due to the annual budget cycle of our customers and the time of executing their budget plans.

### SUPPLIERS

During the Track Record Period, we focused on the provision of event management services as well as design and production services. These works mainly involve (i) concept development and planning; (ii) design works; (iii) writing and editorial works; (iv) overall project management; and (v) on-site supervision. In order to support the implementation of our services, we cooperate with a wide range of suppliers in the PRC with various expertise and skills, including (i) information technology companies for applications and software development, multimedia clips and network solution to support the design, implementation and dissemination of our deliverables; (ii) stage service providers for venue decoration, stage construction, performance equipment and performers to support the execution of events; and (iii) printing and marketing material production companies for brochures, catalogues and other marketing materials. We select our suppliers from our approved list based on factors including (i) quality of products or services; (ii) timeliness of delivery; (iii) previous experience and length of relationship with the supplier; (iv) competitiveness of the price offered; (v) capability of meeting the specific requirement of projects; and (vi) reputation of the supplier.

In general, we do not enter into any long-term contracts with our suppliers. We enter into binding supply contracts with our suppliers and its terms generally include the type of products or the scope of services procured, the service period and the payment terms. The price for products or services provided is determined with reference to a pre-agreed quotation on an order-by-order basis. Our suppliers typical offer us credit terms ranging from 30 days to 120 days. The payment terms with our suppliers vary and payments are mainly made through bank transfers in RMB.

As at Latest Practicable Date, there were over 200 suppliers on our list of approved suppliers, which is reviewed and updated regularly. Since there are a number of suppliers of the required products or services in the PRC, our Directors consider that it is feasible to engage alternative suppliers of the required products or services for our Group and we do not overly rely on particular suppliers of the required products or services. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material difficulties or delays in performing our works due to material shortages or delays in supply of the required products or services.

For the years ended 31 December 2016, 2017, 2018 and the five months ended 31 May 2019, our total project costs amounted to approximately RMB10,353,000, RMB12,235,000, RMB19,959,000 and RMB4,764,000, respectively, out of which our largest supplier accounted for 19.3%, 26.1%, 17.7% and 21.3% of our Group's project costs for the corresponding periods, respectively, while the percentage of our Group's total project costs attributable to our five largest suppliers in aggregate was 44.4%, 66.5%, 66.4% and 60.2%, respectively.

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The following tables set out the profile of our five largest suppliers during the Track Record Period:

*For the year ended 31 December 2016*

Rank	Supplier	Background of supplier	Year of first becoming our supplier	Products/services procured	Transaction amount <i>RMB'000</i>	% to total project costs
1	Supplier A	A group of companies established in the PRC in 2011 which principally engages in development of computer software and web-based applications	2015	Applications and software development, animations and 3D graphics design	2,000	19.3
2	Supplier B	A limited liability company established in the PRC in 2015 which principally engages in leasing of stage equipment and provision of stage performance services	2015	Leasing and installation of stage equipment and provision of stage performance services	1,355	13.1
3	Supplier C	A limited liability company established in the PRC in 2013 which principally engages in design and production of advertising materials	2016	Production of advertising materials	472	4.6
4	Supplier D	A limited liability company established in the PRC in 2016 which principally engages in design and production of advertising materials	2016	Production of advertising materials	394	3.8
5	Supplier E	A limited liability company established in the PRC in 1996 which principally engages in provision of printing services	2015	Printing services	370	3.6
<b>Total:</b>					<b>4,591</b>	<b>44.4</b>

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*For the year ended 31 December 2017*

Rank	Supplier	Background of supplier	Year of first becoming our supplier	Products/services procured	Transaction amount <i>RMB'000</i>	% to total project costs
1	Supplier A	A group of companies established in the PRC in 2011 which principally engages in development of computer software and web-based applications	2015	Application and software development, animations and 3D graphics designs	3,189	26.1
2	Supplier C	A limited liability company established in the PRC in 2013 which principally engages in design and production of advertising materials	2016	Production of advertising materials	1,866	15.3
3	Supplier F	A limited liability company established in the PRC in 2013 which principally engages in development of computer software and electronic marketing services	2015	Applications and software development and online advertisement dissemination	1,344	11.0
4	Supplier G	A limited liability company established in the PRC in 2014 which principally engages in leasing and installation of stage equipments	2015	Venue decoration and leasing and installation of stage equipments	1,105	9.0
5	Supplier B	A limited liability company established in the PRC in 2015 which principally engages in provision of stage equipment and stage performance services	2015	Leasing and installation of stage equipment and provision of stage performance services	622	5.1
<b>Total:</b>					<b>8,126</b>	<b>66.5</b>

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*For the year ended 31 December 2018*

Rank	Supplier	Background of supplier	Year of first becoming our supplier	Products/services procured	Transaction amount <i>RMB'000</i>	% to total project costs
1	Supplier A	A group of companies established in the PRC in 2011 which principally engages in development of computer software and web-based applications	2015	Application and software development, animations and 3D graphics designs	3,528	17.7
2	Supplier C	A limited liability company established in the PRC in 2013 which principally engages in design and production of advertising materials	2016	Production of advertising materials	3,163	15.8
3	Supplier F	A limited liability company established in the PRC in 2013 which principally engages in development of computer software and electronic marketing services	2015	Applications and software development and online advertisement dissemination	2,756	13.8
4	Supplier B	A limited liability company established in the PRC in 2015 which principally engages in provision of stage equipment and stage performance services	2015	Leasing and installation of stage equipment and provision of stage performance services	2,662	13.3
5	Supplier D	A limited liability company established in the PRC in 2016 which principally engages in design and production of advertising materials	2016	Production of advertising materials	1,156	5.8
<b>Total:</b>					<b>13,265</b>	<b>66.4</b>



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*For the five months ended 31 May 2019*

Rank	Supplier	Background of supplier	Year of first becoming our supplier	Products/services procured	Transaction amount <i>RMB'000</i>	% to total project costs
1	Supplier B	A limited liability company established in the PRC in 2015 which principally engages in provision of stage equipment and stage performance services	2015	Leasing and installation of stage equipment and provision of stage performance services	1,016	21.3
2	Supplier A	A group of companies established in the PRC in 2011 which principally engages in development of computer software and web-based applications	2015	Application and software development, animations and 3D graphics designs	894	18.8
3	Supplier C	A limited liability company established in the PRC in 2013 which principally engages in design and production of advertising materials	2016	Production of advertising materials	535	11.2
4	Supplier G	A limited liability company established in the PRC in 2014 which principally engages in leasing and installation of stage equipments	2015	Venue decoration and leasing and installation of stage equipments	217	4.6
5	Supplier F	A limited liability company established in the PRC in 2013 which principally engages in development of computer software and electronic marketing services	2015	Applications and software development and online advertisement dissemination	204	4.3
<b>Total:</b>					<u><u>2,866</u></u>	<u><u>60.2</u></u>

None of our Directors, their close associates, or any Shareholders who or which, to the knowledge of our Directors, owned more than 5% of the issued Shares of our Company as at the Latest Practicable Date had any interest in any of the five largest suppliers of our Group during the Track Record Period. Our Directors further confirm that none of our suppliers was a customer of our Group during the Track Record Period.

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### INVENTORIES

Due to the nature of our business model as a marketing services provider, we did not maintain any inventory during the Track Record Period. Further, we do not hold any inventory to be used for future prospects, and all materials for our services and products provided are procured from our suppliers on a project-by-project basis.

### EQUIPMENT

As at 31 May 2019, the net book value of our property, plant and equipment was approximately RMB424,000, comprising mainly of motor vehicles. Our Directors confirm that we, as a marketing services provider, do not rely on any use of machinery or equipment, which we normally outsource to our suppliers in setting up venue for events.

### RESEARCH AND DEVELOPMENT

During the Track Record Period and up to the Latest Practicable Date, we had not engaged in any significant research and development activity.

### MARKET AND COMPETITION

According to the F&S Report, as driven by the increasing demand for marketing services in the PRC, the availability of a wide array of distribution channels, and the advancement of technology, the market size of the PRC marketing services industry has increased from RMB2,370.1 billion in 2013 to RMB3,234.1 billion in 2018, representing a CAGR of 6.4%. With the supportive government measures and continued product innovation, the marketing services industry is expected to maintain its growth momentum for the next five years at a CAGR of 7.3%, reaching RMB4,580.0 billion in 2023.

The event management services industry as well as the design and production services industry in the PRC are highly fragmented with over thousands of market participants in event management services industry and over 10,000 establishments in design and production services market, respectively. In 2018, our Group only accounted for less than 0.1% market share for both the PRC's event management services industry and the PRC's design and production services industry.

As advised by the F&S Report, for event management services as well as design and production services, customers mainly rely on the past experience and brand image of service providers. Existing players with solid record and reputation are more competitive to dominate the market while market entrants may face difficulties in penetrating into the market.

We consider that our competitive advantages have contributed to our success, in particular, we have proven track record and well-established business relationship with our customers. We are confident that we are able to withstand the intense competition in the highly fragmented industry with our competitive advantages. For further details of our competitive advantages, please refer to the paragraph headed "Competitive Strengths" in this section. Please also refer to the section headed "Industry Overview" of this prospectus for the details of the industry we operate our business and the competition we face.

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### SALES AND MARKETING

We currently do not have a sales and marketing team. We promote our business primarily through our good reputation in the marketing services industry and word-of-mouth marketing. From time to time, we participate in sales and marketing activities and social events hosted by the industry participants to seek business opportunities and update our industry know-hows.

Given the scale and nature of our current business, this has been effective to maintain the number of our returning customers. We plan to establish a sales and marketing team to attend sales and marketing activities, as well as to handle customer relationships by using part of the proceeds, details of which please refer to the paragraph headed “Business Strategies” in this section and the section headed “Future Plans and Use of Proceeds” of this prospectus.

### QUALITY CONTROL

Effective quality control and customer satisfaction is essential to our business. Quality assurance functions are performed throughout the execution of our services to ensure that our marketing services meet the standards required by each customer.

We only appoint project leaders with over five years of experience and a proven track record. They have extensive experience in dealing with customers, government bodies and other players in the marketing services industry. Our project leaders are responsible for communicating frequently with our customers to update them on the project progress and ensure that their expectations are met throughout the project implementation process. We often send implementation plans to our customers for feedback and make appropriate adjustments to ensure that the delivery of our marketing services conforms to their requirements. Our project leaders are also responsible for monitoring the execution and delivery of our marketing services and conducting evaluation after project completion.

In order to maximise the productivity of our team, we engage suppliers to provide services such as stage construction, visual, audio, lighting and entertainment activities in the course of our marketing services. Our Group applies stringent standards when selecting suppliers, and our suppliers have sufficient industry experience as well as a demonstrated commitment to provide high quality supporting services. Throughout the project execution, we monitor and provide feedback to our suppliers. For the purpose of conducting internal assessment on the performance of our suppliers for future reference, we adopt a project responsibility system that requires suppliers to take full responsibility for the quality of their products and services.

We have internal policies and practices to ensure smooth implementation, on-site security and quality of our exhibitions and events. Our project team usually arranges experienced staff to supervise, and monitor the on-site condition and be responsible for fire safety equipments and execute evacuation arrangements in case of emergency.

Our Directors confirmed that there was no incident of failure of our Group’s quality management which had a material adverse impact on our business operations during the Track Record Period and up to the Latest Practicable Date.

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### **LICENCE AND PERMITS**

As advised by our PRC Legal Adviser, during the Track Record Period and as of the Latest Practicable Date, we have obtained all material licences, permits and approvals from relevant regulatory authorities for our business operation in the PRC, which are still valid and in force.

### **ENVIRONMENTAL AND SOCIAL MATTERS**

#### **Environmental**

Our Directors believe that the marketing services industry in which we operate our business does not generate environmental pollution in general, and hence the impact of our operations on the environment is minimal. During the Track Record Period, our Group did not incur any direct costs for compliance with applicable environment protection rules and regulation. As at the Latest Practicable Date, our Group had not been subject to any major environmental claims, lawsuits, penalties or disciplinary actions.

#### **Social**

Save for the Board diversity policy as disclosed in the section headed “Directors, Senior Management and Employees – Board Committees – Nomination Committee” of this prospectus, our Group does not have any policies on compensation and dismissal, equal opportunities, diversity and anti-discrimination. We have developed and implemented various safety policies to monitor and record employee accidents. We strive to minimise work-related accidents and injuries. We engage third party suppliers to perform on-site construction and installation works for our event management services. We closely monitor the safety policies and on-site conditions to ensure proper implementation during the course of services delivery. Our Directors confirmed that, to the best of their knowledge, information and belief, we have not encountered any safety-related accidents that had material impact on our operations and we were in compliance with the PRC safety laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

### **INSURANCE**

In accordance with the applicable PRC laws and regulations, we are required to register and make contributions to social insurance and housing provident fund for our employees. As we may engage third party suppliers to undertake on-site construction and installation works for our events and exhibitions, we typically require our suppliers to purchase insurance for their workers.

We review our insurance policies from time to time for adequacy in the breadth of coverage. Our Directors consider that the existing insurance coverage is adequate having regard to our current operations and is in line with prevailing industry practice, and that no claim has been made in respect of any of our Group’s insurance policies during the Track Record Period and up to the Latest Practicable Date.

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### EMPLOYEES

As at the Latest Practicable Date, we had a total of 50 full-time employees of which 49 were based in the PRC and one was based in Hong Kong. Set out below is the number of our employees by functions as at the dates as indicated:

<b>Function</b>	<b>As at 31 December 2016</b>	<b>As at 31 December 2017</b>	<b>As at 31 December 2018</b>	<b>As at 31 May 2019</b>	<b>As at the Latest Practicable Date</b>
Director and management	4	4	5	5	5
Administration	5	5	4	4	4
Finance and accounting	2	3	3	3	3
Design and execution	39	36	36	36	38
<b>Total</b>	<b>50</b>	<b>48</b>	<b>48</b>	<b>48</b>	<b>50</b>

### Recruitment policy

We recruit our employees based on a number of factors such as their working experience, educational background, qualifications and talent in design and creativity. We conduct our recruitment process by online job posting. We enter into individual employment agreements with our employees specifying terms regarding to salaries, benefits, training, workplace safety, hygiene and grounds for termination. We provide orientation programs for our new employees and arrange on-the-job training to our employees to enhance their knowledge and skills.

### Remuneration policy

We offer competitive remuneration to our employees and review their individual remuneration on an annual basis taking into account each employee's work performance, contributions and years of experience.

Our remuneration package includes salary, bonuses and paid leave. Our employees also receive welfare benefits including social insurance and housing provident fund as required by the PRC laws and mandatory provident funds required by Hong Kong laws and regulations, where applicable.

### Relationship with employees

Our Directors consider that we have maintained good relationship with its employees. Our Directors confirm that we had not experienced any significant problems with its employees or disruption to its operations due to labour disputes nor had we experienced any difficulties in the recruitment and retention of experienced staff or skilled personnel during the Track Record Period. Our Group has not established any labour union.

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### PROPERTIES

As at the Latest Practicable Date, our Group entered into tenancy agreements relating to the lease of our headquarters in the PRC. The following table summarises the information regarding our leased property as at the Latest Practicable Date:

Address	Rent	Use of the property	Duration of the lease
Composite Building Xiazhang Village Yicheng Subdistrict Yixing City Wuxi City Jiangsu Province PRC (中國江蘇省無錫市宜興市 宜城街道下漳村委綜合樓)	Total yearly rent of RMB120,000	Headquarters	From 23 June 2018 to 31 December 2020 <i>(Note)</i>

*Note:* On 23 June 2018, the tenancy agreement was renewed to reflect the current name of our Group's member with the expiry date of the tenure remains the same as the original tenancy agreement.

In June 2018, our Group entered into a contract to purchase a presale office in Yixing as our new headquarters as our Directors considered that (i) additional working space is required in light of the business expansion plan; and (ii) ownership of the headquarters will save us from being expelled by the landlord upon expiry of tenure and we can invest more in decorating our headquarters, including setting up of an impressive show room to visualize and demonstrate to our potential clients of our track record or promotion ideas, it will allow us to gain trust and confidence from them, helping us reinforce our market position and capture more market share within the industry. We have paid approximately RMB4,995,000, representing 30% of the consideration, as a deposit to the real estate developer upon signing of the contract. Given that the infrastructure, such as sewerage, water and electricity are yet properly in place, the handover of our new headquarters is delayed. Subject to the progress of work and the inspection by the relevant government authorities, our new headquarters is expected to be delivered on or before November 2019. The remaining consideration of approximately RMB11,654,000 will be fully settled by own internal resources upon the delivery of the office premises to our Group. Should there is any unexpected circumstances such as a further delay in the handover of our new headquarters, our Group is entitled to rescind the contract with the deposits being fully refunded and our Directors will endeavor to look for other suitable properties as an alternative for our new headquarters. In light of the restrictive policies as imposed by the PRC government with an aim to cool down the property market in the PRC in recent years, our Directors considered that the terms for the mortgage was getting stringent, in particular the requirement of substantial portion of down-payment and other collateral. As such, our Directors decided to settle the consideration in whole with our internal resources. Before relocating to our new

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## BUSINESS

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headquarters, we will negotiate with our landlord to terminate the existing tenancy agreement. Particular of our recently purchased property is summarised as follows:

Date of agreement	Address	Gross floor area	Usage	Consideration and payment term	Expected time of delivery
29 June 2018	Xuefu Road Economic Development Zone Yixing City Wuxi City Jiangsu Province PRC (中國江蘇省無錫市宜興市經 濟開發區學府路)	1,040.58 square metres	Commercial	RMB16,649,000	November 2019

### INTELLECTUAL PROPERTY RIGHTS

#### Trademarks

As at the Latest Practicable Date, our Group had successfully registered two trademarks in Hong Kong and one trademark in the PRC. For details please refer to the section headed “Statutory and General Information – B. Further information about our business – 2. Intellectual property rights – Trademarks” in Appendix IV to this prospectus.

#### Domain name

As at the Latest Practicable Date, our Group had registered one domain name, being otch.com.cn. For details, please refer to the section headed “Statutory and General Information – B. Further information about our business – 2. Intellectual property rights – Domain Name” in Appendix IV to this prospectus.

We have not involved in any material intellectual property rights infringement claims and litigation during the Track Record Period and up to the Latest Practicable Date.

### COMPLIANCE

As confirmed by our Directors and as advised by our PRC Legal Adviser we had no material or systemic non-compliance of applicable laws and regulations in the PRC, which in the opinion of our Directors had or would reasonably be expected to have material adverse impact on our business during the Track Record Period and up to the Latest Practicable Date.

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### INTERNAL CONTROL

It is the responsibility of our Board to ensure that we maintain an effective internal control system to safeguard our Shareholders' investment and our assets at all times, covering the aspects of corporate governance, risk identification and assessment, quality control and financial reporting. To strengthen our internal control and risk management systems and to ensure future compliance with the applicable laws and regulations (including the GEM Listing Rules) after the Listing, our Group has taken and/or will take the following measures to ensure on-going compliance with various applicable laws and regulations:

- (i) In order to ensure sound implementation of our Group's risk management and internal control policies, we have engaged an independent internal control consultant (the "**Internal Control Consultant**") since December 2017;
- (ii) We have taken remedial actions to address deficiencies in our internal control systems identified by the Internal Control Consultant;
- (iii) We will appoint an external internal control adviser after the Listing to review the adequacy and effectiveness of our internal control systems and procedures in relation to various aspects, including but not limited to operations, compliance and risk management. We will adopt measures and policies to improve our internal control and risk management systems pursuant to their review and recommendations;
- (iv) We will continue to identify and assess our operational, business and financial risks on an on-going basis, implement sufficient measures to minimise and mitigate such risks, and ensure that all such measures remain effective;
- (v) Our Board will regularly review the adequacy and effectiveness of our internal control and risk management systems on a quarterly basis to ensure compliance with the applicable legal and regulatory requirements, and will enhance our internal control and risk management systems as appropriate;
- (vi) We have engaged and will continue to engage professional advisers, including compliance adviser, auditors, legal advisers or such other advisers required to render professional advice as to compliance with the requirements of laws, regulations and GEM Listing Rules applicable to our Group from time to time;
- (vii) Our Directors attended training sessions conducted by our Hong Kong legal adviser in June 2018 on the continuing duties and obligations of directors of a listed company, including but not limited to matters in relation to connected transactions, dealing in securities and disclosure of inside information; and
- (viii) An audit committee will be established to review the internal control systems and procedures of our Group in order to ensure compliance with the requirements of the GEM Listing Rules.



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## **BUSINESS**

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Our Directors are of the view that we have taken all reasonable steps to establish adequate and proper internal control and risk management systems.

### **LITIGATION AND CLAIMS**

During the Track Record Period and up to the Latest Practicable Date, no member of our Group was engaged in any litigation, arbitration or claim of material importance, nor was our Group aware of any litigation, arbitration or claim which was pending or threatened by third parties against any member of our Group that would have any material adverse effect on our Group's results of operations or financial condition.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### OUR CONTROLLING SHAREHOLDERS

Immediately upon completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), QY will directly control 52.5% of the voting rights at general meetings of our Company. QY is legally and beneficially owned as to 51% by Mr. Zhou and 49% by Ms. Song respectively. As Mr. Zhou and Ms. Song collectively control more than 30% of voting rights at general meetings of our Company, they will together become a group of our Controlling Shareholders by virtue of the GEM Listing Rules.

Each of Mr. Zhou, Ms. Song and QY confirms that he/she/it does not hold or conduct any business which competes, or is likely to compete, either directly or indirectly, with our business.

### INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE ASSOCIATES

Having considered the matters set out below, our Directors believe that our Group is capable of carrying on our businesses independently of our Controlling Shareholders, their respective associates or any other parties after the completion of the Share Offer.

#### (i) Financial independence

Our Group has an independent financial system and makes financial decisions according to our Group's own business needs. We have sufficient capital to operate our business independently, and have adequate internal resources and a strong credit profile to support our daily operations. During the Track Record Period, our Group principally relied on cash generated from operations to carry on its business and this is expected to continue after the Listing.

During the Track Record Period, our Group has certain amounts due from/(to) our Controlling Shareholders which will be settled before Listing. Our Directors consider our Group is capable of obtaining financing from external sources without reliance on our Controlling Shareholders after the Listing and that our Group is not financially dependent on them.

#### (ii) Operational independence

We have established our own organisational structure comprising of individual departments, each with specific area of responsibilities. We also have our own operation team, which is led by our senior management, and operates independently from our Controlling Shareholders and their respective associates.

Our Group has not shared its operational resources, such as suppliers, customers, marketing, sales and general administration resources with our Controlling Shareholders and/or their associates. No services, premises and facilities will be provided by our Controlling Shareholders and/or their respective associates to our Group. We also have independent access to our customers and suppliers which are all Independent Third Parties.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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We have implemented a set of internal control procedures to facilitate the effective and independent operation of our business. We have also obtained all material licences and permits from the relevant regulatory authorities for the operation of our business in the PRC, which are still valid and in force. We have the employees to operate our businesses independently of any of our Controlling Shareholders.

Having considered the above factors, our Directors consider that we have no operational dependence on our Controlling Shareholders.

### **(iii) Management independence**

Our Company aims at establishing and maintaining a strong and independent Board to oversee our Group's business. Our Board's major functions include approval of the overall business plans and strategies of our Group, monitoring the implementation of these policies and strategies and the management of our Company. Our Group has an independent management team, which is led by a team of senior managers with substantial experience and expertise in our business, to implement our Group's policies and strategies.

Our Board consists of five Directors, comprising two executive Directors and three independent non-executive Directors. The independent non-executive Directors have been appointed pursuant to the GEM Listing Rules and we believe that all of them will bring independent judgment to the decision-making process of our Board.

Each of our Directors is aware of his or her fiduciary duties as a director which require, among other things, that he or she acts for the benefit and in the best interests of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interest to exist. In the event that a potential conflict of interest arises out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant meeting of our Board in respect of such transactions and shall not be counted in the quorum.

### **RULE 11.04 OF THE GEM LISTING RULES**

Our Controlling Shareholders and our Directors do not have any interest in a business, apart from our Group's business, which competes or is likely to compete, directly or indirectly, with our Group's business, and would require disclosure under Rule 11.04 of the GEM Listing Rules.

### **DEED OF NON-COMPETITION**

In order to avoid any possible future competition between our Group and our Controlling Shareholders namely Mr. Zhou, Ms. Song and QY (each a "Covenantor" and collectively the "Covenantors"), the Covenantors have executed the Deed of Non-competition in favour of our Group on 21 October 2019. During the period that the Deed of Non-competition remains effective, each of the Covenantors jointly and severally, irrevocably and unconditionally undertakes in favour of our Company (for itself and as trustee for each member of our Group) that for as long as any of the Covenantors holds any Shares, each of the Covenantors shall not, and shall procure that their respective close associates

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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(other than any member of our Group) and/or companies controlled by them or their close associates (other than any member of our Group) shall not at any time (either on his/her/its own account or in conjunction with or on behalf of any person, firm or company, directly or indirectly, among other things):

- (a) directly or indirectly, be interested or involved or engaged in or carry on or be concerned with or acquire or hold any right or interest (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) in any business, project or business opportunity which is or is likely to compete directly or indirectly with the business currently and from time to time engaged by our Group in the PRC and any other country or jurisdiction to which our Group provides such products and services and/or in which any member of our Group carries on business mentioned above currently and from time to time (the “**Restricted Activity**”);
- (b) solicit, induce, directly or indirectly any existing director, manager, employee or then existing employee of our Group for employment by any of them or any of their close associates (other than any member of our Group), whether or not that person would commit a breach of that person’s contract of employment;
- (c) employ any person who has been a director, manager, employee, distributor of or consultant to any member of our Group in the past 12 months before such proposed employment and who is or may be likely to be in possession of any confidential information or trade secrets relating to the Restricted Activity;
- (d) solicit or procure any of the suppliers and/or the customers of our Group from time to time and/or any person who has dealt with our Group or is in the process of negotiating with our Group in relation to the Restricted Activity in the past 12 months before such proposed solicitation or persuasion to terminate their business relationships or otherwise reduce the amount of business with our Group which the person would normally do with our Group or to seek to improve their terms of trade with any member of our Group; and
- (e) without the consent from our Company, make use of any information pertaining to the business of our Group which may have come to their knowledge in their capacity as the Covenantors or otherwise for any purpose of engaging, investing or participating in any Restricted Activity.

In addition, the Covenantors further jointly and severally, irrevocably and unconditionally undertake in favour of our Company (for itself and as trustee for each member of our Group) that for so long as any of the Covenantors holds any Shares, in the event that any of the Covenantors is offered any opportunity to invest, participate, be engaged in and/or operate any project or new business opportunity that relates to the Restricted Activity, to (i) promptly refer such project or new business opportunity to our Group for consideration and provide such information as is reasonably required in order to enable our Group to make an informed assessment of such opportunity, and (ii) on a best endeavours basis procure that such project or new business opportunity is first offered to our Group on terms no less favourable than the terms on which such opportunity was offered to the Covenantors and/or their close associates.

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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In connection to the Deed of Non-competition, each of the Covenantors has further unconditionally and irrevocably undertaken to our Company (for itself and as trustee for each member of our Group):

- (a) promptly provide to our Company such information as our Company may from time to time reasonably request to ascertain compliance by the Covenantors of their obligations under the Deed of Non-competition;
- (b) allow our independent non-executive Directors to review, at least on an annual basis, the compliance with the Deed of Non-competition by the Covenantors, the options, pre-emptive rights or first rights of refusals (if any) provided by the Covenantors on their existing or future competing businesses;
- (c) undertake to provide all information necessary for annual review by our independent non-executive Directors and the enforcement of the Deed of Non-competition;
- (d) allow our Company to disclose decisions on matters reviewed by our independent non-executive Directors relating to the compliance and enforcement of the Deed of Non-competition either through the annual report, or by way of announcements;
- (e) make an annual declaration on compliance with the Deed of Non-competition in the annual report of our Company and disclosure on how the Deed of Non-competition has been complied with and enforced, consistent with the principle of making voluntary disclosure in the corporate governance report;
- (f) where the Covenantor is a Shareholder or a Director, the Covenantor shall not vote or be counted in the quorum on any resolution where there is actual or potential conflicting interest on the part of the Covenantor; and
- (g) fully and effectually indemnify and keep indemnified our Group against any losses, liabilities, damages, costs, fees and expenses suffered by our Group arising out of, or in connection with, or as a result of, any breach on the part of such Covenantors of any statement, warrant, undertaking, covenant or obligation made under the Deed of Non-competition, provided that the indemnity shall be without prejudice to any of the other rights and remedies of our Group in relation to any such breach.

The provisions contained in the Deed of Non-competition are conditional on the conditions stated in the section headed “Structure and Conditions of the Share Offer” of this prospectus being fulfilled. If such conditions are not fulfilled (or waived, where appropriate) on or before the date falling 30 days from the date of this prospectus, the Deed of Non-competition shall become null and void and cease to have any effect whatsoever.

The obligation of the Covenantors under the Deed of Non-competition will cease to have any effect whatsoever on (a) the date on which the Listing is withdrawn or when the Shares cease to be listed and traded on the Stock Exchange (except for temporary trading halt or suspension of trading of the Shares on the Stock Exchange due to any reason); or (b) the Covenantors (together with their respective close

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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associates), whether individually or taken together, cease to be interested directly or indirectly in 30% (or such other amount as may from time to time be specified in the GEM Listing Rules as being the threshold for determining a Controlling Shareholder) or more of the issued share capital of our Company, whichever occurs first.

### CORPORATE GOVERNANCE MEASURES

Each of the Covenantors has confirmed that he/she/it fully comprehends his/her/its obligations to act in the best interests of our Company and our Shareholders. To further safeguard the interests of our Shareholders, we will adopt the following measures to manage any potential conflicts of interest:

- (i) the Articles provide that except for a few exceptions set out in Note 5 to Appendix 3 of the GEM Listing Rules (in relation to paragraph 4(1) of the same appendix only), a Director shall absent himself from participating in Board meetings (nor shall he be counted in the quorum) and voting on any resolution of the Board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested unless a majority of the independent non-executive Directors expressly require him to attend;
- (ii) our independent non-executive Directors will review on an annual basis the compliance with the Deed of Non-competition undertaking by the Covenantors;
- (iii) the Covenantors undertake to provide all information requested by our Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-competition;
- (iv) the Covenantors will make an annual confirmation on compliance with the Deed of Non-competition in our subsequent annual reports;
- (v) we will disclose in the “corporate governance report” section of our subsequent annual reports on how the Deed of Non-competition has been complied with; and
- (vi) we will disclose decisions on matters reviewed by our independent non-executive Directors relating to the compliance of the Deed of Non-competition by the Covenantors, including why business opportunities referred by the Controlling Shareholder(s) were not taken up, in our subsequent annual reports.

Further, any transaction that is proposed between our Group and the Covenantors and/or their respective associates will be required to comply with the requirements of the GEM Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent shareholders’ approval requirements.

With the measures set out above, our Directors believe that the interest of our Shareholders will be protected.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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### DIRECTORS

#### Overview

Our Board consists of five Directors, comprising two executive Directors and three independent non-executive Directors. The table below sets forth the relevant information of each of our Directors:

Name	Age	Date of joining our Group	Present position	Date of appointment as our Director	Major roles and responsibilities in our Group	Relationships with other Directors and senior management
<i>Executive Directors</i>						
Mr. Zhou Yang (周楊先生)	39	30 May 2014	Chairman of our Board and executive Director	13 April 2018	Overseeing the management and business operations of our Group and formulating the marketing strategies for our Group	Spouse of Ms. Song
Ms. Song Ruiqing (宋瑞清女士)	40	30 May 2014	Chief executive officer and executive Director	13 April 2018	Managing the design and creative aspects of our Group's business, overseeing our Group's market position and supervising our administrative department	Spouse of Mr. Zhou
<i>Independent non-executive Directors</i>						
Mr. Ho Yau Kwok (何有國先生)	45	21 October 2019	Independent non-executive Director	21 October 2019	Supervising and providing independent advice to our Board on the operation and management of our Group; serving on the Audit Committee and Nomination Committee	None

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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Name	Age	Date of joining our Group	Present position	Date of appointment as our Director	Major roles and responsibilities in our Group	Relationships with other Directors and senior management
Mr. Yip Koon Shing (葉冠成先生) (formerly known as Mr. Yip Shing Kee (葉成基先生))	54	21 October 2019	Independent non-executive Director	21 October 2019	Supervising and providing independent advice to our Board on the operation and management of our Group; serving on the Audit Committee, the Remuneration Committee and the Nomination Committee	None
Mr. Wong Kin Yip (黃建業先生)	46	21 October 2019	Independent non-executive Director	21 October 2019	Supervising and providing independent advice to our Board on the operation and management of our Group; serving on the Audit Committee and the Remuneration Committee	None

### *Executive Directors*

**Mr. Zhou Yang** (周楊先生) (“**Mr. Zhou**”), aged 39, is the chairman of our Board, an executive Director and a Controlling Shareholder of our Group. Mr. Zhou is responsible for overseeing the management and business operations of our Group and formulating the marketing strategies for our Group. Mr. Zhou was appointed as Director on 13 April 2018 and re-designated as the chairman of our Board and our executive Director on 24 July 2018. Mr. Zhou is currently a director of OTHK, OTBVI and Yixing Orange.

Mr. Zhou completed his undergraduate studies in Electronic and Information Technology (電子與信息技術) from the China University of Mining and Technology in July 2002.

Prior to establishing our Group with Ms. Song in May 2014, Mr. Zhou worked for China Life Insurance Company Limited (a company listed on the Main Board, stock code: 02628) from December 2002 to April 2012 where he was involved in a number of managerial positions in various departments and once served as an assistant general manager of the Yixing branch. From May 2012 to March 2013, Mr. Zhou worked for Yixing Guohao Biological Environmental Protection Co., Ltd.\* (宜興國豪生物環保有限公司) and Zhongjieneng Guohao Biological Environmental Protection Co., Ltd.\* (中節能國豪生物環保有限公司) as a general manager assistant of the sales department and subsequently joined Xiashu Workshop in April 2013. With the sales and managerial experience, Mr. Zhou played a critical role in formulating marketing strategies and development of our Group.



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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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Mr. Zhou was a director of the following companies established in the PRC prior to their respective dissolution with details as follows:

Name of Company	Nature of business immediately prior to dissolution	Date of dissolution
宜興市搜壺記紫砂藝品有限公司 (“Souhuji Zisha”) <i>(Note)</i>	Inactive	17 May 2018
宜興市天下知己紫砂藝品有限公司 (“Tianxia Zisha”) <i>(Note)</i>	Inactive	21 June 2018

*Note:*

Souhuji Zisha and Tianxia Zisha were deregistered pursuant to article 180 of the PRC Company Law (中華人民共和國公司法) and the PRC Company Registration Regulations (中華人民共和國公司登記管理條例). Under article 180 of the PRC Company Law, a company may be dissolved by virtue of shareholders’ resolution. Article 183 of the PRC Company Law provides that a company being dissolved by way of shareholders’ resolution must form a liquidation unit to perform liquidation. Article 188 of the PRC Company Law provides that after the completion of liquidation of a company, it must apply for deregistration with the company registration authority.

Mr. Zhou confirmed that (i) the above companies had no business relationship with our Group, our Directors or any of our five largest customers during the Track Record Period; (ii) the above companies were solvent immediately prior to their dissolution; (iii) there was no wrongful act on his part leading to the dissolutions of the above companies; and (iv) he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolutions of the above companies.

Mr. Zhou is the spouse of Ms. Song.

**Ms. Song Ruiqing** (宋瑞清女士) (“**Ms. Song**”), aged 40, is the chief executive officer of our Company, an executive Director and a Controlling Shareholder of our Group. Ms. Song is responsible for managing the design and creative aspects of our Group’s business, overseeing our Group’s market position and supervising our administrative department. Ms. Song was appointed as our Director on 13 April 2018 and re-designated as our chief executive officer and executive Director on 24 July 2018. Ms. Song is currently a director of all subsidiaries of our Company, other than Yixing Orange.

Ms. Song obtained her college degree in radio and television journalism (廣播電視新聞) from the China University of Mining and Technology in July 2001. She has been a member of Yixing Author Association (宜興市作家協會) since June 2008.

Ms. Song has over 18 years of experience in marketing industry. She has extensive knowledge in marketing, brand promotion, advertising strategies, design and creative production through her past working experience, which has played a significant role in enhancing the scale of operations of our Group. Prior to setting up Xiashu Workshop and establishing our Group, Ms. Song worked for Wuxi Dawei Property Consultancy Limited\* (無錫大衛不動產顧問有限公司) as a project director from July 2001 to February 2003. She then served as a senior management of Guangzhou City Baiyang Advertising Company Limited\* (廣州市白羊廣告有限公司) from March 2003 to June 2005. Subsequently, Ms. Song worked as an editor for Yixing Daily\* (宜興日報) since July 2005. In August 2006, Ms. Song set up Xiashu Workshop with the permission of Yixing Daily and changed her role to work as a columnist for Yixing Daily. In view of the gradual expansion of Xiashu Workshop, Ms. Song ceased to work for Yixing Daily in June 2018 and decided to devote all of her time on Xiashu Workshop since then.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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Ms. Song is the spouse of Mr. Zhou.

### *Independent non-executive Directors*

**Mr. Ho Yau Kwok** (何有國先生) (“**Mr. Ho**”), aged 45, was appointed as our independent non-executive Director on 21 October 2019. He is responsible for providing independent advice to our Board. He is also the chairman of the Audit Committee and a member of the Nomination Committee.

Mr. Ho obtained a Bachelor of Arts in Accountancy from The Hong Kong Polytechnic University in November 1996. He further obtained a Master of Laws in Chinese Business Law from The Chinese University of Hong Kong in December 2010.

Mr. Ho was admitted as a member of The Association of Chartered Certified Accountants in May 2003 and has become a fellow of The Association of Chartered Certified Accountants since March 2008. He was also admitted as a member and a fellow of the Hong Kong Institute of Certified Public Accountant in July 2003 and June 2010 respectively. Mr. Ho was accredited as a chartered financial analyst by the CFA Institute in September 2004 and admitted as an associate member of The Hong Kong Institute of Bankers in May 2005.

Mr. Ho’s primary working experiences include:

Name of organisation	Principal business activity	Last position	Period of services
Fortis (Hong Kong) Limited (currently known as ABN AMRO Bank N.V. Hong Kong Branch	Provision of financial products and services	Director	August 2010 to present
Standard Chartered Bank (Hong Kong) Limited	Provision of financial products and services	Associate director	August 2007 to July 2010
Fortis Bank	Provision of financial products and services	Senior relationship manager	January 2005 to July 2007
Ernst & Young Transactions Limited	Provision of accounting services	Manager	January 2001 to January 2005
The Hong Kong Chinese Bank Limited (now known as China CITIC Bank International Limited)	Provision of financial products and services	Officer	October 1999 to January 2001
Nanyang Commercial Bank Limited	Provision of financial products and services	Officer	August 1996 to June 1999

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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**Mr. Yip Koon Shing** (葉冠成先生) (formerly known as Mr. Yip Shing Kee (葉成基先生)) (“**Mr. Yip**”), aged 54, was appointed as our independent non-executive Director on 21 October 2019. He is responsible for providing independent advice to our Board. He is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee.

Mr. Yip obtained a Bachelor of Science in Business Administration from California State Polytechnic University, Pomona in June 1988. He received a Master of Business Administration from Loyola Marymount University in Los Angeles in May 1992.

Mr. Yip is currently the chief executive of Good One Container Lines Limited, a company primarily engaged in transportation and logistics services. Prior to joining Good One Container Lines Limited in March 1997, Mr. Yip worked in Jardine Matheson & Co. from 1991 to 1997 with his last position held as an assistant general manager.

Mr. Yip was a director of the following companies incorporated in Hong Kong prior to their respective dissolution (but not due to member’s voluntary winding-up) with details as follows:

Name of Company	Nature of business immediately prior to dissolution	Date of dissolution
C. J. Associates Limited <sup>(Note 1)</sup>	Ceased business	21 November 2008
D.D.H. Development Company Limited (成寶泰拓展有限公司) <sup>(Note 1)</sup>	Ceased business	11 April 2003
Good One Consolidators Limited (冠運集裝貨運有限公司) <sup>(Note 2)</sup>	Ceased business	10 February 2017
Good One Express Limited (冠運國際貨運有限公司) <sup>(Note 2)</sup>	Ceased business	2 January 2015
Good One Global Shipping Services Limited (冠運環球船務有限公司) <sup>(Note 1)</sup>	Ceased business	10 October 2008
Good One Holdings Limited (冠運控股有限公司) <sup>(Note 1)</sup>	Ceased business	28 December 2007
Good One Holidays Limited (滿冠假期有限公司) <sup>(Note 1)</sup>	Ceased business	2 February 2011

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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*Notes:*

- (1) C.J. Associates Limited, D.D.H. Development Company Limited, Good One Global Shipping Services Limited, Good One Holdings Limited and Good One Holidays Limited were deregistered under section 291AA of the Predecessor Companies Ordinance. Under section 291AA of the Predecessor Companies Ordinance, an application for deregistration can only be made if: (a) all members of the company agree to such deregistration; (b) the company has not commenced business or operation, or has not been in operation or carried on business during the three months immediately before the application; and (c) such company has no outstanding liabilities.
- (2) Good One Consolidators Limited and Good One Express Limited were deregistered under section 751 of the Companies Ordinance. Under section 751 of the Companies Ordinance, an application for deregistration can only be made if: (a) all members of the company agree to such deregistration; (b) the company has not commenced business or operation, or has not been in operation or carried on business during the three months immediately before the application; (c) such company has no outstanding liabilities; (d) such company is not a party to any legal proceedings; (e) such company's asset does not consist of any immovable property situated in Hong Kong; and (f) if such company is a holding company, none of its subsidiary's assets consist of any immovable property situated in Hong Kong.

Mr. Yip confirmed that (i) the above companies were solvent immediately prior to their dissolution; (ii) there was no wrongful act on his part leading to the dissolutions of the above companies; and (iii) he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolutions of the above companies.

**Mr. Wong Kin Yip (黃建業先生) (“Mr. Wong”)**, aged 46, was appointed as our independent non-executive Director on 21 October 2019. He is responsible for providing independent advice to our Board. He is also a member of each of the Audit Committee and Remuneration Committee.

Mr. Wong received a Bachelor of Science in Real Estate from The Hong Kong Polytechnic University in November 1997 and a Certificate in Shopping Centre Management from the University of Hong Kong – School of Professional and Continuing Education in October 2002. He obtained a Master of Business Administration (Financial Services) from The Hong Kong Polytechnic University in October 2009.

Mr. Wong was admitted as a member of The Hong Kong Institute of Surveyors in February 2004, and subsequently as a professional member of The Royal Institution of Chartered Surveyors in December 2006. He was admitted as member of the China Institute of Real Estate Appraisers and Agents in October 2011 and an associate member of the Hong Kong Institute of Arbitrators in May 2013. Mr. Wong is now registered with the Surveyors Registration Board as a registered professional surveyor in general practice Division.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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Mr. Wong's primary working experience includes:

Name of organisation	Principal business activity	Last position	Period of services
Yue Yuen Industrial (Holdings) Limited	Manufacturing of athletic, athleisure, casual and outdoor footwear	Deputy director	October 2019 to present
Shell Electric Holdings Limited	Manufacturing of electrical appliances and property investment	General manager	November 2011 to October 2019
VXL Capital Limited	Real estate investment services	Vice president	July 2007 to August 2011
New World China Land Limited	Property development	Assistant manager	March 2006 to July 2007
Galaxy Casino, S.A.	Casino gaming concessionaire	Senior property officer	October 2004 to March 2006
East Pacific Holdings Limited	Property investment and development	Assistant leasing manager	July 2003 to April 2004
Chinese Estates, Limited	Property investment and development	Senior leasing officer	August 2002 to July 2003
FPDSavills Property Management Limited	Property management	Property officer	May 2001 to December 2001
Jones Lang LaSalle Limited	Property investment management	Valuer	June 1997 to May 2001

Mr. Wong was a director of the following company incorporated in Hong Kong prior to its dissolution by deregistration with details as follows:

Name of Company	Nature of business immediately prior to dissolution	Date of dissolution
Richlane Development Limited (富立發展有限公司) <i>(Note)</i>	Ceased business	18 August 2017

*Note:*

Richlane Development Limited was deregistered under section 751 of the Companies Ordinance. Under section 751 of the Companies Ordinance, an application for deregistration can only be made if: (a) all members of the company agree to such deregistration; (b) the company has not commenced business or operation, or has not been in operation or carried on business during the three months immediately before the application; (c) such company has no outstanding liabilities; (d) such company is not a party to any legal proceedings; (e) such company's asset do not consist of any immovable property situated in Hong Kong; and (f) if such company is a holding company, none of its subsidiary's assets consist of any immovable property situated in Hong Kong.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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Mr. Wong confirmed that (i) the above company was solvent immediately prior to its dissolution; (ii) there was no wrongful act on his part leading to the dissolution of the above company; and (iii) he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolution of the above company.

### DIRECTORS' INTERESTS

Save as disclosed in this prospectus, none of our Directors above (i) held any other positions in our Company or other members of our Group as at the Latest Practicable Date; (ii) had any other relationship with any Directors, senior management, Controlling Shareholders or Substantial Shareholders of our Company as at the Latest Practicable Date, and (iii) had held any other directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding to the Latest Practicable Date. As at the Latest Practicable Date and save as disclosed in the section headed "Statutory and General Information – C. Further information about Substantial Shareholders, Directors and experts – 1. Disclosure of interests" in Appendix IV to this prospectus, none of our Directors have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed in this prospectus, there was no other information in respect of our Directors that is required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules as at the Latest Practicable Date and to the best of the knowledge, information and belief of our Directors, and after having made all reasonable enquiries, there was no other matter with respect to our Directors that needs to be brought to the attention to our Shareholders.

### SENIOR MANAGEMENT

The following table sets forth the information concerning our senior management:

Name	Age	Date of joining our Group	Present position	Date of appointment as our senior management	Major roles and responsibilities in our Group
Mr. Suen Wai Hin (孫偉騫先生)	31	8 June 2018	Chief financial officer	8 June 2018	Managing the financial team and supervising our Group's treasury, financial reporting, tax and other related financial matters
Ms. Ma Li (麻俐女士)	35	30 May 2014	Operation manager	30 May 2014	Supporting the cultural, design and creative aspects of our Group's business
Ms. Zhou Qi (周琦女士)	36	30 May 2014	Operation manager	30 May 2014	Assisting in management of our Group's business operations and organising promotional activities and exhibitions for our customers

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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**Mr. Suen Wai Hin** (孫偉騫先生) (“**Mr. Suen**”), aged 31, was appointed as the chief financial officer of our Group on 8 June 2018. He is responsible for managing our financial team and supervising our Group’s treasury, financial reporting, tax and other related financial matters.

He received a Bachelor of Commerce (major in Finance and Accounting) from The University of Sydney in October 2010. Prior to joining our Group, Mr. Suen worked for Deloitte Touche Tohmatsu, Hong Kong as an associate carrying out auditing and assurance works in January 2011, with his last position held as a manager in April 2018. Mr. Suen was admitted as a member of CPA Australia in July 2013.

**Ms. Ma Li** (麻俐女士) (“**Ms. Ma**”), aged 35, was appointed as the operation manager of our Group on 30 May 2014. She is responsible for supporting the design and creative aspects of our Group’s business.

Ms. Ma graduated from Jiangsu Radio and Television University (江蘇廣播電視大學) (now known as Jiangsu Open University (江蘇開放大學)) in July 2004, where she majored in computer information management (計算機信息管理). Prior to joining our Group, Ms. Ma worked for Yixing Daily\* (宜興日報) from July 2005 to June 2008, where she acquainted with Ms. Song through their positions and shared interest in design, and Ms. Ma subsequently joined Xiashu workshop in July 2008. Ms. Ma has accumulated more than 10 years of experience in design and creative aspects. She has been a member of Yixing Author Association\* (宜興市作家協會) since June 2014.

**Ms. Zhou Qi** (周琦女士) (“**Ms. Zhou**”), aged 36, was appointed as the operation manager of our Group on 30 May 2014. She is responsible for assisting in management of our Group’s business operations and organising promotional activities and exhibitions for our customers.

Ms. Zhou completed her undergraduate education in Journalism (新聞專業) via self-study examination from Fudan University in June 2005. Prior to joining our Group, Ms. Zhou worked as a project manager of Yixing City Qiangsheng Motor Services Company Limited\* (宜興市強盛汽車服務有限公司) from August 2005 to August 2007. She has worked with Ms. Song since September 2007 when she joined Xiashu Workshop, and has accumulated more than 10 years of experience in event management and promotion.

Save as disclosed in this prospectus, none of our senior management above (i) held any other positions in our Company or other members of our Group as at the Latest Practicable Date; (ii) had any other relationship with any Directors, senior management, Controlling Shareholders or substantial Shareholders of our Company as at the Latest Practicable Date, and (iii) had held any other directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding to the Latest Practicable Date. As at the Latest Practicable Date, none of our senior management have any interest in the Shares within the meaning of Part XV of the SFO.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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### COMPANY SECRETARY

**Mr. Pang Wai Ching** (彭偉正先生) (“**Mr. Pang**”), aged 31, and was appointed our company secretary on 27 June 2018. He is responsible for overseeing the compliance and company secretarial matters of our Group.

Mr. Pang received a Bachelor of Business Administration in Accountancy from City University of Hong Kong in July 2010. He was admitted as a member of the Hong Kong Institute of Certified Public Accountants in March 2015.

Mr. Pang joined KPMG in October 2010 and left the firm in November 2014, with his last position held as an assistant manager. He served as assistant manager of group internal audit department of Melco Services Limited between November 2014 and September 2015. Mr. Pang rejoined KPMG in October 2015 and left the firm in July 2017 with his last position held as a manager. He also worked as a financial controller of Golden Bright Hong Kong Group Limited (金輝香港集團有限公司) from July 2017 to April 2018. Since April 2019, Mr. Pang has been the company secretary of Fusen Pharmaceutical Company Limited (stock code: 1652), a company listed on the Main Board of Stock Exchange. Mr. Pang has been appointed as an independent non-executive director of China Shenghai Food Holdings Company Limited (stock code: 1676), a company listed on the Main Board, since October 2019. He is currently the director of Techson Management Limited (德承管理有限公司), a company primarily engaged in accounting and training services.

### COMPLIANCE OFFICER

Mr. Zhou is the compliance officer of our Company for the purpose of Rule 5.19 of the GEM Listing Rules, for details of his biography please refer to paragraph headed “Directors – Executive Directors” in this section.

### BOARD COMMITTEES

Our Board delegates responsibilities to various committees in accordance with its Articles and the GEM Listing Rules. We have formed three board committees, namely the Audit Committee, Remuneration Committee and the Nomination Committee.

#### **Audit Committee**

Our Audit Committee was established by our Company pursuant to a Board resolution passed on 21 October 2019 with written terms of reference in compliance with Codes C.3.3 and C.3.7 of the Corporate Governance Code. The primary duties of the Audit Committee are mainly to (i) make recommendations to our Board on the appointment, reappointment and removal of the external auditor; (ii) review the financial statements and materials; (iii) provide advice in respect of financial reporting; and (iv) review the financial controls, internal control and risk management systems of our Group.

The Audit Committee comprises of three independent non-executive Directors, namely, Mr. Ho Yau Kwok, Mr. Yip Koon Shing and Mr. Wong Kin Yip. Mr. Ho Yau Kwok is the chairman of the Audit Committee.



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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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### Remuneration Committee

Our Remuneration Committee was established by our Company pursuant to a Board resolution passed on 21 October 2019 with written terms of reference in compliance with Code B.1.2 of the Corporate Governance Code. The primary duties of the Remuneration Committee are mainly to (i) make recommendations to our Board on the overall remuneration policy and structure relating to our Directors and senior management; (ii) review the management's remuneration proposals; (iii) ensure that no Director or any of his/her associates is involved in deciding own remuneration; and (iv) review performance-based remuneration.

The Remuneration Committee comprises of one executive Director, Ms. Song, and two independent non-executive Directors, namely, Mr. Yip Koon Shing and Mr. Wong Kin Yip. Mr. Yip Koon Shing is the chairman of the Remuneration Committee.

### Nomination Committee

Our Nomination Committee was established by our Company pursuant to a Board resolution passed on 21 October 2019 with written terms of reference in compliance with Code A.5.2 of the Corporate Governance Code. The primary duties of the Nomination Committee are mainly to (i) review the structure, size and composition of our Board annually and make recommendations on any proposed changes to our Board; (ii) identify individuals suitably qualified to become our Directors and make recommendations to our Board on the selection of individuals nominated for directorship; and (iii) make recommendations to our Board on the appointment or re-appointment of Directors and succession planning for Directors.

Our Nomination Committee is also responsible for ongoing implementation and periodic review of our Board diversity policy, which sets out the principles to achieve diversity of our Board. We will ensure the members of our Board have diverse backgrounds that taken together provide our Company a balance of skills and experience appropriate for the requirements of our business. Pursuant to our Board diversity policy, we will consider a number of factors (including gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, business perspectives and length of service) when deciding on appointments to our Board and the continuation of those appointments. The ultimate decision of the appointment will be based on merit and contribution that the selected candidates will bring to the Board, having due regard to the benefits of diversity on the Board and also the needs of the Board without focusing on a single diversity aspect. With regard to gender diversity on the Board, the Board shall take opportunity to increase the proportion of female members over time when selecting and making recommendation on suitable candidates for Board appointments so as to achieve an appropriate balance of gender diversity with reference to stakeholders' expectation and international and local recommended best practices, with the ultimate goal of bringing the Board to gender parity.

The Nomination Committee comprises of one executive Director, Mr. Zhou, and two independent non-executive Directors, namely, Mr. Ho Yau Kwok and Mr. Yip Koon Shing. Mr. Zhou is the chairman of the Nomination Committee.

### CORPORATE GOVERNANCE

Our Directors recognise the importance of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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Our Company has adopted the code provisions stated in the Corporate Governance Code and is committed to the view that our Board should include a balanced composition of executive and independent non-executive Directors, so that there is a strong independent element on our Board for exercising independent judgment effectively.

Our Directors are aware that we are expected to comply with the Corporate Governance Code upon Listing. Any deviation shall however be carefully considered, and the reasons for such deviation shall be given in the quarterly, interim and annual reports in respect of the relevant period. We are committed to achieving high standard of corporate governance with a view to safeguarding the interests of our Shareholders as a whole.

### REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of salaries, benefits in kind and/or discretionary bonuses relating to the performance of our Group and other benefits-in-kind, including our contribution to the retirement benefit scheme. We regularly review and determine the remuneration and compensation packages of our Directors and senior management.

The aggregate amount of remuneration (including salaries, allowances, discretionary bonuses, other benefits and contributions to retirement benefit scheme) paid to our Directors for each of the three years ended 31 December 2016, 2017 and 2018 and the five months ended 31 May 2019 were approximately RMB1,934,000, RMB1,942,000, RMB2,674,000 and RMB674,000, respectively. Details of the arrangement for remuneration of our Directors are set out in Note 10 to the Accountants' Report.

The aggregate amount of remuneration (including salaries, allowances, discretionary bonuses, other benefits and contributions to retirement benefit scheme) paid to our senior management for each of the three years ended 31 December 2016, 2017, 2018 and the five months ended 31 May 2019 were approximately RMB861,000, RMB923,000, RMB1,782,000 and RMB520,000, respectively.

Save as disclosed in this prospectus, no other emolument has been paid, or are payable, by us to our Directors and senior management.

During the Track Record Period, no remuneration was paid by our Company to, or received by, our Directors as an inducement to join or upon joining our Group.

Upon the Listing, the Remuneration Committee will make recommendations to our Board on the overall remuneration policy and compensation packages relating to our Directors and senior management with reference to salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

Pursuant to our Directors' service contracts and letters of appointment referred to in the section headed "Statutory and General Information – C. Further information about Substantial Shareholders, Directors and experts – 2. Particulars of service contracts and letters of appointment" in Appendix IV to this prospectus, the aggregate amount of directors' fee and other emoluments payable to our Directors for the year ending 31 December 2019 is estimated to be approximately RMB1,599,000, excluding any discretionary bonus.

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## **DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES**

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### **COMPLIANCE ADVISER**

In accordance with Rule 6A.19 of the GEM Listing Rules, our Company has appointed Frontpage Capital as our compliance adviser, who will have access to our Company's authorised representatives, executive Directors and other officers at all reasonable times. The compliance adviser will advise our Company on ongoing compliance requirements and other issues under the GEM Listing Rules and other applicable laws and regulations in Hong Kong after the Share Offer.

Pursuant to Rule 6A.23 of the GEM Listing Rules, the compliance adviser will advise our Company on, among others, the following matters:

- (i) any regulatory announcement, circular or financial report before its publication;
- (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- (iii) where our Company proposes to use the net proceeds of the Share Offer in a manner different from that set out in this prospectus or where the business activities, developments or results of our Company deviate from any forecast, estimate, or other information in this prospectus; and
- (iv) where the Stock Exchange makes an inquiry of our Company under Rule 17.11 of the GEM Listing Rules.

The term of appointment of the compliance adviser will commence on the Listing Date and will end on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date, or until the agreement is terminated, whichever is earlier.

### **MANDATORY PROVIDENT FUND SCHEME AND PRC CONTRIBUTION PLANS**

Our Group participates in the mandatory provident fund prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) and our Directors confirm that our Group has made the relevant contributions in accordance with the aforesaid laws and regulations. As required under PRC laws and regulations, our Group also participates in various defined contribution plans organised by relevant provincial and municipal government authorities and welfare schemes for our PRC employees.

### **SHARE OPTION SCHEME**

The Share Option Scheme was conditionally adopted pursuant to the written resolutions of the existing Shareholders of our Company passed on 21 October 2019. The purpose of the Share Option Scheme is to enable our Company to grant options to select participants as incentives or rewards for their contribution to it. Our Directors consider the Share Option Scheme, with its broadened basis of participation, will enable our Group to reward the employees, our Directors and other selected participants for their contributions to our Group. The Share Option Scheme will be in compliance with Chapter 23 of the GEM Listing Rules and other relevant rules and regulations. Further details of the Share Option Scheme are set forth in the section headed "Statutory and General Information – D. Share Option Scheme" in Appendix IV to this prospectus.

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## SHARE CAPITAL

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### SHARE CAPITAL

Without taking into account any Shares which may be allotted pursuant to the exercise of any options which may be granted under the Share Option Scheme, the share capital of our Company immediately upon completion of the Capitalisation Issue and the Share Offer will be as follows:

***Authorised share capital:***

<u>2,000,000,000</u> Shares of US\$0.001 each	<u>US\$2,000,000</u>
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***Share capital in issue or to be issued, fully paid or credited as fully paid:***

1,000,000 Shares in issue at the date of this prospectus	US\$1,000
599,000,000 Shares to be issued pursuant to the Capitalisation Issue	US\$599,000
<u>200,000,000</u> Shares to be issued pursuant to the Share Offer	<u>US\$200,000</u>

**Total:**

<u>800,000,000</u> Shares	<u>US\$800,000</u>
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### MINIMUM PUBLIC FLOAT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, as of the time of the Listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of 25% of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

### RANKING

The Offer Shares will rank *pari passu* in all respects with all our Shares now in issue or to be issued as mentioned in this prospectus, and, in particular, will qualify in full for all dividends or other distributions declared, made or paid on our Shares in respect of a record date which falls after the date of this prospectus, save for participation in the Capitalisation Issue.

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## SHARE CAPITAL

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### GENERAL MANDATE TO ISSUE SHARES

A general unconditional mandate was given to our Directors to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with subject to the requirement that the aggregate number of our Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (otherwise than pursuant to a rights issue, or scrip dividend scheme or similar arrangements, or any exercise of the options to be granted under the Share Option Scheme or any other share option scheme of our Company, or a specific authority granted by our Shareholders, or pursuant to the Share Offer) shall not exceed:

- (a) 20% of the total number of issued Shares immediately upon completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme); and
- (b) the aggregate number of Shares repurchased by our Company (if any) pursuant to the Repurchase Mandate.

The Issue Mandate will remain in effect until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
- (iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting.

For further details of the Issue Mandate, please refer to the section headed “Statutory and General Information – A. Further information about our Company – 3. Written resolutions of our existing Shareholders passed on 21 October 2019” in Appendix IV to this prospectus.

### GENERAL MANDATE TO REPURCHASE SHARES

A general unconditional mandate was given to our Directors to exercise all the powers of our Company to repurchase Shares (which may be listed on the Stock Exchange or on any other stock exchange which is recognised by the SFC and the Stock Exchange for this purpose) not more than 10% of the total number of issued Shares immediately upon completion of the Capitalisation Issue and the Share Offer (excluding Shares which may be allotted and issued pursuant to the exercise of any options to be granted under the Share Option Scheme).

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## SHARE CAPITAL

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The Repurchase Mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and made in connection with all applicable laws and regulations and the requirements of the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in the section headed “Statutory and General Information – A. Further information about our Company – 6. Repurchases of our Shares by our Company” in Appendix IV to this prospectus.

The Repurchase Mandate will remain in effect until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
- (iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting.

For further details of the Repurchase Mandate please refer to the section headed “Statutory and General Information – A. Further information about our Company – 3. Written resolutions of our existing Shareholders passed on 21 October 2019” in Appendix IV to this prospectus.

### **CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED**

As a matter of the Companies Law, an exempted company is not required by law to hold any general meetings or class meetings. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, our Company will hold general meetings in accordance with the Articles, a summary of which is set out in Appendix III to this prospectus.

### **SHARE OPTION SCHEME**

We have conditionally adopted the Share Option Scheme, a summary of the principal terms of which is set out in the section headed “Statutory and General Information – D. Share Option Scheme” in Appendix IV to this prospectus.

Our Group did not have any outstanding share options, warrants, convertible instruments, pre-IPO share options or similar rights convertible into the Shares as at the Latest Practicable Date.

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## SUBSTANTIAL SHAREHOLDERS

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### SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware of immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), the following persons will have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

#### Long position in our Shares

Name of Shareholder	Capacity/Nature of Interest	Number of fully paid Shares held/ interested as at 30 July 2018 <i>(Note 6)</i>	Percentage of shareholding as at 30 July 2018 <i>(Note 6)</i>	Number of Share held/ interested immediately following the completion of the Capitalisation Issue and the Share Offer	Percentage of shareholding immediately following the completion of the Capitalisation Issue and the Share Offer
QY <sup>(Note 1)</sup>	Beneficial owner	700,000	70.0%	420,000,000	52.5%
Mr. Zhou <sup>(Note 1)</sup>	Interest in controlled corporation	700,000	70.0%	420,000,000	52.5%
Ms. Song <sup>(Note 1)</sup>	Interest in controlled corporation	700,000	70.0%	420,000,000	52.5%
SRU <sup>(Note 2)</sup>	Beneficial owner	200,000	20.0%	120,000,000	15.0%
Mr. Fan <sup>(Note 2)</sup>	Interest in controlled corporation	200,000	20.0%	120,000,000	15.0%
Ms. Zhou Jianyuan <sup>(Note 3)</sup>	Spouse interest	200,000	20.0%	120,000,000	15.0%
DHSH <sup>(Note 4)</sup>	Beneficial owner	100,000	10.0%	60,000,000	7.5%
Mr. Ho <sup>(Note 4)</sup>	Interest in controlled corporation	100,000	10.0%	60,000,000	7.5%
Ms. Li Sze Man <sup>(Note 5)</sup>	Spouse interest	100,000	10.0%	60,000,000	7.5%

*Notes:*

1. These 420,000,000 Shares are held by QY, which is beneficially owned by Mr. Zhou and Ms. Song as to 51% and 49% respectively. Therefore, each of Mr. Zhou and Ms. Song is deemed or taken to be interested in the Shares held by QY under the SFO. Mr. Zhou and Ms. Song are directors of QY.
2. These 120,000,000 Shares are held by SRU, which is beneficially wholly owned by Mr. Fan. Therefore, Mr. Fan is deemed or taken to be interested in all the Shares held by SRU under the SFO. Mr. Fan is the sole director of SRU.

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## SUBSTANTIAL SHAREHOLDERS

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3. Ms. Zhou Jianyuan is the spouse of Mr. Fan. Ms. Zhou is deemed to be or taken to be interested in the all the Shares in which Mr. Fan is interested under the SFO.
4. These 60,000,000 Shares are held by DSHH, which is beneficially wholly owned by Mr. Ho. Therefore, Mr. Ho is deemed or taken to be interested in all the Shares held by DSHH under the SFO. Mr. Ho is the sole director of DSHH.
5. Ms. Li Sze Man is the spouse of Mr. Ho. Ms. Li is deemed to be or taken to be interested in the all the Shares in which Mr. Ho is interested under the SFO.
6. The date of filing of application proof.

Save as disclosed above, our Directors are not aware of any person who will, immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), have an interest or a short position in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, who will, directly or indirectly, be interested in 10% of more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group and are therefore regarded as our Substantial Shareholders under the GEM Listing Rules.



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## FINANCIAL INFORMATION

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*You should read this section in conjunction with our audited consolidated financial information, including the notes thereto, as set out in the Accountants' Report in Appendix I to this prospectus. Our consolidated financial information have been prepared in accordance with HKFRSs. You should read the entire Accountants' Report and not merely rely on the information contained in this section.*

*The following discussion and analysis contains certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions, and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and development will meet our expectations and projections depend on a number of risks and uncertainties over which we do not have control. For further information, please refer to the section headed "Risk Factors" of this prospectus.*

### OVERVIEW

We are a marketing services company headquartered in Yixing of the PRC with a principal focus on the provision of (i) event management services; and (ii) design and production services. Commencing our business under our Group's predecessor in 2006, we have accumulated over 12 years of experience in the provision of marketing services. Over the years, we have developed a well-established relationship with a variety of customers in both the governmental and commercial sectors of the PRC, including government authorities, residents' committees and state-owned enterprises, real estate corporations, automobile dealers, crafts companies and individual artists as well as other corporate customers. During the Track Record Period, we have successfully completed 585 and 1,079 projects on the provision of event management services and design and production services, respectively. Based on contracts on hand as at Latest Practicable Date, we have 52 projects on hand with total outstanding contract sum amounted to approximately RMB13,829,000, which is expected to be recognised for the year ending 31 December 2019.

For the years ended 31 December 2016, 2017, 2018 and the five months ended 31 May 2019, we recognised revenue of approximately RMB34,913,000, RMB40,877,000, RMB53,358,000 and RMB13,164,000, respectively. Our profits for the years ended 31 December 2016, 2017 and 2018 and the five months ended 31 May 2019 were approximately RMB9,540,000, RMB12,254,000, RMB6,307,000 and RMB2,432,000, respectively. If the effect of the listing expenses, which amounted to approximately RMB8,048,000 and RMB286,000 for the year ended 31 December 2018 and the five months ended 31 May 2019, respectively, were not taken into account and for illustration purpose only, our net profit for the year ended 31 December 2018 and the five months ended 31 May 2019 would be approximately RMB14,355,000 and RMB2,718,000, respectively.

### BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 13 April 2018 under the Companies Law. In preparation of the Share Offer, the companies comprising our Group underwent the Reorganisation as described in the section headed "History, Development and Reorganisation" of this prospectus.

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## FINANCIAL INFORMATION

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Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 25 June 2018. Our Group is under the common control of the Controlling Shareholders throughout the Track Record Period or since their respective dates of incorporation, where there is a shorter period, and the control is not transitory. The Reorganisation has been accounted for as a restructuring under common control in a manner similar to pooling of interests. Accordingly, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the Track Record Period include the financial performances, changes in equity and cash flows of companies within our Group as if the current group structure had been in existence throughout the Track Record Period, or since their date of establishment, incorporation or acquisition, where applicable. The consolidated statements of financial position of our Group as at 31 December 2016, 2017, 2018 and 31 May 2019 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates taking into account the respective date of establishment, incorporation or acquisition, where applicable.

### **SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

Our results of operations have been, and are expected to continue to be, affected by a number of factors, which primarily include the following:

#### **Economic conditions in the PRC**

We operated in the PRC and derived all of our revenue in the PRC during the Track Record Period. Besides, our Group expects to further expand in the PRC by opening new branch offices and expanding our workforce over the next few years. The results of operations of our Group are therefore directly affected by the demand for marketing services of our Group's target customers in the PRC and such demand depends upon many factors, most of which are beyond our Group's control, among others, the general economic condition in the PRC.

#### **Fluctuation in costs related to our projects**

The primary costs for our business operations are project costs and employee benefits expense. For the years ended 31 December 2016, 2017, 2018 and the five months ended 31 May 2019, project costs accounted for 29.7%, 29.9%, 37.4% and 36.2% of our revenue, respectively, and employee benefits expenses accounted for 29.2%, 24.7%, 20.9% and 23.9% of our revenue, respectively. Any unfavourable fluctuation in the market price of our project costs or employee benefits expense may have a material adverse impact on our costs for our operations. If we are unable to pass on the increased costs to our customers, our business, results of operations, financial condition and profitability may also be materially and adversely affected.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in project costs and employee benefits expense on our profit before income tax during the Track Record Period, holding all other variables constant.

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To illustrate the potential effect on our financial performance, the sensitivity analysis below shows the impact on our profit before income tax with a 18.2% and 63.1% increase or decrease in the project costs, which correspond to the historical percentage changes in our project costs during the Track Record Period:

### Hypothetical fluctuation in project costs

	<b>-63.1%</b>	<b>-18.2%</b>	<b>+18.2%</b>	<b>+63.1%</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Change in profit before income tax</b>				
Year ended 31 December 2016	6,533	1,884	(1,884)	(6,533)
Year ended 31 December 2017	7,720	2,227	(2,227)	(7,720)
Year ended 31 December 2018	12,594	3,633	(3,633)	(12,594)
Five months ended 31 May 2019	3,006	867	(867)	(3,006)

To illustrate the potential effect on our financial performance, the sensitivity analysis below shows the impact on our profit before income tax with a 1.2% and 10.5% increase or decrease in the employee benefits expense, which correspond to the historical percentage changes in our employee benefits expense during the Track Record Period:

### Hypothetical fluctuation in employee benefits expense

	<b>-10.5%</b>	<b>-1.2%</b>	<b>+1.2%</b>	<b>+10.5%</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Change in profit before income tax</b>				
Year ended 31 December 2016	1,072	122	(122)	(1,072)
Year ended 31 December 2017	1,059	121	(121)	(1,059)
Year ended 31 December 2018	1,170	134	(134)	(1,170)
Five months ended 31 May 2019	331	38	(38)	(331)

### Our ability to keep or expand our customer base

Our business model is project-based, where we charge customers a fixed fee for our marketing services during the Track Record Period. As such, our revenue is generally non-recurring in nature. In addition, we generally do not enter into long term agreements with our customers. Our success depends on our ability to maintain our relationships with existing customers and to develop new opportunities with potential customers. As all of our contracts are project basis, our revenue may fluctuate depending on the number of projects we are able to secure and we may have limited visibility as to our future revenue streams. If we fail to retain our existing customers, or to provide innovative marketing services and pricing structures to attract new customers, the demand for our services will not grow and may even decrease, which could materially and adversely affect our ability to maintain or increase our revenue and profitability.

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## FINANCIAL INFORMATION

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### CRITICAL ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

We have identified below the accounting policies that we believe are the most critical to our consolidated financial statements. Notes 4 and 5 to the Accountants' Report included in Appendix I to this prospectus sets out in detail our significant accounting policies and accounting judgements and estimates. These accounting policies require our Directors to make judgements, estimates and assumptions, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. We continue to evaluate our estimates and associated assumptions and base them on our historical experience and various other factors, including expectation of future events, that we believe are reasonable under the circumstances. Our Group has consistently adopted all new and revised HKFRSs issued by HKICPA that are effective for accounting periods beginning on 1 January 2019 throughout the Track Record Period, except that our Group adopted HKFRS 16 "Leases" ("**HKFRS 16**") since 1 January 2019 and HKAS 17 "Leases" ("**HKAS 17**") prior to 1 January 2019.

The following paragraphs summarise the critical accounting policies, judgements and estimates applied in the preparation of our Group's consolidated financial statements.

#### Revenue recognition

Revenues are recognised when or as the control of the goods or services is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if our Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as our Group performs; or
- does not create an asset with an alternative use to our Group and our Group has an enforceable right to payment for performance completed to date.

According to HKFRS 15, if any of the criteria for the control of the goods and services transferring over time as set out above is met, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods and services.

The principal activities of our Group are provision of event management services and design and production services.

In respect of both of these principal activities, our Group recognise revenue at a point in time instead of recognising by stages of completion as none of the criteria for the control of our services transferring over time is met, having regard that:

- (i) even though we serve our customers continuously over the contract period, they cannot receive and consume the benefits from our services simultaneously as they can only enjoy the entire benefits once our services are completed at the end of the contract period, i.e. when all events have been held or our deliverables have been passed to our customers;
- (ii) our services are transferred to and controlled by our customers only at the point when all of our works necessary for the provision of services are completed at the end of the contract period; and

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- (iii) no enforceable right to payment for performance completed to date is stipulated in the service contracts which guarantee that we can recover the compensation for the works done up to the date if our customers terminate the contracts before the completion of our services.

Therefore, without meeting any of the revenue recognition criteria for stages of completion according to HKFRS 15 “Revenue from contracts with customers” (“**HKFRS 15**”), we recognise revenue at a point in time upon the end of the service contracts, i.e. when all of our works are completed and our customers can enjoy the entire benefits from our services provided at that point of time.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

Our Group has applied HKFRS 15 consistently throughout the Track Record Period. Our Directors consider that the application of HKFRS 15 does not have significant impact on our Group’s financial position and performance when compared to that of HKAS 18 “Revenue”.

### **Provision of event management services**

#### *Recognition*

The types of events that event management services relate to include a variety of cultural, artistic, recreational and corporate promotional events.

The services provided by us cover scopes of design, planning, promotion, coordination and management of an event for customers. Based on the customers’ objectives, we form the theme of the event for our customers and visualise concepts with a detailed implementation plan. We will continue to modify the preliminary plans until the customers are satisfied with the plans and have no further comments.

Revenue is recognised at a point in time at the end of contract period or at when the acknowledgement is signed by the customer after it is satisfied with the services, where appropriate. At that stage, we have present right to payment for the whole transaction price and the collection of the consideration is considered probable.

### **Provision of design and production services**

#### *Recognition*

Design and production services include design and the production of various sketches, graphics and other marketing materials.

We offer design, writing and editorial as well as animated media work services to the customers. We use expertise and knowledge to transform and express customers’ ideas in different forms. We also design and edit contents of webpages and various social media platforms to meet customers’ marketing objectives. We will continue to modify the design until the customers are satisfied with the design and have no further comment.

Revenue is recognised at a point in time at the end of contract period. At that stage, we have present right to payment of the transaction price and the collection of the consideration is considered probable.

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## FINANCIAL INFORMATION

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### Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

### Provision for expected credit loss on trade receivables

Our Group has applied HKFRS 9 “Financial instruments” (“**HKFRS 9**”) consistently throughout the Track Record Period. Our Group recognises loss allowances for expected credit loss on trade receivables pursuant to HKFRS 9. Our Group determines provision for expected credit loss on trade receivables resulting from the inability of the customers/debtors to make the required payments. A considerable amount of estimate and judgement is required in assessing the ultimate realisation of these receivables which is based on the ageing of the receivable balance, customer/debtor credit-worthiness, and historical write-off experience. If the financial conditions of customers/debtors deteriorate, additional allowance for expected credit loss may be required. Our Directors consider that the application of HKFRS 9 does not have significant impact on our Group’s financial position and performance when compared to that of HKAS 39 “Financial instruments: recognition and measurement”.

### Adoption of HKFRS 16

Effective from 1 January 2019, HKFRS 16 replaced HKAS 17 and our Group has elected the practical expedient to apply HKFRS 16 to contracts that previously identified as leases under HKAS 17 and account for leases for which the lease term ends within 12 months from the date of initial application as short-term leases.

In accordance to HKFRS 16, leases are initially recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by our Group. Upon initial application of HKFRS 16, we recognised the full lease liabilities in relation to leases which had previously been classified as operating leases under HKAS 17. These liabilities were subsequently measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of respective entities. The difference between the present value and the total remaining lease payments represents the cost of financing. Such finance cost will be charged to the profit or loss in the period in which it is incurred using effective interest method. The associated right-of-use assets were measured at the amount equal to the initial measurement of lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position immediately before the date of initial application. The right-of-use assets were recognised in the consolidated statements of financial position and the corresponding depreciation was charged on a straight-line basis over the shorter of the asset’s estimated useful life and the lease term. For details in relation to the adoption of HKFRS 16, please refer to Notes 3.1 and 4.5 to the Accountants’ Report included in Appendix I to this prospectus. Save as disclosed above, our Directors consider that the adoption of HKFRS 16 did not have significant impact on our Group’s financial position and performance when compared to that of HKAS 17.

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## FINANCIAL INFORMATION

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### RESULTS OF OPERATIONS OF OUR GROUP

The following table presents the results of operations of our Group during the Track Record Period, which are derived from the consolidated statements of comprehensive income as set out in the Accountants' Report in Appendix I to this prospectus.

	<b>Year ended 31 December</b>			<b>Five months ended</b>	
				<b>31 May</b>	
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2018</b>	<b>2019</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>				
Revenue	34,913	40,877	53,358	11,070	13,164
Other income	42	108	309	51	21
Project costs	(10,353)	(12,235)	(19,959)	(3,295)	(4,764)
Depreciation of property, plant and equipment	(352)	(387)	(329)	(140)	(134)
Employee benefits expense	(10,207)	(10,083)	(11,143)	(3,341)	(3,152)
Other operating expenses	(1,261)	(1,923)	(2,827)	(1,252)	(1,319)
Listing expenses	–	–	(8,048)	(3,624)	(286)
Finance costs	–	–	–	–	(4)
<b>Profit/(loss) before income tax</b>	<b>12,782</b>	<b>16,357</b>	<b>11,361</b>	<b>(531)</b>	<b>3,526</b>
Income tax expense	(3,242)	(4,103)	(5,054)	(885)	(1,094)
<b>Profit/(loss) for the year/period</b>	<b>9,540</b>	<b>12,254</b>	<b>6,307</b>	<b>(1,416)</b>	<b>2,432</b>

## FINANCIAL INFORMATION

### SELECTED LINE ITEMS IN THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

#### Revenue

We are a marketing services company which principally engages in the provision of (i) event management services and (ii) design and production services in the PRC. Our revenue primarily represents the amount received and receivable for provision of services. The table below sets forth our revenue by the type of services we provided during the Track Record Period:

	2016		Year ended 31 December 2017				2018		Five months ended 31 May 2019			
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Event management services	18,423	52.8	24,537	60.0	36,280	68.0	7,761	70.0	9,094	69.1		
Design and production services	16,490	47.2	16,340	40.0	17,078	32.0	3,309	30.0	4,070	30.9		
	<u>34,913</u>	<u>100.0</u>	<u>40,877</u>	<u>100.0</u>	<u>53,358</u>	<u>100.0</u>	<u>11,070</u>	<u>100.0</u>	<u>13,164</u>	<u>100.0</u>		

The following table sets forth a breakdown of number of customers and our revenue by major geographical regions in the PRC:

	2016			Year ended 31 December 2017						2018			Five months ended 31 May 2019					
	No. of customers	RMB'000	%	No. of customers	RMB'000	%	No. of customers	RMB'000	%	No. of customers	RMB'000	%	No. of customers	RMB'000	%	No. of customers	RMB'000	%
Eastern China	277	32,764	93.8	252	36,526	89.4	208	46,509	87.2	69	10,852	98.0	62	10,418	79.1			
- Yixing	211	21,888	62.7	190	19,768	48.4	146	25,762	48.3	46	6,506	58.8	31	4,183	31.8			
- Wuxi	30	5,413	15.5	37	10,730	26.2	45	15,257	28.6	18	3,008	27.2	27	5,285	40.1			
- Shanghai	5	1,030	3.0	6	1,429	3.5	4	2,740	5.1	3	1,074	9.7	3	946	7.2			
- Nanjing	9	914	2.6	2	1,679	4.1	3	472	0.9	1	170	1.5	1	4	-			
- Xuzhou	2	757	2.2	7	1,581	3.9	2	208	0.4	-	-	-	-	-	-			
- Other eastern China regions	20	2,762	7.8	10	1,339	3.3	8	2,070	3.9	1	94	0.8	-	-	-			
Northern China	7	1,644	4.7	6	3,416	8.4	10	4,038	7.6	1	142	1.3	5	1,896	14.4			
- Beijing	6	1,578	4.5	4	3,043	7.4	10	4,038	7.6	1	142	1.3	5	1,896	14.4			
- Other northern China regions	1	66	0.2	3	373	1.0	-	-	-	-	-	-	-	-	-			
Central China	2	191	0.5	2	345	0.8	1	2,075	3.9	-	-	-	1	850	6.5			
Other regions of China	3	314	1.0	4	590	1.4	6	736	1.3	1	76	0.7	-	-	-			
	<u>289</u>	<u>34,913</u>	<u>100.0</u>	<u>265</u>	<u>40,877</u>	<u>100.0</u>	<u>225</u>	<u>53,358</u>	<u>100.0</u>	<u>71</u>	<u>11,070</u>	<u>100.0</u>	<u>68</u>	<u>13,164</u>	<u>100.0</u>			



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Notwithstanding the increase in revenue throughout the periods, the number of our customers decreased from the year ended 31 December 2016 to the year ended 31 December 2017 and further decreased for the year ended 31 December 2018. Such decrease was in line with the decrease in the number of projects undertaken as we strategically undertook fewer projects in total to reserve our manpower for undertaking more large contract sum projects, which resulted in the decrease in number of customers accordingly. For details, please refer to the section headed “Financial Information – Selected line items in the consolidated statements of comprehensive income – Employees benefits expense” to this prospectus. For the five months ended 31 May 2018 and 2019, the number of our customers remained relatively stable as we undertook similar number of projects during the period of comparisons.

The following table sets out the breakdown of our revenue derived from the customer sector we served during the Track Record Period:

	2016		Year ended 31 December				Five months ended 31 May			
	RMB'000	%	2017	2018	2018	%	2018	%	2019	%
			RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							<i>(unaudited)</i>			
Governmental sector	11,489	32.9	12,123	29.7	17,193	32.2	4,739	42.8	5,434	41.3
Commercial sector	23,424	67.1	28,754	70.3	36,165	67.8	6,331	57.2	7,730	58.7
	<u>34,913</u>	<u>100.0</u>	<u>40,877</u>	<u>100.0</u>	<u>53,358</u>	<u>100.0</u>	<u>11,070</u>	<u>100.0</u>	<u>13,164</u>	<u>100.0</u>

The following table sets forth an analysis of our Group’s projects based on the agreed contract sum with their respective revenue recognised during the Track Record Period:

	2016		Year ended 31 December				Five months ended 31 May			
	Number of projects	RMB'000	2017	2018	2018	%	2018	%	2019	%
			Number of projects	RMB'000	Number of projects	RMB'000	Number of projects	RMB'000	Number of projects	RMB'000
							<i>(unaudited)</i>			
<b>Contract sum</b>										
Over RMB1 million	–	–	1	1,129	4	5,802	–	–	–	–
Over RMB500,000 to RMB1 million	–	–	12	7,963	11	6,840	1	509	3	2,198
Over RMB100,000 to RMB500,000	104	17,251	91	17,424	164	29,582	39	7,607	39	8,454
Over RMB10,000 to RMB100,000	350	16,927	279	13,726	214	10,774	52	2,876	47	2,467
RMB10,000 and below	146	735	133	635	56	360	15	78	10	45
	<u>600</u>	<u>34,913</u>	<u>516</u>	<u>40,877</u>	<u>449</u>	<u>53,358</u>	<u>107</u>	<u>11,070</u>	<u>99</u>	<u>13,164</u>

### Other income

Our other income represents the interest income we earned from the deposits in banks and the exchange difference arisen from our Group’s financial assets denominated in currencies other than our functional currencies. For the years ended 31 December 2016, 2017, 2018 and the five months ended 31 May 2019, the other income amounted to approximately RMB42,000, RMB108,000, RMB309,000 and RMB21,000, respectively.

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### Project costs

The following table sets forth the breakdown of project costs during the Track Record Period:

	Year ended 31 December			Five months ended 31 May	
	2016	2017	2018	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Event and marketing materials expenses	1,013	2,146	4,781	467	675
Printing charges	1,313	928	729	184	166
Stage services and venue decoration expenses	3,866	3,396	5,824	1,062	1,806
Advertising and promotional expenses	1,437	2,089	4,307	330	727
Video and animation production costs	386	1,220	1,638	366	596
Applications and software development expenses	1,617	2,032	2,095	651	711
Other project costs	721	424	585	235	83
	<u>10,353</u>	<u>12,235</u>	<u>19,959</u>	<u>3,295</u>	<u>4,764</u>

#### *Event and marketing materials expenses*

Event and marketing materials expenses represented the production costs of event and marketing materials including backdrops, exhibition boards as well as outdoor signage and advertising materials.

#### *Printing charges*

Printing charges represented printing costs of paper products such as photo albums, leaflets, packaging, posters, brochures, books and magazines for our customers.

#### *Stage services and venue decoration expenses*

Stage services and venue decoration expenses represented the costs in relation to stage construction, venue decoration, leasing of lighting, visual and audio equipment, stage performance as well as various events accessories.

#### *Advertising and promotional expenses*

Advertising and promotional expenses represented the services charges for distribution of our customers' marketing materials via offline and online channels.

#### *Video and animation production costs*

Video and animation production costs represented the production costs of video, short movies and flash animation for our customers.

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### *Applications and software development expenses*

Applications and software development expenses represented development costs of applications and software to be used in our customers' event or marketing activities.

### *Other project costs*

Other project costs represented the miscellaneous project costs incurred for undertaking of our marketing services.

### **Depreciation of property, plant and equipment**

Our depreciation of property, plant and equipment represents the depreciation of motor vehicles as well as computer and office equipment used in our daily operation. For the years ended 31 December 2016, 2017, 2018 and the five months ended 31 May 2019, we recorded depreciation for our property, plant and equipment of approximately RMB352,000, RMB387,000, RMB329,000 and RMB134,000, respectively.

### **Employee benefits expense**

The following table sets forth the details of our employee benefits expense (including Directors' remuneration) during the Track Record Period:

	<b>Year ended 31 December</b>			<b>Five months ended</b>	
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>31 May</b>	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<b>2018</b>	<b>2019</b>
				<i>(unaudited)</i>	
				<i>RMB'000</i>	<i>RMB'000</i>
Salaries, allowances and benefits in kind	6,790	6,525	6,033	2,612	2,450
Discretionary bonus	1,613	1,661	3,384	–	–
Retirement benefit scheme contributions	1,804	1,897	1,726	729	702
	<u>10,207</u>	<u>10,083</u>	<u>11,143</u>	<u>3,341</u>	<u>3,152</u>

As compared to the year ended 31 December 2016, our employee benefits expenses slightly decreased to approximately RMB10,083,000 for the year ended 31 December 2017 as less staff were employed due to natural attrition and resignation of the employees and suitable candidates had not yet been recruited in place of those resigned staff. For the year ended 31 December 2018, our employee benefits expense increased to approximately RMB11,143,000 as a result of increase in discretionary bonus to our employees. Although more staff were employed, our employee benefits expense decreased slightly from approximately RMB3,341,000 for the five months ended 31 May 2018 to approximately RMB3,152,000 for the five months ended 31 May 2019 as less experienced candidates were recruited to fill up vacancy arising from the natural attrition and resignation of experienced staff.

During the Track Record Period, an increasing number of larger contract sum projects were awarded to us. We strategically undertook more larger contract sum projects and less projects in total as we were unable to timely recruit suitable candidates to replace those resigned staff in 2017, resulting in the decrease of our workforce size. With the quantity of our projects being streamlined, we could better schedule our project pipeline and thus enhance the utilisation of our manpower and output. Furthermore, we also incurred more project costs to suppliers for supporting the provision of our services in view of

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## FINANCIAL INFORMATION

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the increasing scale of projects. Notwithstanding that our employee benefits expense were relatively stable during the Track Record Period, we were able to increase our revenue and profit as we undertook more larger contract sum projects with the support of our suppliers and we also managed our human resources as well as project schedule in a more efficient manner. Looking forward, our Directors considered that it would be strategic to expand our operation in other cities as we find that it is hard for us to recruit suitable candidates with relevant qualification and experience in Yixing's local job market. As such, we intend to establish new branch offices in Wuxi and Beijing, which have larger population size than that of Yixing. For details, please refer to section headed "Business – Business strategies" of this prospectus.

### **Other operating expenses**

Our other operating expenses primarily includes motor vehicles expenses, rental expenses for our office premises, travelling and entertainment expenses, general office expenses, other tax expenses, surcharges, provision/(reversal of) allowance for expected credit loss on trade receivables, and other miscellaneous expenses in relation to our daily operation. For the years ended 31 December 2016, 2017 and 2018 and the five months ended 31 May 2019, we recorded other operating expenses of approximately RMB1,261,000, RMB1,923,000, RMB2,827,000 and RMB1,319,000, respectively.

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### Operating profit

The operating profit of our Group is defined as profit for the year/period before other income, listing expenses, finance costs and income tax expenses. The following table sets out the breakdown of the operating profit by types of services and types of customers for the Track Record Period:

	Year ended 31 December			Five months ended 31 May	
	2016 RMB'000	2017 RMB'000	2018 RMB'000	2018 RMB'000 (unaudited)	2019 RMB'000
<b>By types of services</b>					
Event management services	6,803	9,938	13,137	2,541	2,898
Design and production services	6,591	7,026	7,031	1,215	1,487
<b>Sub-total</b>	<b>13,394</b>	<b>16,964</b>	<b>20,168</b>	<b>3,756</b>	<b>4,385</b>
Other operating costs <i>(Note)</i>	(654)	(715)	(1,068)	(714)	(590)
<b>Operating profit of our Group</b>	<b>12,740</b>	<b>16,249</b>	<b>19,100</b>	<b>3,042</b>	<b>3,795</b>
Other income	42	108	309	51	21
Listing expenses	–	–	(8,048)	(3,624)	(286)
Finance costs	–	–	–	–	(4)
<b>Profit/(loss) before income tax</b>	<b>12,782</b>	<b>16,357</b>	<b>11,361</b>	<b>(531)</b>	<b>3,526</b>
<b>By types of customers</b>					
Governmental sector	3,840	4,398	6,260	1,571	1,683
Commercial sector	9,554	12,566	13,908	2,185	2,702
<b>Sub-total</b>	<b>13,394</b>	<b>16,964</b>	<b>20,168</b>	<b>3,756</b>	<b>4,385</b>
Other operating costs <i>(Note)</i>	(654)	(715)	(1,068)	(714)	(590)
<b>Operating profit of our Group</b>	<b>12,740</b>	<b>16,249</b>	<b>19,100</b>	<b>3,042</b>	<b>3,795</b>
Other income	42	108	309	51	21
Listing expenses	–	–	(8,048)	(3,624)	(286)
Finance costs	–	–	–	–	(4)
<b>Profit/(loss) before income tax</b>	<b>12,782</b>	<b>16,357</b>	<b>11,361</b>	<b>(531)</b>	<b>3,526</b>

*Note:*

Other operating costs represent the unallocated corporate expenses which mainly include depreciation of property, plant and equipment, rental expenses of office premises and general office expenses.

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### *Types of services*

As the contract sum of event management services is larger than that of design and production services in general, higher operating profit is contributed by event management services as compared with that of design and production services. For the years ended 31 December 2016, 2017 and 2018 and five months ended 31 May 2019, we recorded operating profit contributed by event management services of approximately RMB6,803,000, RMB9,938,000, RMB13,137,000 and RMB2,898,000, respectively, while the operating profit contributed by design and production services amounted to approximately RMB6,591,000, RMB7,026,000, RMB7,031,000 and RMB1,487,000, respectively. The increase in operating profit contributed by both services throughout the Track Record Period was mainly due to the increase in revenue generated from these services as a result of the increase in project size undertaken throughout the periods.

### *Types of customers*

During the Track Record Period, the operating profit contributed by commercial sector customers is higher than that of governmental sector customers as more projects are undertaken for the commercial sector customers. For the years ended 31 December 2016, 2017 and 2018 and five months ended 31 May 2019, the operating profit contributed by governmental sector customers amounted to approximately RMB3,840,000, RMB4,398,000, RMB6,260,000 and RMB1,683,000, respectively, while the operating profit contributed by commercial sector customers amounted to approximately RMB9,554,000, RMB12,566,000, RMB13,908,000 and RMB2,702,000, respectively. As we undertook more large scale projects throughout the Track Record Period, the operating profit contributed by both types of customers increased accordingly.

### **Listing expenses**

Our Group's listing expenses incurred for the Listing are non-recurring in nature and mainly comprise professional fees paid to the Sponsor, legal advisers, reporting accountants, market research consultant and other parties for their services in connection with the Share Offer. Please also refer to the paragraphs headed "Listing expenses" below in this section for details of the expenses incurred for the Listing.

### **Finance costs**

Our finance costs represents the interest expense recognised in respect of the lease liabilities in relation to the lease of our office premise. As HKFRS 16 was effective on 1 January 2019, no finance costs was recognised for the years ended 31 December 2016, 2017 and 2018 and we recorded finance costs of approximately RMB4,000 for the five months ended 31 May 2019 upon application of HKFRS 16.

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### **Income tax expenses**

Our Group is mainly subject to the PRC enterprise income tax as all of our operating subsidiaries are located in the PRC. Pursuant to the EIT Law being effective on 1 January 2008, the standard income tax rate for all enterprises in the PRC is 25% or according to income Tax Preferential Policies for Small Low-profit Enterprises. For details of the PRC enterprise income tax rate adopted by the Group, please refer to Note 11 of the Accountants' Report in Appendix I to this prospectus.

We recorded income tax expenses of approximately RMB3,242,000, RMB4,103,000, RMB5,054,000 and RMB1,094,000 for the years ended 31 December 2016, 2017 and 2018 and the five months ended 31 May 2019, respectively. Our effective tax rate for the same period were 25.4%, 25.1%, 44.5% and 31.0%, respectively. The relatively higher effective tax rate for the year ended 31 December 2018 and the five months ended 31 May 2019 was mainly due to incurring of listing expenses which were non-tax deductible and the loss incurred by our non-operating subsidiaries that could not be offset against the overall Group's profit. If the effect of listing expenses is excluded, our profit before income tax for the year ended 31 December 2018 and the five months ended 31 May 2019 would be approximately RMB19,409,000 and RMB3,812,000, and the corresponding effective tax rate would be approximately 26.0% and 28.7%, respectively.

During the Track Record Period and up to the Latest Practicable Date, we had fulfilled all our tax obligations and have not had any unresolved tax issues or disputes with the relevant tax authorities.

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### PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

#### Five months ended 31 May 2019 compared with five months ended 31 May 2018

##### Revenue

Our revenue increased by approximately RMB2,094,000, or 18.9%, from approximately RMB11,070,000 for the five months ended 31 May 2018 to approximately RMB13,164,000 for the five months ended 31 May 2019. Such increase was primarily due to the increase in revenue generated from our event management services.

For the five months ended 31 May 2019, our revenue from event management services increased by approximately RMB1,333,000, or 17.2%, from approximately RMB7,761,000 to approximately RMB9,094,000 for the period of comparison as more sizeable projects (i.e. with contract sum over RMB500,000) were undertaken during period. These sizeable projects included the organisation of a large scale music festival, a public book fair and a cultural exhibition for a museum. Our Directors considered that these sizeable projects were awarded as (i) similar events were successfully organised by us for these customers in last year, which encouraged them to increase their expenditure to re-engage us for organising similar events; and (ii) our strategy to continue to pursue large scale projects or customers of higher profile such as government bureau or state-owned enterprises who have higher budgets in general.

The following table sets forth the breakdown of our event management services projects with the scales of respective revenue recognised for the five months ended 31 May 2018 and 2019:

	<b>Five months ended 31 May</b>			
	<b>2018</b>		<b>2019</b>	
	<i>Number of projects</i>	<i>RMB'000 (unaudited)</i>	<i>Number of projects</i>	<i>RMB'000</i>
<b>Contract sum</b>				
Over RMB500,000 to RMB1 million	1	509	3	2,198
Over RMB100,000 to RMB500,000	31	6,066	28	5,820
Over RMB10,000 to RMB100,000	19	1,175	17	1,076
RMB10,000 and below	2	11	–	–
	<u>53</u>	<u>7,761</u>	<u>48</u>	<u>9,094</u>



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In respect of our design and production services, the following table sets forth the breakdown of projects with the scales of respective revenue recognised for the five months ended 31 May 2018 and 2019:

	<b>Five months ended 31 May</b>			
	<b>2018</b>			<b>2019</b>
	<i>Number of projects</i>	<i>RMB'000 (unaudited)</i>	<i>Number of projects</i>	<i>RMB'000</i>
<b>Contract sum</b>				
Over RMB100,000 to RMB500,000	8	1,541	11	2,634
Over RMB10,000 to RMB100,000	33	1,701	30	1,391
RMB10,000 and below	13	67	10	45
	<u>54</u>	<u>3,309</u>	<u>51</u>	<u>4,070</u>

For design and production services, as we undertook similar numbers of design and production services projects of 54 and 51 for the five months ended 31 May 2018 and 2019, respectively, the revenue generated from this services were relatively stable and amounted to approximately RMB3,309,000 and RMB4,070,000 for the five months ended 31 May 2018 and 2019, respectively.

### **Other income**

Our other income decreased from approximately RMB51,000 for the five months ended 31 May 2018 to approximately RMB21,000 for the five months ended 31 May 2019, primarily due to the decrease in interest income as a result of the decrease in bank balance during the period of comparison.

### **Project costs**

Our project costs increased by approximately RMB1,469,000, or 44.6%, from approximately RMB3,295,000 for the five months ended 31 May 2018 to approximately RMB4,764,000 for the five months ended 31 May 2019. Such increase was mainly attributable to the increase in revenue generated during the period of comparison as more large scale projects, especially those event management projects, were undertaken and hence resulted in the increase in the corresponding project costs such as stage services and venue decoration expenses.

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## FINANCIAL INFORMATION

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### **Depreciation of property, plant and equipment**

We recorded stable depreciation expenses for property, plant and equipment of approximately RMB140,000 and RMB134,000 for the five months ended 31 May 2018 and 2019, respectively, as there was no material acquisition or disposal of property, plant and equipment across the periods.

### **Employee benefits expense**

Notwithstanding that more staff were employed, our employee benefits expenses decreased slightly from approximately RMB3,341,000 for the five months ended 31 May 2018 to approximately RMB3,152,000 for the five months ended 31 May 2019 as less experienced candidates were hired to fill up the vacancy arising from the natural attrition and resignation of experienced staff.

### **Other operating expenses**

Our other operating expenses increased from approximately RMB1,252,000 for the five months ended 31 May 2018 to approximately RMB1,319,000 for the five months ended 31 May 2019 primarily due to the increase in travelling expenses and the expected credit loss made on trade receivables.

### **Listing expenses**

Our listing expenses decreased from approximately RMB3,624,000 for the five months ended 31 May 2018 to approximately RMB286,000 for the five months ended 31 May 2019 as the recognition of listing expenses was generally subject to the stages of Listing application process and no significant milestone of Listing was achieved during the five months ended 31 May 2019.

### **Finance costs**

We recorded finance costs of approximately RMB4,000 in relation to the interest expenses for leases arrangements upon adoption of HKFRS 16 during the five months ended 31 May 2019. No such finance costs was recognised for the five months ended 31 May 2018 as we initially applied HKFRS 16 from 1 January 2019.

### **Income tax expense**

Our income tax expense increased by approximately RMB209,000, or 23.6% from approximately RMB885,000 for the five months ended 31 May 2018 to approximately RMB1,094,000 for the five months ended 31 May 2019, primarily due to the increase in the profit before income tax as discussed above. Our effective tax rate also increased from -166.7% to 31.0% for the period of comparison. If the effect of listing expenses was excluded, we would record a comparable effect tax rate of 28.6% and 28.7% for the five months ended 31 May 2018 and 2019, respectively.

### **Profit/(loss) for the period and net profit margin as adjusted for listing expenses**

As a result of the foregoing, our profit for the period increased from a net loss of approximately RMB1,416,000 for the five months ended 31 May 2018 to a net profit of approximately RMB2,432,000 for the five months ended 31 May 2019. Our net profit margin also increased from a negative profit margin of -12.8% for the five months ended 31 May 2018 to a profit margin of 18.5% for the five months ended 31 May 2019. Such increase was mainly due to significant decrease in listing expenses incurred in 2019. If the listing expenses were excluded for illustration purpose only, our adjusted net profit would increase from approximately RMB2,208,000 for the five months ended 31 May 2018 to approximately RMB2,718,000 for five months ended 31 May 2019, and our adjusted net profit margin would remain stable at 19.9% and 20.6% for five months ended 31 May 2018 and 2019, respectively. The increase in our adjusted net profit were mainly due to the increase in revenue as discussed above.

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## FINANCIAL INFORMATION

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### Year ended 31 December 2018 compared to year ended 31 December 2017

#### Revenue

Our revenue increased by approximately RMB12,841,000, or 30.5%, from approximately RMB40,877,000 for the year ended 31 December 2017 to approximately RMB53,358,000 for the year ended 31 December 2018. Such increase was primarily due to the increase in revenue generated from our event management services as well as our design and production services.

For the year ended 31 December 2018, our revenue from event management services increased by approximately RMB11,743,000, or 47.9%, from approximately RMB24,537,000 to approximately RMB36,280,000 for the year of comparison as a result of the increase in number of projects carried out from 154 for the year ended 31 December 2017 to 201 for the year ended 31 December 2018. Particularly, the number of projects carried out with contract sum between RMB100,000 to RMB500,000 increased from 63 for the year ended 31 December 2017 to 128 for the year ended 31 December 2018, which included festival events, historical exhibitions, recreational events and cultural events for customers in governmental sectors and artistic exhibitions for crafts companies and artists, resulting in the increase in revenue generated of approximately RMB10,380,000 for the year ended 31 December 2018 for contract sum within this range. Our Directors considered that the increase in the number of event management projects was attributable to (i) the proven track record in delivering event management projects so that more customers from different industries are willing to invite us to tender or provide a quotation; and (ii) we strategically chose those event management projects with large contract sums or customers of higher profile and scaled down those small scale design and production projects as discussed below.

The following table sets forth the breakdown of our event management services projects with the scales of respective revenue recognised for the years ended 31 December 2017 and 2018:

	<b>Year ended 31 December</b>			
	<b>2017</b>		<b>2018</b>	
	<i>Number of projects</i>	<i>RMB'000</i>	<i>Number of projects</i>	<i>RMB'000</i>
<b>Contract sum</b>				
Over RMB1 million	1	1,129	3	4,057
Over RMB500,000 to RMB1 million	11	7,397	10	6,251
Over RMB100,000 to RMB500,000	63	12,416	128	22,796
Over RMB10,000 to RMB100,000	66	3,534	56	3,148
RMB10,000 and below	13	61	4	28
	<u>154</u>	<u>24,537</u>	<u>201</u>	<u>36,280</u>

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## FINANCIAL INFORMATION

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In respect of our design and production services, the following table sets forth the breakdown of projects with the scales of respective revenue recognised for the years ended 31 December 2017 and 2018:

	<b>Year ended 31 December</b>			
	<b>2017</b>		<b>2018</b>	
	<i>Number of projects</i>	<i>RMB'000</i>	<i>Number of projects</i>	<i>RMB'000</i>
<b>Contract sum</b>				
Over RMB1 million	–	–	1	1,745
Over RMB500,000 to RMB1 million	1	566	1	590
Over RMB100,000 to RMB500,000	28	5,008	36	6,786
Over RMB10,000 to RMB100,000	213	10,192	158	7,625
RMB10,000 and below	120	574	52	332
	<u>362</u>	<u>16,340</u>	<u>248</u>	<u>17,078</u>

For design and production services, notwithstanding the decrease in the number of projects carried out by our Group, the average contract sum for the year ended 31 December 2018 was driven up by undertaking more sizeable projects with contract sum over RMB100,000 as we strategically undertook more projects with large contract sum and reserved our manpower for our event management services, which have higher contract sum in general as compared to design and production services. Leveraging on our proven track record in previous years, more sizeable projects were successfully awarded to our Group in particular by those new customers from either governmental sector or other larger cities such as Shanghai, which in general had higher budget for their expenditures. Contributed by the surge in average contract sum, our revenue from this services increased by approximately RMB738,000, or 4.5%, from approximately RMB16,340,000 for the year ended 31 December 2017 to approximately RMB17,078,000 for the year ended 31 December 2018, which was primarily due to the increase in number of larger scale projects (i.e. with contract sum over RMB100,000) undertaken by us from 29 to 38 for the year of comparison.

### **Other income**

Our other income increased from approximately RMB108,000 for the year ended 31 December 2017 to approximately RMB309,000 for the year ended 31 December 2018 as we have recognised an exchange difference of approximately RMB169,000 for the year ended 31 December 2018, while no such exchange difference was recognised for the year ended 31 December 2017.

### **Project costs**

Our project costs increased by approximately RMB7,724,000, or 63.1%, from approximately RMB12,235,000 for the year ended 31 December 2017 to approximately RMB19,959,000 for the year ended 31 December 2018. Such increase was primarily due to the increase in revenue during the year, especially from event management services, resulting in the increase in the corresponding project costs, such as event and marketing materials expenses as well as stage services and venue decoration expenses.

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### **Depreciation of property, plant and equipment**

We recorded stable depreciation expenses for property, plant and equipment of approximately RMB387,000 and RMB329,000 for the years ended 31 December 2017 and 2018, respectively, as there was no material acquisition or disposal of property, plant and equipment across the periods.

### **Employee benefits expense**

Our employee benefits expense increased from approximately RMB10,083,000 for the year ended 31 December 2017 to approximately RMB11,143,000 for the year ended 31 December 2018 mainly due to the increase in discretionary bonus to our employees.

### **Other operating expenses**

Our other operating expenses increased from approximately RMB1,923,000 for the year ended 31 December 2017 to approximately RMB2,827,000 for the year ended 31 December 2018, primarily due to the increase in the scale of our projects undertaken which resulted in the increase in our general operating costs such as office expenses and travelling expenses.

### **Listing expenses**

For the year ended 31 December 2018, listing expenses of approximately RMB8,048,000 had been charged to our profit or loss and no listing expense was incurred for the year ended 31 December 2017.

### **Income tax expense**

Our income tax expenses was relatively stable at approximately RMB4,103,000 and RMB5,054,000 for the years ended 31 December 2017 and 2018, respectively. We recorded an effective tax rate of 44.5% for the year ended 31 December 2018, which was primarily due to the non-deductibility of listing expenses incurred for the year. If the effect of listing expenses was excluded, our effective tax rate for the year ended 31 December 2018 would be 26.0%, which was relatively the same as the effective tax rate of 25.1% for the year ended 31 December 2017.

### **Profit for the year and net profit margin as adjusted for listing expense**

As a result of the foregoing, we recorded a net profit of approximately RMB6,307,000 and a profit margin of 11.8% for the year ended 31 December 2018. If the listing expenses were excluded for illustration purpose only, our net profit and net profit margin would be approximately RMB14,355,000 and 26.9% for the year ended 31 December 2018, respectively. As driven by the increase in revenue as discussed above, our adjusted profit for the year increased by approximately RMB2,101,000, or 17.1%, from approximately RMB12,254,000 for the year ended 31 December 2017 to approximately RMB14,355,000 for the year ended 31 December 2018. Notwithstanding the increase in our adjusted net profit for the year, our adjusted net profit margin decreased from 30.0% for the year ended 31 December 2017 to 26.9% for the year ended 31 December 2018 as a result of the increase in project costs as mentioned above.

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### Year ended 31 December 2017 compared to year ended 31 December 2016

#### Revenue

Our revenue increased by approximately RMB5,964,000, or 17.1%, from approximately RMB34,913,000 for the year ended 31 December 2016 to approximately RMB40,877,000 for the year ended 31 December 2017. Such increase was primarily due to the increase in revenue generated from the event management services from approximately RMB18,423,000 to approximately RMB24,537,000 for the period of comparison. The following table sets forth the breakdown of our event management services projects with the scales of respective revenue recognised for the years ended 31 December 2016 and 2017:

	<b>Year ended 31 December</b>			
	<b>2016</b>		<b>2017</b>	
	<i>Number of projects</i>	<i>RMB'000</i>	<i>Number of projects</i>	<i>RMB'000</i>
<b>Contract sum</b>				
Over RMB1 million	–	–	1	1,129
Over RMB500,000 to RMB1 million	–	–	11	7,397
Over RMB100,000 to RMB500,000	82	14,035	63	12,416
Over RMB10,000 to RMB100,000	87	4,310	66	3,534
RMB10,000 and below	13	78	13	61
	<u>182</u>	<u>18,423</u>	<u>154</u>	<u>24,537</u>

Despite the decrease in the number of projects undertaken for the event management services, our Group recorded an increase in revenue generated by this type of services for the period. The revenue from our event management services was primarily driven by more larger scale projects undertaken (i.e. with contract sum over RMB500,000), which in total generated approximately RMB8,526,000 for the year ended 31 December 2017.

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In respect of our design and production services, the following table sets forth the breakdown of projects with the scales of respective revenue recognised for the years ended 31 December 2016 and 2017:

	<b>Year ended 31 December</b>			
	<b>2016</b>		<b>2017</b>	
	<i>Number of projects</i>	<i>RMB'000</i>	<i>Number of projects</i>	<i>RMB'000</i>
<b>Contract sum</b>				
Over RMB500,000 to RMB1 million	–	–	1	566
Over RMB100,000 to RMB500,000	22	3,216	28	5,008
Over RMB10,000 to RMB100,000	263	12,617	213	10,192
RMB10,000 and below	133	657	120	574
	<u>418</u>	<u>16,490</u>	<u>362</u>	<u>16,340</u>

Despite the decrease in the number of projects undertaken, our revenue for design and production services was maintained at a stable level for the year ended 31 December 2017 since there was an increase in revenue generated from sizeable projects with contract sum exceeding RMB100,000 during the year.

As mentioned above, we have undertaken more sizeable projects during the year ended 31 December 2017. Our Directors considered that more sizeable projects were awarded to us because (i) leveraging on our past performance and well-established business relationship with our customers, our returning customers were more willing to put in resources to re-engage us for a large scale project with larger contract sum; (ii) new customers, who were either referred by other customers or impressed by our successful track record, approached us requesting for our services. Such customers were mainly from governmental sectors or real estate corporations, which, in the opinion of our Directors, have higher budget for their expenditures; and (iii) more large scale projects were awarded by customers from other cities such as Beijing, Shanghai and Nanjing, which were of higher spending power in general.

### **Other income**

Our other income increased by approximately RMB66,000, or 157.1%, from approximately RMB42,000 for the year ended 31 December 2016 to approximately RMB108,000 for the year ended 31 December 2017. Such increase was mainly due to the increase in interest income we earned and corresponded to the increase in our bank balances for the year ended 31 December 2017.

### **Project costs**

Our project costs increased by approximately RMB1,882,000, or 18.2%, from approximately RMB10,353,000 for the year ended 31 December 2016 to approximately RMB12,235,000 for the year ended 31 December 2017. Such increase was generally in line with the increase in our revenue as discussed above.

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### **Depreciation of property, plant and equipment**

We recorded stable depreciation expenses for property, plant and equipment of approximately RMB352,000 and RMB387,000 for the year ended 31 December 2016 and 2017, respectively, as there was no material acquisition or disposal of property, plant and equipment across the periods.

### **Employee benefits expense**

Our employee benefits expense decreased slightly from approximately RMB10,207,000 for the year ended 31 December 2016 to approximately RMB10,083,000 for the year ended 31 December 2017 as less staff were employed. Such effect was partially offset by the increase in the average salaries level.

### **Other operating expenses**

Our other operating expenses increased by approximately RMB662,000, or 52.5%, from approximately RMB1,261,000 for the year ended 31 December 2016 to approximately RMB1,923,000 for the year ended 31 December 2017 as a result of the increase in motor vehicles expenses of approximately RMB119,000 and the increase in travelling and entertainment expenses of approximately RMB190,000.

### **Income tax expense**

Our income tax expense increased by approximately RMB861,000, or 26.6%, from approximately RMB3,242,000 for the year ended 31 December 2016 to approximately RMB4,103,000 for the year ended 31 December 2017. Such increase was primarily due to the increase in our profit before income tax for the year ended 31 December 2017 by approximately RMB3,575,000 as a result of the reasons discussed above. Our effective tax rate was relatively stable at 25.4% and 25.1% for the year ended 31 December 2016 and 2017, respectively.

### **Profit for the year and net profit margin**

As a result of the foregoing, our profit for the year increased by approximately RMB2,714,000, or 28.4%, from approximately RMB9,540,000 for the year ended 31 December 2016 to approximately RMB12,254,000 for the year ended 31 December 2017. Since we have recorded an increase in revenue driven by large scale projects while maintaining a stable employee benefits expense, our net profit margin increased from 27.3% for the year ended 31 December 2016 to 30.0% for the year ended 31 December 2017.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

During the Track Record Period, our financial resources of cash was primarily cash generated from operating activities. We mainly use our cash on financing our operations and funding our working capital and capital expenditures. We currently expect that there will not be any material change in the sources and uses of cash of our Group, except for the additional funds from proceeds of the Share Offer for implementing our future plans as detailed in the section headed “Future plans and use of proceeds” of this prospectus.



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## FINANCIAL INFORMATION

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### Cash flows

	Year ended 31 December			Five months ended 31 May	
	2016	2017	2018	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Operating profit/(loss) before working capital changes	13,077	16,719	11,910	(488)	3,681
Net cash generated from/(used in) operating activities	14,770	11,753	(8,050)	(3,873)	556
Net cash (used in)/generated from investing activities	(558)	(653)	(4,023)	2,346	483
Net cash generated from/(used in) financing activities	–	15,127	(9,643)	(8,557)	(70)
Net increase/(decrease) in cash and cash equivalents	14,212	26,227	(21,716)	(10,084)	969
Effect of foreign exchange rate changes	–	–	(384)	7	80
Cash and cash equivalents at beginning of the year/period	8,547	22,759	48,986	48,986	26,886
Cash and cash equivalents at end of the year/period	<u>22,759</u>	<u>48,986</u>	<u>26,886</u>	<u>38,909</u>	<u>27,935</u>

### Net cash generated from/(used in) operating activities

We derive cash inflow from operating activities primarily from the receipts from the provision of marketing services. Our cash outflow from operating activities primarily includes payment for our project costs, employee benefits expense and all other operating expenses. During the Track Record Period, our net cash flows from operating activities represented profit before income tax adjusted for income tax paid, non-cash items and change in working capital.

For the five months ended 31 May 2019, our net cash generated from operating activities was approximately RMB556,000, as a result of operating cash inflow before movements in working capital of approximately RMB3,681,000 adjusting for the decrease in working capital of approximately RMB264,000 and tax payment of approximately RMB2,861,000. Net decrease in working capital was primarily the net effect of (i) the decrease in trade and other payables of approximately RMB2,387,000; and (ii) the decrease in trade and other receivables of approximately RMB2,123,000.

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For the year ended 31 December 2018, our net cash used in operating activities was approximately RMB8,050,000, as a result of operating cash inflow before movements in working capital of approximately RMB11,910,000 adjusting for the decrease in working capital of approximately RMB14,689,000 and tax payment of approximately RMB5,271,000. Net decrease in working capital was primarily the net effect of (i) the increase in trade and other receivables of approximately RMB16,065,000; and (ii) the increase in trade and other payables of approximately RMB1,376,000.

For the year ended 31 December 2017, our net cash generated from operating activities was approximately RMB11,753,000, as a result of operating cash inflow before movements in working capital of approximately RMB16,719,000 adjusting for the decrease in working capital of approximately RMB2,677,000 and tax payment of approximately RMB2,289,000. Net decrease in working capital was primarily the net effect of (i) the increase in trade and other receivables of approximately RMB4,971,000; and (ii) the increase in trade and other payables of approximately RMB2,294,000.

For the year ended 31 December 2016, our net cash generated from operating activities was approximately RMB14,770,000, as a result of operating cash inflow before movements in working capital of approximately RMB13,077,000 adjusting for the increase in working capital of approximately RMB4,847,000 and tax payment of approximately RMB3,154,000. Net increase in working capital was primarily the effect of (i) the decrease in trade and other receivables of approximately RMB1,324,000; and (ii) the increase in trade and other payables of approximately RMB3,523,000.

Explanations of fluctuation of the aforesaid items from the consolidated statements of financial position during the Track Record Period are set out in the paragraph headed “Discussion of certain items of consolidated statements of financial position” in this section.

### **Net cash (used in)/generated from investing activities**

Our cash outflow in investing activities mainly consists of the advance to our Controlling Shareholders, and the payment for purchase of property, plant and equipment. Our cash flow from investing activities mainly represents the repayment from our Controlling Shareholders and the interest received from bank deposits.

For the five months ended 31 May 2019, our net cash generated from investing activities was approximately RMB483,000, which primarily consisted of repayment from our Controlling Shareholders of approximately RMB469,000 and the interest received from bank deposits of approximately RMB21,000, less the payment for the purchase of property, plant and equipment of approximately RMB7,000.

For the year ended 31 December 2018, our net cash used in investing activities was approximately RMB4,023,000, which primarily consisted of payment for the purchase of property, plant and equipment of approximately RMB5,022,000, which included the deposit paid for the acquisition of the new headquarters in Yixing of approximately RMB4,995,000, less the repayment from our Controlling Shareholders of approximately RMB859,000 and interest received from bank deposits of approximately RMB140,000.

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For the year ended 31 December 2017, our net cash used in investing activities was approximately RMB653,000, which primarily consisted of advance to our Controlling Shareholders of approximately RMB404,000 and payment for the purchase of property, plant and equipment of approximately RMB357,000, less the interest received from bank deposits of approximately RMB108,000.

For the year ended 31 December 2016, our net cash used in investing activities was approximately RMB558,000, which primarily consisted of advance to our Controlling Shareholders of approximately RMB600,000, less the interest received from bank deposits of approximately RMB42,000.

### **Net cash generated from/(used in) financing activities**

Our cash inflow from financing mainly consist of proceeds from the contribution of paid up capital for our Group's member and the repayment to our Controlling Shareholders. Our cash used in financing activities mainly consist of payment for the dividend declared by our Group's member, payment for listing expenses, payment of lease liabilities and the advance from our Controlling Shareholders.

For the five months end 31 May 2019, our net cash used in financing activities was approximately RMB70,000, which primarily consisted of payment of lease liabilities of approximately RMB50,000 and the payment for listing expenses of approximately RMB20,000.

For the year ended 31 December 2018, our net cash used in financing activities was approximately RMB9,643,000, which primarily consisted of payment for the dividend declared by our Group's member of approximately RMB14,246,000 and the payment for listing expenses of approximately RMB2,278,000, less the advance from our Controlling Shareholders of approximately RMB2,873,000 and the proceeds from the contribution of paid up capital for our Group's members of approximately RMB4,008,000.

For the year ended 31 December 2017, our net cash generated from financing activities was approximately RMB15,127,000, which primarily represented the proceeds from the contribution of paid up capital for our Group's member of approximately RMB18,000,000, less the repayment to our Controlling Shareholders of approximately RMB2,873,000.

No cash was used in or generated from financing activities for the year ended 31 December 2016.

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### NET CURRENT ASSETS

The following table sets forth details of our current assets and current liabilities as at the dates indicated.

	As at 31 December			As at	As at
	2016	2017	2018	31 May	31 August
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
					<i>(unaudited)</i>
<b>Current assets</b>					
Trade and other receivables	1,776	7,339	25,322	23,181	20,450
Amounts due from shareholders	2,600	2,329	1,470	1,001	1,001
Tax recoverable	663	–	–	833	–
Bank balance and cash	22,759	48,986	26,886	27,935	33,953
	<u>27,798</u>	<u>58,654</u>	<u>53,678</u>	<u>52,950</u>	<u>55,404</u>
<b>Current liabilities</b>					
Trade and other payables	10,330	12,624	14,000	11,613	9,682
Amount due to a shareholder	–	11,373	–	–	–
Tax payable	–	1,151	934	–	651
Lease liabilities	–	–	–	111	111
	<u>10,330</u>	<u>25,148</u>	<u>14,934</u>	<u>11,724</u>	<u>10,444</u>
Net current assets	<u>17,468</u>	<u>33,506</u>	<u>38,744</u>	<u>41,226</u>	<u>44,960</u>

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Our net current assets increased from approximately RMB17,468,000 as at 31 December 2016 to approximately RMB33,506,000 as at 31 December 2017, primarily due to our profitable operation which enhanced our overall assets base for the year and the increase in bank balances and cash from the proceeds from the contribution of paid up capital for our Group's member. Thereafter, notwithstanding the payment of deposits for the presale office premises of approximately RMB4,995,000, which was classified as non-current assets and reduced our bank balances and cash, our net current assets further increased to approximately RMB38,744,000 as at 31 December 2018, mainly due to the net profit generated for the year and the proceeds received from the Pre-IPO Investment, which enhanced our overall assets base. Our net current assets further increased to approximately RMB41,226,000 as at 31 May 2019 and such increase was generally in line with the profit generated for the period.

As at 31 August 2019, being the latest practicable date for ascertaining our net current assets position, we recorded net current assets of approximately HK\$44,960,000 which was HK\$3,734,000 higher than the net current assets as at 31 May 2019.

### DISCUSSION OF CERTAIN ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

#### Property, plant and equipment

The following table sets out the respective net carrying values of our Group's property, plant and equipment as at the respective dates as indicated:

	<b>Building held under operating lease RMB'000</b>	<b>Motor vehicles RMB'000</b>	<b>Computer and office equipment RMB'000</b>	<b>Total RMB'000</b>
<b>As at:</b>				
31 December 2016	–	500	160	660
31 December 2017	–	587	43	630
31 December 2018	–	301	27	328
31 May 2019	177	219	28	424

The decrease in net book value from 31 December 2016 to 31 December 2018 were mainly due to the depreciation of our property, plant and equipment throughout the periods. The net book value of our property, plant and equipment increased as at 31 May 2019, primarily due to recognition of the right-of-use of assets in respect of the lease of our office premises upon adoption of HKFRS 16. For details of our addition and disposal of property, plant and equipment during the Track Record Period, please refer to Note 14 of the Accountants' Report in Appendix I to this prospectus.

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### Deposit paid for acquisition of property, plant and equipment

As at 31 December 2016, 2017, 2018 and 31 May 2019, we had deposit paid for acquisition of property, plant and equipment of approximately nil, nil, RMB4,995,000 and RMB4,995,000, respectively. Such deposits represented the deposits paid for the acquisition of our new headquarters in Yixing which will be delivered to our Group on or before November 2019.

### Trade and other receivables

The following table sets out the breakdown of trade and other receivables as at the dates indicated:

	As at 31 December			As at
	2016	2017	2018	31 May
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables, at cost	1,147	6,288	19,981	18,552
Less: Provision for expected credit loss	(33)	(116)	(476)	(514)
	<u>1,114</u>	<u>6,172</u>	<u>19,505</u>	<u>18,038</u>
Trade receivables	1,114	6,172	19,505	18,038
Prepayments	639	375	2,483	2,546
Prepaid listing expenses	–	675	2,278	2,298
Other receivables	23	117	1,056	299
	<u>1,776</u>	<u>7,339</u>	<u>25,322</u>	<u>23,181</u>

### Trade receivables

During the Track Record Period, our trade receivables represented amounts receivable from our customers, less provision for expected credit loss, for provision of services to them.

Our trade receivables increased from approximately RMB1,114,000 as at 31 December 2016 to approximately RMB6,172,000 as at 31 December 2017. Such increase was primarily due to the increase in our revenue, and in particular, the increase in completion of large scale projects undertaken during the year. As at 31 December 2018, our trade receivables further increased to approximately RMB19,505,000 as (i) more revenue were generated from governmental customers, which in general takes longer time for internal administrative procedure to approve and remit the payment, resulting in an increase of trade receivables from governmental customers of approximately RMB5.9 million as at 31 December 2018 as compared to that in 2017; and (ii) more large scale projects were carried out in 2018 and thereby resulting in larger balance of trade receivables as compared with the previous year. Our Directors consider that although our trade receivables increased substantially as at 31 December 2018, our Group is not subject to deteriorated credit risk as based on the ageing analysis below, a large portion of our trade receivables fell within 3 months from our invoice date, which are not yet past due according to the credit period offered to our customers. Notwithstanding that some of our trade receivables were settled by our customers during the five months ended 31 May 2019, our trade receivables remained relatively stable at

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approximately RMB18,038,000 as at 31 May 2019 as some of these trade receivables were carried forward from 31 December 2018 as a result of the delayed settlement by some governmental customers as discussed above.

### *Ageing analysis of trade receivables*

We grant different credit periods up to 90 days to our customers. The following table sets forth the ageing analysis of our trade receivables based on the invoice date, net of provision for expected credit loss, as at the dates indicated:

	As at 31 December			As at
	2016	2017	2018	31 May
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 month	370	2,412	8,061	2,996
Over 1 month but within 3 months	274	1,961	6,399	6,684
Over 3 months but within 6 months	208	1,167	2,647	6,536
Over 6 months but within 1 year	256	607	1,996	1,302
Over 1 year	6	25	402	520
	<u>1,114</u>	<u>6,172</u>	<u>19,505</u>	<u>18,038</u>

### *Expected credit loss of trade receivables*

The following table sets forth the ageing analysis of trade receivables, net of provision for expected credit loss, based on ageing from due date, as at the dates indicated:

	As at 31 December			As at
	2016	2017	2018	31 May
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current	644	4,373	13,963	9,681
Less than 1 month	136	380	1,266	1,540
Over 1 month past due but within 3 months	72	787	1,878	4,995
Over 3 months past due but within 6 months	201	585	1,638	1,177
Over 6 months past due but within 1 year	61	47	760	645
Over 1 year past due	-	-	-	-
	<u>1,114</u>	<u>6,172</u>	<u>19,505</u>	<u>18,038</u>

Our trade receivables related to a wide range of customers for whom there was no recent history of default. We do not hold any collateral over the balances of trade receivables.

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The following table sets forth the movements in our Group's provision of expected credit loss of trade receivables:

	<b>Year ended 31 December</b>			<b>Five months ended</b>
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>31 May 2019</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the reporting period	48	33	116	476
Expected credit loss on trade receivables	33	116	476	514
Reversal of expected credit loss	(48)	(33)	(116)	(476)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At the end of the reporting period	<u>          </u> <u>          </u>	<u>          </u> <u>          </u>	<u>          </u> <u>          </u>	<u>          </u> <u>          </u>

At each of the reporting date, we carry out impairment reviews of its trade receivables using a lifetime expected credit loss model. Our Group determines the provision for expected credit loss on trade receivables resulting from the inability of the debtors to make the required payments. We take into consideration of the ageing of the receivables balance, debtor credit-worthiness, and historical write-off. If the financial conditions of debtors deteriorate, additional allowance for expected credit loss may be required. As at 31 May 2019, the expected credit loss rate for trade receivables that are past due over six months but within one year has reduced to 4%. We determined the expected credit loss rate based on the payment profiles of our customers in previous year. Given that trade receivables from customers in governmental sector as at 31 May 2019 have accounted for significant portion in the ageing banding that are past due over six months but within one year, our management determined that the default rate for trade receivables in this ageing banding was low having considered that more trade receivables for customers in governmental sector have been settled with longer time due to the internal administration approval procedures during the year ended 31 December 2018. Our management closely reviews the trade receivables balance and any overdue balances on an ongoing basis.

As at the Latest Practicable Date, approximately RMB16,822,000 or 93.3% of trade receivables as at 31 May 2019 were settled, of which approximately RMB9,596,000 and RMB7,226,000 were settled by customers in governmental sector and commercial sector, respectively.



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### Debtors' turnover days

The following table sets forth our debtors' turnover days for the periods indicated:

	Year ended 31 December			Five months ended 31 May 2019
	2016	2017	2018	
Debtors' turnover days <sup>(Note 1)</sup>	14.8 days	32.5 days	87.8 days	215.3 days
Debtors' turnover days for customers in governmental sector <sup>(Note 2)</sup>	19.3 days	47.9 days	141.1 days	272.5 days
Debtors' turnover days for customers in commercial sector <sup>(Note 3)</sup>	13.0 days	26.1 days	62.5 days	175.2 days

*Notes:*

- (1) Debtors' turnover days is equal to the average trade receivables, net of provision for expected credit loss, divided by revenue and multiplied by 366, 365, 365 and 151 days for the years ended 31 December 2016, 2017, 2018 and the five months ended 31 May 2019, respectively. Average trade receivables, net of provision for expected credit loss, equals trade receivables, net of provision for expected credit loss, at the beginning of the year/period plus trade receivables, net of provision for expected credit loss, at the end of the year/period and divided by two.
- (2) Debtors' turnover days for customers in governmental sector is equal to the average trade receivables, net of provision for expected credit loss, for customers in governmental sector divided by revenue for customers in governmental sector and multiplied by 366, 365, 365 and 151 days for the years ended 31 December 2016, 2017, 2018 and the five months ended 31 May 2019, respectively. Average trade receivables, net of provision for expected credit loss, for customers in governmental sector equals trade receivables, net of provision for expected credit loss, for customers in governmental sector at the beginning of the year/period plus trade receivables, net of provision for expected credit loss, for customers in governmental sector at the end of the year/period and divided by two.
- (3) Debtors' turnover days for customers in commercial sector is equal to the average trade receivables, net of provision for expected credit loss, for customers in commercial sector divided by revenue for customers in commercial sector and multiplied by 366, 365, 365 and 151 days for the years ended 31 December 2016, 2017, 2018 and the five months ended 31 May 2019, respectively. Average trade receivables, net of provision for expected credit loss, for customers in commercial sector equals trade receivables, net of provision for expected credit loss, for customers in commercial sector at the beginning of the year/period plus trade receivables, net of provision for expected credit loss, for customers in commercial sector at the end of the year/period and divided by two.

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In general, the fluctuation of our debtors' turnover days was mainly due to different settlement practices of different customers. Our debtors' turnover days increased from approximately 14.8 days for the year ended 31 December 2016 to approximately 32.5 days for the year ended 31 December 2017 as a result of increase in numbers of larger scale projects undertaken for both governmental and commercial sector during the year, hence increased the respective balance of trade receivables as at 31 December 2017 and the corresponding debtors' turnover days for the respective sectors. Further increase of debtors' turnover days to approximately 87.8 days was the result of the value of projects completed near the end of 31 December 2018, being also substantial, hence the balance of trade receivables was maintained at relatively high level as at 31 December 2018, which drove up the debtors' turnover day for both governmental and commercial sectors. In addition, more revenue were generated from customers in governmental sector which take longer settlement process in general, leading to the substantial increase in the debtors' turnover days for customers in governmental sector of approximately 141.1 days as a result of the increase in long outstanding balance of trade receivables. For the five months ended 31 May 2019, our debtors' turnover days increased significantly to approximately 215.3 days mainly due to the increase in debtors' turnover days recorded for governmental and commercial sectors of approximately 272.5 days and 175.2 days, respectively. As (i) substantial amounts of trade receivables for projects completed near the year end of 2018 have been carried forward due to delayed settlement of certain customers in governmental sector, leading to the increase in long outstanding balance of trade receivables; (ii) the average trade receivables for governmental and commercial sectors have been driven up by relatively high level of trade receivables as at 31 December 2018; and (iii) fewer projects were completed during the low season in the first half of the year, resulting in a relatively lower level of revenue, the debtors' turnover days for governmental and commercial sectors further increased for the five months ended 31 May 2019. Despite the longer debtors' turnover days as calculated, a substantial portion of trade receivables were aged within 3 months and our Directors believe that there was no significant change in credit quality in our trade receivables.

### *Prepayments and other receivables*

The following table sets out the breakdown of our prepayments and other receivables as at the dates indicated:

	<b>As at 31 December</b>			<b>As at 31 May</b>
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments	639	375	2,483	2,546
Prepaid listing expense	–	675	2,278	2,298
Other receivables	23	117	1,056	299
	<u>662</u>	<u>1,167</u>	<u>5,817</u>	<u>5,143</u>

Our prepayments and other receivables consists of (i) prepayments, which includes the prepayments to our suppliers for projects to be carried out in the subsequent year; (ii) prepaid listing expenses, which includes prepayments of professional fees in relation to the Listing; and (iii) other receivables, which consists of deposits paid to third parties and advances to staff for payment of expenses for our operation. Subject to the approval of our Directors, advances are available to our staff who need to travel on our behalf and/or station in other cities to carry out projects.

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Our prepayments and other receivables increased from approximately RMB662,000 as at 31 December 2016 to approximately RMB1,167,000 as at 31 December 2017 mainly due to the prepaid listing expenses incurred in relation to the preparation of Listing of approximately RMB675,000. Thereafter, our prepayments and other receivables increased to approximately RMB5,817,000 as at 31 December 2018 mainly attributable to (i) the increase in prepayments incurred to our suppliers of approximately RMB2,108,000 for projects to be carried out subsequent to the reporting period as a result of the significant increase in the projects value of our backlog as at 31 December 2018; (ii) the increase in the prepaid listing expenses of approximately RMB1,603,000; and (iii) the increase in other receivables of approximately RMB939,000 as a result of advances made to our staff for travelling, accommodation and contingent project costs for projects being undertaken in other cities as at 31 December 2018. As at 31 May 2019, our prepayments and other receivables remained relatively stable at approximately RMB5,143,000.

Except for the prepaid listing expenses which will only be utilised upon the Listing, approximately RMB2,752,000 or 96.7% of the prepayments and other receivables (excluding prepaid listing expenses) as at 31 May 2019 were subsequently utilised/settled as at the Latest Practicable Date.

### Amounts due from/(to) shareholders

The following table sets forth the details of the balance of amounts due from/(to) shareholders as at the date indicated:

	As at 31 December			As at
	2016	2017	2018	31 May
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Amounts due from shareholders</b>				
Mr. Zhou	2,000	2,329	1,464	995
Ms. Song	600	–	–	–
QY	–	–	4	4
SRU	–	–	1	1
DHSH	–	–	1	1
	<u>2,600</u>	<u>2,329</u>	<u>1,470</u>	<u>1,001</u>
<b>Amounts due to shareholders</b>				
Mr. Zhou	–	–	–	–
Ms. Song	–	11,373	–	–
	<u>–</u>	<u>11,373</u>	<u>–</u>	<u>–</u>

The balance of amounts due from/(to) shareholders are non-trade in nature, unsecured, interest-free and recoverable/repayable on demand. The balance of amounts due from/(to) shareholders will be settled prior to or upon the Listing.

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### Trade and other payables

The following table sets out the breakdown of trade and other payables as at the dates indicated:

	As at 31 December			As at
	2016	2017	2018	31 May
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2019</i>
Trade payables	2,686	2,560	3,060	1,647
Accrued salaries and other benefits	5,842	8,237	8,716	9,072
Other tax payables	232	834	1,947	612
Deposits received from customers	1,570	993	277	282
	<u>10,330</u>	<u>12,624</u>	<u>14,000</u>	<u>11,613</u>

### Trade payables

Our trade payables primarily consist of amounts payable to our suppliers. We generally receive credit terms ranging from 30 days to 120 days from our suppliers.

We recorded stable balance of trade payables of approximately RMB2,686,000 and RMB2,560,000 as at 31 December 2016 and 2017, respectively. Thereafter, our trade payables increased to approximately RMB3,060,000 due to the increase in credit purchases for services/products near 31 December 2018. As at 31 May 2019, our trade payables decreased to approximately RMB1,647,000 as a result of settlement of trade payables to our supplier during the periods.

The following table below sets forth an ageing analysis of our trade payables, based on the invoice date, as at the dates indicated.

	As at 31 December			As at
	2016	2017	2018	31 May
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2019</i>
Within 1 month	1,307	1,365	2,029	728
Over 1 month but less than 3 months	593	215	440	200
Over 3 months but less than 1 year	646	193	364	575
Over 1 year	140	787	227	144
	<u>2,686</u>	<u>2,560</u>	<u>3,060</u>	<u>1,647</u>

As at Latest Practicable Date, approximately RMB1,589,000 or 96.5% of our trade payables as at 31 May 2019 were settled.

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The following table below sets forth our creditors' turnover days for the periods indicated.

	<b>Year ended 31 December</b>			<b>Five months ended 31 May</b>
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
	Creditors' turnover days (Note)	76.0 days	78.3 days	51.4 days

*Note:* Creditors' turnover days is equal to the average trade payables divided by project costs and multiplied by 366, 365, 365 and 151 days for the years ended 31 December 2016, 2017, 2018 and the five months ended 31 May 2019, respectively. Average trade payables equals trade payables at the beginning of the year plus trade payables at the end of the year and divided by two.

Our creditors' turnover days were approximately 76.0 days, 78.3 days, 51.4 and 74.6 days for the years ended 31 December 2016, 2017, 2018 and the five months ended 31 May 2019, respectively, which were primarily affected by different credit periods granted by different suppliers, and thereby affected our calculated creditors' turnover days as the amount of trade payables as at the end of each of the reporting periods may be easily influenced.

### *Accruals and other payables*

The following table sets out the breakdown of our accruals and other payables as at the dates indicated:

	<b>As at 31 December</b>			<b>As at 31 May</b>
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Accrued salaries and other benefits	5,842	8,237	8,716	9,072
Other tax payables	232	834	1,947	612
Deposits received from customers	1,570	993	277	282
	<u>7,644</u>	<u>10,064</u>	<u>10,940</u>	<u>9,966</u>

Our accruals and other payables consists of (i) accrued salaries and other benefits, which represents bonus and salaries payable to our staff and the accruals of the retirement benefits costs such as social insurance as well as housing provident fund; (ii) other tax payables, which represents tax payable for the value added tax in the PRC; and (iii) deposits received from customers, which represents the deposits received from our customers in advance for our marketing services.

Our accruals and other payables increased from approximately RMB7,644,000 as at 31 December 2016 to approximately RMB10,064,000 as at 31 December 2017 as a result of the increase in the accrued salaries and other benefits. Thereafter, our accruals and other payables remained stable at approximately RMB10,940,000 and RMB9,966,000 as at 31 December 2018 and 31 May 2019, respectively.

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### Lease liabilities

Our lease liabilities primarily represents the present value of the outstanding lease payments for the lease of our office premise. Prior to the adoption of HKFRS 16, no lease liabilities were recognised as at 31 December 2016, 2017 and 2018. As at 31 May 2019, our Group recognised lease liabilities of approximately RMB177,000, of which approximately RMB111,000 was classified under current liabilities.

### RELATED PARTY TRANSACTIONS

For further details of our related party transactions, please refer to Note 25 of the Accountants' Report in Appendix I to this prospectus. Our Directors confirm that these related party transactions were conducted on normal commercial terms that are considered fair and reasonable and in the interest of our Group and would not distort our results of operations during the Track Record Period or make our historical results not reflective of our expectation for our future performance.

### INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as at 31 December 2016, 2017, 2018, 31 May 2019 and 31 August 2019, being the latest practicable date for the purpose of this indebtedness in this prospectus.

	As at 31 December			As at	As at
	2016	2017	2018	31 May	31 August
	RMB'000	RMB'000	RMB'000	2019	2019
				RMB'000	RMB'000
					(unaudited)
<b>Current liabilities</b>					
Amount due to a shareholder	-	11,373	-	-	-
Lease liabilities	-	-	-	111	111
	<u>-</u>	<u>-</u>	<u>-</u>	<u>111</u>	<u>111</u>
<b>Non-current liabilities</b>					
Lease liabilities	-	-	-	66	39
	<u>-</u>	<u>-</u>	<u>-</u>	<u>66</u>	<u>39</u>

As at the Latest Practicable Date, our Group did not have any banking facilities granted by any financial institution. Save as disclosed above, our Group had no other outstanding mortgages, charges, debentures or other loan capital or banking facilities or other similar indebtedness or hire purchase commitments or finance lease commitments or any guarantees or other material contingent liabilities as at 31 December 2016, 2017, 2018, 31 May 2019 and 31 August 2019.

Our Directors have confirmed that there has not been any material change in our indebtedness and contingent liabilities since 31 August 2019 up to the date of this prospectus.

### OFF-BALANCE SHEET ARRANGEMENTS

As at the Latest Practicable Date, we had not entered into any off-balance sheet transactions or arrangements.

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### COMMITMENTS

#### Operating leases commitments

We leased an office premises under non-cancellable operating lease arrangement. The following table sets forth our commitments for future minimum lease payments as at the date indicated:

	<b>As at 31 December</b>		
	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	120	120	120
Over 1 year but less than 5 years	360	240	120
	480	360	240
	480	360	240

Prior to the adoption of HKFRS 16, commitments under operating leases for future periods were not recognised by our Group as liabilities. Upon the adoption of HKFRS 16 with effective from 1 January 2019, no commitment as at 31 May 2019 was presented and, accordingly, we recognised lease liabilities for those operating leases commitments of approximately RMB177,000 as at 31 May 2019, of which approximately RMB111,000 was classified under current liabilities.

### CAPITAL EXPENDITURE

The following table sets forth details of our capital expenditure for the periods indicated:

	<b>Year ended 31 December</b>			<b>Five months ended 31 May</b>
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Capital expenditure</b>				
Property, plant and equipment	–	357	5,022	7
	–	357	5,022	7
	–	357	5,022	7

Our capital expenditures during the Track Record Period principally consisted of expenditures on acquisitions of property, plant and equipment. For the years ended 31 December 2016, 2017 and 2018 and the five months ended 31 May 2019, we incurred capital expenditures of nil, approximately RMB357,000 mainly for the purchase of a motor vehicle, approximately RMB5,022,000 primarily representing the deposit paid for the new headquarters in Yixing and approximately RMB7,000 mainly for the purchase of office equipment, respectively.

On 29 June 2018, we have entered into a contract to acquire a presale office premises in Yixing Economic Development Zone as our new headquarters in order to cater the expansion of our workforce. The total acquisition costs of the presale office premises is approximately RMB16,649,000 and we have paid approximately RMB4,995,000 as a deposit to the property developer, who is an independent third party. Such office premises is expected to be delivered to our Group on or before November 2019 and we have to settle the remaining balance of approximately RMB11,654,000 at that time. Please refer to the section headed “Business – Properties” of this prospectus for further details.

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### SUMMARY OF KEY FINANCIAL RATIOS

The following table sets forth certain financial ratios as at the dates or for the periods indicated.

	As at or year ended 31 December			As at or five months ended 31 May 2019
	2016	2017	2018	
	Current/Quick ratio <sup>(1)</sup>	2.7	2.3	3.6
Gearing ratio <sup>(2)</sup>	N/A	N/A	N/A	0.4%
Net debt to equity ratio <sup>(3)</sup>	N/A <sup>(7)</sup>	N/A <sup>(7)</sup>	N/A <sup>(7)</sup>	N/A <sup>(7)</sup>
Return on equity <sup>(4)</sup>	52.3%	35.6%	14.3%	12.6%
Return on total assets <sup>(5)</sup>	33.5%	20.7%	10.7%	10.1%
Interest coverage <sup>(6)</sup>	N/A	N/A	N/A	882.5 times

*Notes:*

- (1) Current ratio is calculated as total current assets divided by total current liabilities. Quick ratio is calculated as the total current assets minus inventories divided by total current liabilities.
- (2) Gearing ratio is calculated as total interest-bearing debt divided by total equity and multiplied by 100%. There is no outstanding interest-bearing debt for our Group as at 31 December 2016, 2017 and 2018, respectively.
- (3) Net debt to equity ratio is calculated as total interest-bearing debt less cash and cash equivalents divided by total equity and multiplied by 100%.
- (4) Return on equity equals annualised profit attributable to the owners of our Company for the year divided by ending total equity attributable to owners of the Company and multiplied by 100%.
- (5) Return on total assets equals annualised profit for the year divided by ending total assets and multiplied by 100%.
- (6) Interest coverage equals profit before interest and income tax divided by interest expenses. There is no interest expenses incurred by our Group for the years ended 31 December 2016, 2017 and 2018.
- (7) The ratios are not applicable as we were in a net cash position as at 31 December 2016, 2017, 2018 and 31 May 2019.

### Current ratio and quick ratio

During the Track Record Period, we did not have any inventory and, accordingly, our quick ratio was the same as our current ratio. Our current ratio and quick ratio decreased from 2.7 as at 31 December 2016 to 2.3 as at 31 December 2017, which was due to the declared of dividend by a member of our Group during the year ended 31 December 2017. Thereafter, our current ratio and quick ratio increased to 3.6 as at 31 December 2018 primarily due to the combined effect of (i) the proceeds made by Mr. Ho for the paid-up capital of Wuxi Orange as the Pre-IPO investment; and (ii) the settlement of the dividend previously declared by our Group's member, which reduced our liability level in a larger extent than that of our assets. Our current ratio and quick ratio further increased to 4.5 as at 31 May 2019 primarily due to the profitable operation of our Group which further improved the net assets position of our Group.



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### **Gearing ratio**

Since there was no outstanding interest-bearing debt for our Group as at 31 December 2016, 2017 and 2018, the gearing ratio is not applicable for analysis. As at 31 May 2019, our gearing ratio increased to 0.4% as a result of recognition of lease liabilities upon the initial adoption of HKFRS 16.

### **Net debt to equity ratio**

Since there was no outstanding interest-bearing debt for our Group as at 31 December 2016, 2017, 2018 and 31 May 2019, our Group were in net cash position as at each of the aforesaid dates.

### **Return on equity**

Our return on equity decreased from 52.3% for the year ended 31 December 2016 to 35.6% for the year ended 31 December 2017, primarily due to the profit made and the significant capital contribution by our Controlling Shareholders during the year ended 31 December 2017 which enhanced and significantly increased our equity base. Our return on equity significantly decreased to 14.3% for the year ended as at 31 December 2018, primarily due to the significant listing expenses charged to the profit or loss for the year. Thereafter, our return on equity, further decreased to 12.6% for the five months ended 31 May 2019 as a result of the increase in our total equity resulting from the increase in reserves by profit generated during such period.

### **Return on total assets**

Our return on total assets decreased from 33.5% for the year ended 31 December 2016 to 20.7% for the year ended 31 December 2017, primarily due to the increase in our total assets, in particular, our bank balances and cash, as a result of the Group's profitable operation as well as the proceeds from the significant capital contribution by our Controlling Shareholders. Our return on total assets significantly decreased to 10.7% as at 31 December 2018, primarily due to the significant listing expenses charged to the profit or loss for the year. Thereafter, our return on total assets remain relatively stable at 10.1% as at 31 May 2019.

### **Interest coverage**

We have not incurred any interest expenses for the year ended 31 December 2016, 2017 and 2018, and hence interest coverage was not applicable for the analysis for our Group. Upon adoption of HKFRS 16, we recorded finance costs in respect of the lease liabilities for the lease of our premises and hence our interest coverage increased to approximately 882.5 times for the five months ended 31 May 2019.

### **WORKING CAPITAL SUFFICIENCY**

Taking into consideration our Group's existing balance of cash and cash equivalents, cash flows from operations and estimated net proceeds from the Share Offer, our Directors believe, after due and careful inquiry, that we have sufficient working capital for at least the next 12 months commencing from the date of this prospectus.

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### QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISKS

Our Group is exposed to a variety of risks including credit risk and liquidity risk in the ordinary course of operations. Our Directors monitor the financial risk management and take such measures as considered necessary from time to time to minimise such financial risks.

#### Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to our Group. Bank balances of our Group are held with financial institutions of good standing. The carrying amount of trade and other receivables and amounts due from shareholders represent our Group's maximum exposure to credit risk in relation to its financial assets. No other financial assets carry a significant exposure to credit risk.

Our Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent.

As at 31 December 2016, 2017, 2018 and 31 May 2019, our Group has a certain concentration of credit risk as 12.9%, 13.6%, 8.5% and 8.9% of trade receivables was due from our Group's largest customer respectively, while 49.6%, 51.7%, 32.7% and 31.7% of trade receivables was due from our Group's five largest customers respectively.

#### Liquidity risk

Our Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

### DIVIDENDS

On 27 December 2017, our Group's member declared and subsequently settled dividends of approximately RMB14,246,000 to the then shareholders. Our Directors consider that there has not been any material adverse impact on our Group's financial and liquidity position arising out of the dividend payment as our Group continued to maintain net current assets and net assets position after such payment.

We currently do not have a dividend policy. There is no expected or predetermined dividend payout ratio after the Listing. The payment and the amount of any future dividends will be at the discretion of our Directors and will depend upon our Group's future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors deem relevant. Any final dividend for a financial year will be subject to Shareholders' approval. Holders of the Shares will be entitled to receive such dividends pro rata according to the amounts paid up on the Shares.

Dividends may be paid only out of our Company's distributable profits as permitted under the relevant laws. There can be no assurance that our Company will be able to declare or distribute in the amount set out in any plan of our Board or at all. The past dividend distribution record may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Company in the future.

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## FINANCIAL INFORMATION

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### LISTING EXPENSES

Our estimated listing expenses primarily consist of legal and professional fees, including underwriting commission, in relation to the Listing. Assuming the Offer Price of HK\$0.29 per Offer Share, being the mid-point of the indicative range of the Offer Price stated in this prospectus, the listing expenses are estimated to be approximately HK\$27,128,000, of which approximately HK\$9,604,000 is directly attributable to the issue of new Shares and is to be accounted for as a deduction from equity in accordance with the relevant accounting standard. The remaining amount of approximately HK\$17,524,000 is chargeable to the consolidated statements of comprehensive income, of which approximately HK\$9,553,000 (equivalent to approximately RMB8,048,000) and approximately HK\$332,000 (equivalent to approximately RMB286,000) were charged to the profit or loss for the year ended 31 December 2018 and the five months ended 31 May 2019, respectively, and approximately HK\$7,639,000 is expected to be incurred for the year ending 31 December 2019. The estimated listing expenses are subject to adjustments based on the actual amount incurred or to be incurred.

### RECENT DEVELOPMENT

As at the Latest Practicable Date, we have 52 projects on hand with the aggregate contract sum of our Group's projects amounted to approximately RMB13,829,000, which is expected to be recognised for the year ending 31 December 2019. Subsequent to the Track Record Period and according to the unaudited management accounts of our Group, our revenue for the three months ended 31 August 2019 increased as compared to the three months ended 31 August 2018, primarily due to the increase in number of projects undertaken for the period of comparison.

According to the F&S Report, with the supportive government measures and continued product innovation, the marketing services industry is expected to maintain its growth momentum to reach RMB4,580.0 billion in 2023, with the CAGR of 7.3% during 2019 to 2023. Subsequent to the Track Record Period and up to the date of this prospectus, we had not experienced any significant changes in our pricing policy and there had been no material change in our staff costs and project costs. As far as we are aware, there had been no change in the general economic and market conditions in the marketing services industry that had materially and adversely affected our business operations or financial condition.

In June 2018, our Group entered into a contract to purchase a presale office in Yixing as our new headquarters as our Directors considered that (i) additional working space is required in light of the business expansion plan; (ii) ownership of the headquarters will save us from being expelled by the landlord upon expiry of tenure, and we can invest more in decorating our headquarters, including setting up of an impressive show room to visualise and demonstrate to our potential clients of our track record or promotion ideas, it will allow us to gain trust and confidence from them, helping us reinforce our market position and capture more market share within the industry. Given that the infrastructure, such as sewerage, water and electricity are yet properly in place, the handover of our new headquarters is delayed. Subject to the progress of work and the inspection by the relevant government authorities, our new headquarters is expected to be delivered on or before November 2019. Should there is any unexpected circumstances such as a further delay in the handover of our new headquarters, our Group is entitled to rescind the contract with the deposits being fully refunded and our Directors will endeavor to look for other suitable properties as an alternative for our new headquarters. Please refer to the section headed "Business – Properties" of this prospectus for further details.

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## **FINANCIAL INFORMATION**

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### **DISTRIBUTABLE RESERVES**

As at 31 May 2019, our Company had no distributable reserves available for distribution to its equity holders.

### **UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS**

Please refer to the section headed “Unaudited Pro Forma Financial Information” in Appendix II to this prospectus for details.

### **DISCLOSURE REQUIRED UNDER CHAPTER 17 OF THE GEM LISTING RULES**

Our Directors confirm that as of the Latest Practicable Date, there were no circumstances which would give rise to a disclosure required under Rules 17.15 to 17.21 of the GEM Listing Rules upon the listing of the Shares on the Stock Exchange.

### **MATERIAL ADVERSE CHANGE**

Our Directors have confirmed that, up to the date of this prospectus, save as disclosed in the paragraph headed “Listing expenses” above, there has been no material adverse change in our financial or trading position since 31 May 2019, the end of period reported in the Accountants’ Report, and there has been no event since 31 May 2019 which has materially affected the information shown in the Accountants’ Report.

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## FUTURE PLANS AND USE OF PROCEEDS

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### BUSINESS OBJECTIVE

Our business objective is to expand the scale of our business operations and to capture greater market share in the rapidly growing marketing services industry in the PRC. Please refer to the section headed “Business – Business Strategies” of this prospectus for more details of our business objectives, strategies and future plans.

### IMPLEMENTATION PLANS

With the view of pursuing our business objective and strategies, we set forth our implementation plans starting from the Latest Practicable Date and for each six-month period until 31 December 2021. The respective scheduled completion time of the planned events is based on the bases and assumptions as set out in the paragraph headed “bases and assumptions” in this section below. These bases and assumptions are subject to many uncertainties and unpredictable factors and the risk factors as set out in the section headed “Risk Factors” of this prospectus. As such, there is no assurance that our business plans will materialise and our future plans will be accomplished in accordance with the scheduled timeframe. Nevertheless, we are committed to use our best endeavours to achieve our plans through meticulously and proactive management.

#### From the Latest Practicable Date to 31 December 2019

<b>Business strategy</b>	<b>Implementation activities</b>	<b>Use of proceeds</b>
Establishment of new branch offices in Wuxi and Beijing	<ul style="list-style-type: none"><li>– Recruitment of one general manager for setting up our branch office in Wuxi</li><li>– Payment of renovation costs for our new branch office in Wuxi</li><li>– Payment of rental expenses for our new branch office in Wuxi</li></ul>	To be funded by the net proceeds from the Share Offer of approximately HK\$266,000
Setting up a sales and marketing team and the enhancement of marketing efforts	<ul style="list-style-type: none"><li>– Recruitment of eight additional staff for setting up our sales and marketing team</li><li>– Carrying out marketing and promotional activities in different cities and regions in the PRC</li></ul>	To be funded by the net proceeds from the Share Offer of approximately HK\$811,000
Setting up an in-house multimedia production and design team	<ul style="list-style-type: none"><li>– Recruitment of one general manager for setting up our multimedia production and design team</li></ul>	To be funded by the net proceeds from the Share Offer of approximately HK\$69,000

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## FUTURE PLANS AND USE OF PROCEEDS

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**From 1 January 2020 to 30 June 2020**

<b>Business strategy</b>	<b>Implementation activities</b>	<b>Use of proceeds</b>
Establishment of new branch offices in Wuxi and Beijing	<ul style="list-style-type: none"> <li>– Recruitment of 22 additional staff, including three operation managers, 17 staff for event management and/or design and two accounting and administrative staff to support the business operation for our branch office in Wuxi</li> <li>– Recruitment of one general manager for setting up our branch office in Beijing</li> <li>– Payment of renovation costs for new branch office in Wuxi and Beijing</li> <li>– Purchase of fixtures, furniture and office equipment for our new branch office in Wuxi</li> <li>– Payment of rental expenses for our new branch offices in Wuxi and Beijing</li> <li>– Payment of staff costs of the additional staff recruited</li> </ul>	To be funded by the net proceeds from the Share Offer of approximately HK\$3,116,000
Setting up a sales and marketing team and the enhancement of marketing efforts	<ul style="list-style-type: none"> <li>– Carrying out marketing and promotional campaigns in different cities and regions in the PRC</li> <li>– Payment of staff costs of the additional staff recruited</li> </ul>	To be funded by the net proceeds from the Share Offer of approximately HK\$1,940,000
Setting up an in-house multimedia production and design team	<ul style="list-style-type: none"> <li>– Recruitment of 10 additional staff including one director, three animators and designers, one scriptwriter, three videographers and two post-production editors to support the operation of our multimedia production and design team</li> <li>– Payment of staff costs of the additional staff to be recruited</li> <li>– Purchase of audiovisual equipment and hardware</li> </ul>	To be funded by the net proceeds from the Share Offer of approximately HK\$2,286,000

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## FUTURE PLANS AND USE OF PROCEEDS

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**From 1 July 2020 to 31 December 2020**

<b>Business strategy</b>	<b>Implementation activities</b>	<b>Use of proceeds</b>
Establishment of new branch offices in Wuxi and Beijing	<ul style="list-style-type: none"> <li>– Recruitment of 11 additional staff, including two operation managers, seven staff for event management and/or design and two accounting and administration staff support the business operation for our branch office in Beijing</li> <li>– Payment of renovation costs for our new branch office in Beijing</li> <li>– Purchase of fixtures, furniture and office equipment for our new branch office in Beijing</li> <li>– Payment of rental expenses for our new branch offices in Wuxi and Beijing</li> <li>– Payment of staff costs of the additional staff recruited</li> </ul>	To be funded by the net proceeds from the Share Offer of approximately HK\$5,017,000
Setting up a sales and marketing team and the enhancement of marketing efforts	<ul style="list-style-type: none"> <li>– Carrying out marketing and promotional campaigns in different cities and regions in the PRC</li> <li>– Payment of staff costs of the additional staff recruited</li> </ul>	To be funded by the net proceeds from the Share Offer of approximately HK\$1,940,000
Setting an in-house multimedia production and design team	<ul style="list-style-type: none"> <li>– Payment of staff costs of the additional staff recruited</li> </ul>	To be funded by the net proceeds from the Share Offer of approximately HK\$1,564,000

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## FUTURE PLANS AND USE OF PROCEEDS

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### From 1 January 2021 to 30 June 2021

<b>Business strategy</b>	<b>Implementation activities</b>	<b>Use of proceeds</b>
Establishment of new branch offices in Wuxi and Beijing	<ul style="list-style-type: none"> <li>– Payment of staff costs of the additional staff recruited</li> <li>– Payment of rental expenses for our new branch offices in Wuxi and Beijing</li> </ul>	To be funded by the net proceeds from the Share Offer of approximately HK\$3,268,000
Setting up a sales and marketing team and the enhancement of marketing efforts	<ul style="list-style-type: none"> <li>– Carrying out marketing and promotional campaigns in different cities and regions in the PRC</li> <li>– Payment of staff costs of the additional staff recruited</li> </ul>	To be funded by the net proceeds from the Share Offer of approximately HK\$1,613,000
Setting up an in-house multimedia production and design team	<ul style="list-style-type: none"> <li>– Payment of staff costs of the additional staff recruited</li> </ul>	To be funded by the net proceeds from the Share Offer of approximately HK\$1,173,000

### From 1 July 2021 to 31 December 2021

<b>Business strategy</b>	<b>Implementation activities</b>	<b>Use of proceeds</b>
Establishment of new branch offices in Wuxi and Beijing	<ul style="list-style-type: none"> <li>– Payment of staff costs of the additional staff recruited</li> <li>– Payment of rental expenses for our new branch offices in Wuxi and Beijing</li> </ul>	To be funded by the net proceeds from the Share Offer of approximately HK\$2,647,000
Setting up a sales and marketing team and the enhancement of marketing efforts	<ul style="list-style-type: none"> <li>– Carrying out marketing and promotional campaigns in different cities and regions in the PRC</li> <li>– Payment of staff costs of the additional staff recruited</li> </ul>	To be funded by the net proceeds from the Share Offer of approximately HK\$1,188,000
Setting up an in-house multimedia production and design team	<ul style="list-style-type: none"> <li>– Payment of staff costs of the additional staff recruited</li> </ul>	To be funded by the net proceeds from the Share Offer of approximately HK\$1,005,000



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## FUTURE PLANS AND USE OF PROCEEDS

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### BASES AND ASSUMPTIONS

Potential investors should note that the attainability of our business goals and strategies depends on various bases and assumptions, particularly:

- we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which our future plans relate;
- there will be no material changes in the funding requirement for each of our Group's future plans described in this prospectus from the amount as estimated by our Directors;
- there will be no material changes in the existing laws and regulations, or other governmental policies relating to our Group, or in the political, economic or market conditions in the PRC;
- there will be no outbreak of contagious diseases or occurrence of force majeure events or natural disasters in the PRC which would materially disrupt our business operations or cause substantial loss, damage or destruction to our properties or facilities;
- there will be no disasters, natural, political or otherwise, which would materially disrupt our Group's businesses or operations;
- our Group will not be materially and adversely affected by any risk factors set out in the section headed "Risk Factors" of this prospectus;
- there will be no material changes in the bases or rates of taxation in the PRC or any of the countries in which our Group operates or is incorporated;
- the Share Offer will be completed in accordance with and as described in the section headed "Structure and Conditions of the Share Offer" of this prospectus;
- there will be no significant changes in the interest rates or the foreign currency exchange rates from those currently prevailing;
- our Group will be able to retain key personnel in the management and the main operational departments;
- our Group will be able to obtain new customers or retain our customers and suppliers; and
- there will be no change in the effectiveness of any licences and permits obtained by us.

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## FUTURE PLANS AND USE OF PROCEEDS

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### REASONS FOR LISTING

Our Directors believe that the Listing enables our Group to enjoy various benefits, achieve our business objectives and facilitate our future developments as summarised as below:

#### **Capture more market share in the industry**

The net proceeds from the Listing provide us with financial resources to implement our business strategies as disclosed in the section headed “Business – Business Strategies” of this prospectus. Supported by the fund raised from the Share Offer, our Directors aim to implement the said strategies to drive the growth of our business. According to the F&S Report, the market size of the marketing services industry in the PRC is expected to reach RMB4,580.0 billion in 2023, representing a CAGR of 7.3% between 2019 and 2023 as a result of supportive government measures and continued product innovation. Our Directors believe that, by expanding our current operations through establishment of new branch offices in Wuxi and Beijing as well as forming our sales and marketing team, we will be able to reach out to new customers and business opportunities in both target regions and improve our brand awareness. In addition, given the increasing significance of social media and software application as promotional platforms in the PRC and its correlation with the growth of e-commerce in the PRC, it is imperative for our Group to develop in-house expertise in digital marketing and audiovisual designs and production, thereby allowing our Group to capture greater portion of market share in the growing marketing services industry.

According to our future expansion plan, it is expected that all necessary personnel for our new branch offices, sales and marketing team as well as in-house multimedia production and design team will be recruited for the period up to 31 December 2020 and approximately RMB14,790,000 (equivalent to approximately HK\$17,009,000) for relevant operation cost and capital expenditure will be incurred for such future expansion plan. Furthermore, with reference to the registered share capital of the operating subsidiaries of our Group, our Directors estimated that approximately RMB4,000,000 will be invested as the initial working capital to support the start-up of our new branch offices in Wuxi and Beijing. As such, a total funding of approximately RMB18,790,000 is required for the period up to 31 December 2020 in order to implement our expansion plan. Although our bank balance and cash amounted to approximately RMB33,953,000 as at 31 August 2019, our Directors consider that the internal financial resources of our Group do not constitute as a sufficient source of fund to support our expansion plan as part of our bank balance and cash has to be reserved for the payment of future expenditure, which included (i) the remaining balance of the acquisition costs of the new headquarters in Yixing of approximately RMB11,654,000, which is to be settled in November 2019; (ii) the renovation and refurbishment costs for our new headquarters, which included multimedia workshops, showrooms and general office areas, with estimated amount of approximately RMB3,056,000; and (iii) the purchase of fixtures, furniture and office equipment for our new headquarters of approximately RMB1,553,000. After deducting the aforesaid future expenditure, our adjusted bank balance and cash as at 31 August 2019 will only be approximately RMB17,690,000, which is lower than the budgeted expenditure for our future expansion plans (i.e. approximately RMB18,790,000) for the period up to 31 December 2020. Furthermore, instead of investing all internal resources for expansion plan, our Directors considered that it would be necessary and prudent for us to maintain bank balance and cash in minimum of approximately RMB10,266,000, which is equivalent to our average historical operating cash outflow for four months costs as reference to the credit periods of up to 120 days granted by our suppliers if our customers fail to pay us within the credit periods of 90 days, for our daily operation as well as a buffer for any unforeseen circumstances.

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## FUTURE PLANS AND USE OF PROCEEDS

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As at the Latest Practicable Date, our Group did not have any banking facilities as it is rather difficult for us to obtain banking facilities in the PRC without holding any collateral, such as property assets, to be pledged to financial institution. Our Directors have also considered the possibility of pledging the new headquarters as collateral to obtain banking facilities to implement our expansion plans. Nevertheless, our Directors are of the view that the equity form of financing would be more appropriate to implement our expansion plans rather than solely relying on debt financing for the following reasons: (a) having consulted our principal banker, our Directors considered that the loan size to be granted by pledging the new headquarters would be limited to an amount of no more than approximately 50% of the appraised value of the new headquarters or approximately RMB8 million, which is not sufficient to support the additional funding needs from our expansion plan, in particular setting up new branch offices in Wuxi and Beijing; (b) even if we can obtain such debt financing, it is necessary for our Group to retain a portion of our business income for loan repayment under debt financing and thus our business may be interrupted given that our business model is generally project based and our cash inflow and outflow may fluctuate from time to time; (c) debt financing and equity financing are not mutually exclusive, and our Group may be better positioned to bargain for more favourable terms from debt financiers with a larger equity base; and (d) we will be subject to various covenants associated with the banking facilities, which may restrict our flexibility and capability for future development or our ability to obtain additional financing.

Given that (i) our market share was less than 0.1% for the industry; and (ii) the demand of our customers cannot be fully catered in locations other than Yixing, our Directors are of the view that it is imminent and strategic to execute the aforesaid expansion plans in the short and medium term in order to capture the business opportunities in the marketing services industry, which has been rapidly growing since 2013. Therefore, based on the above, our Directors believe that it is important for us to raise additional fund from the Listing as there are insufficient internal resources as well as limited funding sources available to our Group to support our expansion plans.

### **Stronger ability to retain and attract talents**

Being a part of the marketing services industry, our business depends heavily on talented professionals such as artists, designers, marketers and experienced general managers. Strategic financial investments in human capital are therefore vital to the success of our business. As disclosed in the section headed “Business – Business strategies” of this prospectus, we intend to enhance our customer outreach and the quality of our services through strategies including establishment of additional branch offices and setting up a sales and marketing team as well as an in-house multimedia production and design team. These expansion strategies require relentless support of dedicated and talented individuals and we intend to hire 54 additional staff to support our expansion plans. As at Latest Practicable Date, we had a total of 50 staff, which includes 41 operational staff responsible for undertaking our projects. Upon the commencement of operation of our new branches offices in Wuxi and Beijing, we expect our sales networks and successful track record in Wuxi area and Beijing area will be largely increased. Having considered that the market sizes in Wuxi area and Beijing area are larger than that of Yixing, our Directors expect that more complex and high-valued marketing services projects will be undertaken, and our Directors consider that our current service capacity is not sufficient to meet the manpower needs to handle more large scale projects after our expansion. In addition, having also considered that (i) additional staff are needed to fill in the vacancy for the new branch offices given that our headquarter staff will continue to work in Yixing; (ii) the additional sales professionals will reduce the workload of

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## FUTURE PLANS AND USE OF PROCEEDS

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Mr. Zhou, who is solely responsible for overseeing the marketing aspect of our Group; and (iii) the increasing demands for services with multimedia elements, which are the expertise we lack, our Directors are of the view that it is necessary for us to expand our labour force pursuant to the hiring plan. For details of the background and expected salaries of the new hires, please refer to the section headed “Business – Business Strategies” of this prospectus. Our Directors consider that, taking into account (i) the experience, qualification and the background of the additional employees to be recruited; (ii) the current salary levels of the respective positions in the local job market; (iii) the scope of responsibility of the new hires; and (iv) the remuneration package of our current employees for the relevant positions, the salaries to be offered to our additional employees commensurate with their relevant positions. We believe that the Listing would increase our capability in retaining and attracting talents through offering competitive remuneration packages and allowing employees to take part in training, education and development programs necessary for their continuing developments in their own professional career.

### **Strengthen our Group’s corporate profile**

During the Track Record Period, our Group was committed to developing our customer base and had the opportunity to provide marketing services for customers in both the government and commercial sectors. However, the growing marketing services industry within the PRC is highly competitive and involves thousands of market participants. Our Directors are of the view that the Listing would enhance our corporate profile and thus induce confidence in both our customers and suppliers alike. For example, new customers and business partners would be able to obtain information about us from public disclosures, including our previous achievement as well as financial information where necessary. According to the F&S Report, there are thousands of marketing services providers with various specialism in the PRC. Our Directors believe that the number of marketing services providers listed on the Stock Exchange is far less and thus our Group is able to stand out from various unlisted and undistinguishable marketing services providers which potential customers may not easily acquaint with.

### **Provide a fund-raising platform for our Group**

The Share Offer will provide a fund-raising platform for our Company, thereby enabling us to raise the capital required to finance our future growth and expansion without reliance on our Controlling Shareholders. Such platform would allow us to gain direct access to the capital market for equity and/or debt financing, both at the time of the Listing as well as at later stage, to fund our existing operations and future expansion, which could be instrumental to our expansion and improve our operating and financial performance to enhance Shareholders’ return. Besides, our listed status may provide access to low-interest credit and enhance our Group’s ability to obtain favourable terms of bank financing as compared to a private entity. Accordingly, our Directors consider that the Listing is beneficial to the future growth and development of our Group in the long-run.

For the above reasons, our Directors believe that Listing will benefit our Group as a whole.

## FUTURE PLANS AND USE OF PROCEEDS

### USE OF PROCEEDS

We intend to raise funds by the Share Offer in order to pursue our business objectives as set out in the paragraph headed “Business objective” above in this section. Assuming the Offer Price of HK\$0.29 per Offer Share, being the mid-point of the range of Offer Price, the net proceeds from the Share Offer, after deducting related expenses, are estimated to be approximately HK\$30,872,000. We currently intend to apply such net proceeds from the Share Offer as follows:

	From the Latest Practicable Date to 31 December 2019 (HK\$'000)	From 1 January 2020 to 30 June 2020 (HK\$'000)	From 1 July 2020 to 31 December 2020 (HK\$'000)	From 1 January 2021 to 30 June 2021 (HK\$'000)	From 1 July 2021 to 31 December 2021 (HK\$'000)	Total (HK\$'000)	% of the total net proceeds (HK\$'000)
Establishment of new branch offices in Wuxi and Beijing	266	3,116	5,017	3,268	2,647	14,314	46.4
Setting up a sales and marketing team and the enhancement of marketing efforts	811	1,940	1,940	1,613	1,188	7,492	24.3
Setting up an in-house multimedia production and design team	69	2,286	1,564	1,173	1,005	6,097	19.7
General working capital	2,969	-	-	-	-	2,969	9.6
	<u>4,115</u>	<u>7,342</u>	<u>8,521</u>	<u>6,054</u>	<u>4,840</u>	<u>30,872</u>	<u>100</u>

If the Offer Price is set at the highest or lowest point of the indicative Offer Price, the net proceeds received by us will increase or decrease by approximately HK\$7,360,000, after deducting the related Listing expenses respectively. In such event, the above allocation of net proceeds will be adjusted on a pro rata basis.

Our Directors consider that the expenditure incurred for the above expansion plan will be sufficiently covered by the net proceeds from the Share Offer. To the extent that the net proceeds from the Share Offer is not immediately required for the above purposes, our Directors presently intend to place such net proceeds in short-term interest-bearing deposit accounts held with authorised financial institutions.

Should our Directors decide to allocate the net proceeds from the Share Offer to new business plans or projects of our Group other than those disclosed above in this prospectus after Listing, the use of proceeds will be disclosed in accordance with the GEM Listing Rules.

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## UNDERWRITING

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### **PUBLIC OFFER UNDERWRITERS**

#### **Joint Bookrunners and Joint Lead Managers**

Frontpage Capital Limited  
Mouette Securities Company Limited  
Ruibang Securities Limited

### **UNDERWRITING ARRANGEMENTS AND EXPENSES**

#### **The Public Offer**

##### *Public Offer Underwriting Agreement*

Pursuant to the Public Offer Underwriting Agreement, we are offering 20,000,000 Public Offer Shares (subject to reallocation) for subscription on the terms and subject to the conditions of this prospectus and the Application Forms at the Offer Price.

Subject to (i) the Listing Division of the Stock Exchange granting listing of, and permission to deal in, the Shares (including the additional Shares to be issued pursuant to the Capitalisation Issue); and (ii) certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have severally agreed to apply or procure applications, on the terms and conditions of this prospectus, the related Application Forms and the Public Offer Underwriting Agreement, for the Public Offer Shares now being offered and which are not taken up under the Public Offer.

The Public Offer Underwriting Agreement is conditional upon and subject to the Placing Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

##### *Grounds for Termination*

If prior to 8:00 a.m. (Hong Kong time) on the Listing Date:

- (a) there comes to the notice of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters):
  - (i) that any statement contained in this prospectus, the Application Forms, the Formal Notice and any announcements issued by our Company in connection with the Public Offer (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading, or that any forecasts, expressions of opinion, intention or expectation expressed in this prospectus, the Application Forms, the Formal Notice and/or any announcements issued by our Company in connection with the Public Offer (including any supplement or amendment thereto) are not fair and honest and based on reasonable assumptions, in each case when taken as a whole; or

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## UNDERWRITING

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- (ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus and having not been disclosed in this prospectus, constitute a material omission therefrom; or
  - (iii) any breach of any of the obligations imposed upon any member of our Group, the executive Directors or any Controlling Shareholders; or
  - (iv) any event, act or omission which gives or is likely to give rise to any liability of any of the indemnifying parties pursuant to the Public Offer Underwriting Agreement; or
  - (v) any adverse change or development involving a prospective change (whether permanent or not) in the assets, liabilities, conditions, business affairs, prospects, profits, losses or financial or trading position or performance of any member of our Group; or
  - (vi) approval by the Listing Division of the listing of, and permission to deal in, the Shares to be issued under the Share Offer is refused or not granted, other than subject to customary conditions, on or before the date of approval of the listing, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
  - (vii) our Company withdraws this prospectus (and any other documents used in connection with the contemplated subscription of the Shares) or the Share Offer; or
- (b) there shall develop, occur, exist or come into effect:
- (i) commotion, riot, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, accident or interruption or delay in transportation or acts of terrorism or any state of emergency or calamity or crisis in or affecting any of Hong Kong, the Cayman Islands, the BVI, the PRC or any other jurisdictions relevant to any member of our Group or the Share Offer (the “**Relevant Jurisdictions**”); or
  - (ii) any change or development involving a prospective change or development, or any event or series of events, likely to result in or represents any change or prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency or market conditions or any monetary or trading settlement system or matters and/or disaster (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter – bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States, imposition or declaration of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange, or a material devaluation of Hong Kong dollars against the U.S. dollars) in or affecting any of the Relevant Jurisdictions; or

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## UNDERWRITING

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- (iii) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), the Cayman Islands, the BVI, or the PRC, or there is a material disruption in commercial banking or securities settlement or clearance services in those places; or
- (iv) any new law or regulation or change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting any of the Relevant Jurisdictions; or
- (v) the imposition of economic or other sanctions, in whatever form, directly or indirectly, by, or for any of the Relevant Jurisdictions; or
- (vi) a change or development occurs involving a prospective change in taxation or foreign investment regulations (or the implementation of any exchange control) in any of the Relevant Jurisdictions and an investment in the Shares; or
- (vii) any litigation or claim of any third party being threatened or instigated against any member of our Group; or
- (viii) any Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (ix) the commencement by any regulatory or political body or organisation of any action against a Director or an announcement by any regulatory or political body or organisation that it intends to take any such action; or
- (x) a contravention by any member of our Group of the Companies Ordinance, the SFO, or any of the GEM Listing Rules; or
- (xi) a prohibition on our Company for whatever reason from allotting the Shares pursuant to the terms of the Share Offer; or
- (xii) non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription for the Shares) or any aspect of the Share Offer with the GEM Listing Rules or any other applicable law or regulation; or
- (xiii) other than with the approval of the Joint Lead Managers and the Public Offer Underwriters (such approval not to be unreasonably withheld), the issue or requirement to issue by our Company of a supplementary prospectus (or any other documents used in connection with the contemplated subscription for the Shares) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the GEM Listing Rules; or



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## UNDERWRITING

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- (xiv) a petition is presented or an order is made for the winding up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any material member of our Group; or
- (xv) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any of the Relevant Jurisdictions; or
- (xvi) any loss or damage sustained by any member of our Group,

which, in any such case and in the sole and absolute opinion of the Joint Lead Managers:

- (a) is or may individually or in the aggregate have a material adverse effect on the business, financial, trading position or other condition or prospects of our Group as a whole; or
- (b) is or has or may have a material adverse effect on the success of the Public Offer or the Share Offer or the level of applications under the Public Offer or the level of interest under the Placing; or
- (c) is or may make it inadvisable or impracticable for the Public Offer and/or the Share Offer to proceed or to market the Public Offer and/or the Share Offer in any material respects; or
- (d) is or may have the effect of making any part of the Public Offer Underwriting Agreement incapable of performance in accordance with its terms in any material respects,

then, the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) may at their sole and absolute discretion, upon giving notice in writing to our Company prior to 8:00 a.m. (Hong Kong time) on the Listing Date, terminate the Public Offer Underwriting Agreement with immediate effect.

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## UNDERWRITING

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### Undertakings to the Stock Exchange pursuant to the GEM Listing Rules

(A) *Undertakings by our Company*

Pursuant to Rule 17.29 of the GEM Listing Rules, our Company has undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued by our Company or form the subject of any agreement to such an issue by our Company within six months from the Listing Date (whether or not such issue of Shares or securities of our Company will be completed within six months from the Listing Date), except in certain circumstances prescribed by Rule 17.29 of the GEM Listing Rules or pursuant to the Share Offer.

(B) *Undertakings by our Controlling Shareholders*

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company that, save as permitted under the GEM Listing Rules, he, she or it shall not and shall procure that the relevant registered holder(s) shall not:

- (a) in the period commencing on the date by reference to which disclosure of his/her/its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which his/her/its is shown by this prospectus to be the beneficial owner; and
- (b) in the period of 12 months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a controlling shareholder of our Company.

Pursuant to Rule 13.19 of the GEM Listing Rules, each of our Controlling Shareholders has jointly and severally undertaken to the Stock Exchange and to our Company that within the period commencing on the date by reference to which disclosure of his/her/its shareholding in our Company is made in this prospectus and ending on the date which is 24 months from the Listing Date, he, she or it will:

- (i) when he, she or it pledges or charges any Shares beneficially owned by him/her/it in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) (the “**Banking Ordinance**”) pursuant to Rule 13.18(1) of the GEM Listing Rules, or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, inform our Company immediately thereafter, disclosing the details specified in Rule 17.43(1) to (4) of the GEM Listing Rules; and
- (ii) having pledged or charged any interest in the Shares under paragraph (i) above, inform our Company immediately in the event that he or it becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of Shares affected.

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## UNDERWRITING

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Our Company shall inform the Stock Exchange in writing as soon as it has been informed of any of the matters referred to above (if any) by our Controlling Shareholders and disclose such matters by way of an announcement to be published in accordance with the GEM Listing Rules as soon as possible.

### *Undertakings pursuant to the Public Offer Underwriting Agreement*

#### *(A) Undertakings by our Company*

Our Company has, pursuant to the Public Offer Underwriting Agreement, undertaken to each of the Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters that except pursuant to the Capitalisation Issue, the Share Offer and the exercise of the options that may be granted under the Share Option Scheme, our Company will not, without the prior written consent of the Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) and subject to the provisions of the GEM Listing Rules:

- (a) at any time from the date of this prospectus up to and including the date falling twelve months after the Listing Date (the “**First Twelve-Month Period**”):
  - (i) offer, allot, issue or sell, or agree to allot, issue or sell, grant or agree to grant any option, right, warrant or other rights to subscribe for any Shares or other securities of our Company over, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by our Company or any of its subsidiaries), either directly or indirectly, conditionally or unconditionally, any Shares or any securities convertible into or exchangeable for such Shares or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares or such securities, whether any of the foregoing transactions is to be settled by delivery of Shares or such securities, in cash or otherwise or announce any intention to effect any such transaction;
  - (ii) issue or create any mortgage, pledge, charge or other security interest or any rights in favour of any other person over, directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, any Shares or securities of our Company) or repurchase any Shares or securities of our Company agree to do any of the foregoing, except pursuant to the Share Offer;
- (b) at any time within the twelve-month period immediately following the First Twelve-Month Period (the “**Second Twelve-Month Period**”) do any of the acts set out in paragraph (a) above such that our Controlling Shareholders together, directly or indirectly, would together cease to be a controlling shareholder of our Company (within the meaning defined in the GEM Listing Rules); and

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## UNDERWRITING

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- (c) in the event that our Company does any of the acts set out in paragraph (a) above, after the expiry of the First Twelve-Month Period or the Second Twelve-Month Period, as the case may be, take all reasonable steps to ensure that any such act, if done, shall not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

*(B) Undertakings by our Controlling Shareholders*

Each of our Controlling Shareholders has jointly and severally agreed, represented, warranted and undertaken to the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Public Offer Underwriters and our Company that:

- (a) at any time during the First Twelve-Month period, he/she/it shall not, and shall procure that the relevant registered holder(s) and his/her/its associates and companies controlled by him/her/it and any nominee or trustee holding on trust for himself/herself/itself shall not, without the prior written consent of the Joint Lead Managers or otherwise in compliance with the requirements of the GEM Listing Rules,
  - (i) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, any of the Shares or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive any such Shares or such securities; or
  - (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Shares, whether any of the foregoing transactions is to be settled by delivery of Shares or such other securities, in cash or otherwise;
  - (iii) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (i) or (ii) above; or
  - (iv) announce any intention to enter into or effect any of the transactions referred to in paragraphs (i), (ii) or (iii) above, except in the event of any of our Controlling Shareholders using securities of our Company beneficially owned by he/she/it as security (including a charge or pledge) in favour of any authorised institution (as defined in the Banking Ordinance) for a bona fide commercial loan or such other circumstances as permitted under the GEM Listing Rules;

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## UNDERWRITING

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- (b) he/she/it shall not, and shall procure that the relevant registered holder(s) and his/her/its associates or companies controlled by him/her/it and any nominee or trustee holding in trust for himself/herself/itself shall not, without the prior written consent of the Stock Exchange (if required under the GEM Listing Rules) at any time during the second Twelve-Month period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any Shares held by him/her/it or any of his/hers/its associates or companies controlled by him/her/it or any nominee or trustee holding on trust for himself/herself/itself if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be controlling shareholder (as defined in the GEM Listing Rules) of our Company or the aggregate interest of all members of our Controlling Shareholders would be less than 30% of our Company's issued share capital except in the event of any of our Controlling Shareholders using securities of our Company beneficially owned by him/her/it as security (including a charge or pledge) in favour of any authorised institution (as defined in the Banking Ordinance) for a bona fide commercial loan or such other circumstances as permitted under the GEM Listing Rules; and
  
- (c) in the event of a disposal of any Shares or securities of our Company or any interest therein within the Second Twelve-Month Period, he/she/it shall take all reasonable steps to ensure that such a disposal shall not create a disorderly or false market for any Shares or other securities of our Company.

Without prejudice to the above provisions, each of our Controlling Shareholders has jointly and severally undertaken to the Sponsor, the Joint Lead Managers and the Public Offer Underwriters and our Company that within the First Twelve-Month Period and the Second Twelve-Month Period, he, she or it shall:

- (i) if and when he, she or it pledges or charges, directly or indirectly, any Shares or other securities of our Company beneficially owned by him, her or it (or any beneficial interest therein), immediately inform our Company and the Joint Lead Managers in writing of such pledge or charge together with the number of such Shares or other securities so pledged or charged; and
  
- (ii) if and when he, she or it receives indications, either verbal or written, from any pledgee or chargee that any Shares or other securities in our Company (or any beneficial interest therein) pledged or charged by him, her or it will be disposed of, immediately inform our Company and the Joint Lead Managers in writing of such indications.

Our Company will notify the Stock Exchange as soon as our Company has been informed of such event and shall make a public disclosure by way of announcement in accordance with the GEM Listing Rules.

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## UNDERWRITING

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### **The Placing**

#### ***Placing Underwriting Agreement***

In connection with the Placing, it is expected that our Company and our Controlling Shareholders will enter into the Placing Underwriting Agreement with, among others, the Joint Bookrunners, the Joint Lead Managers and the Placing Underwriters on or around 6 November 2019. Under the Placing Underwriting Agreement, the Placing Underwriters would, subject to certain conditions, agree to procure subscribers to subscribe for and/or purchase the Placing Shares being offered pursuant to the Placing, or failing which to subscribe for and/or purchase, their respective applicable proportions of such Placing Shares which are not taken up under the Placing. The Placing Underwriting Agreement is expected to provide that it may be terminated on grounds similar to those provided in the Public Offer Underwriting Agreement. Potential investors are reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed.

It is expected that, pursuant to the Placing Underwriting Agreement, our Company and our Controlling Shareholders will give undertakings similar to those given pursuant to the Public Offer Underwriting Agreement, as described in the paragraph headed “Underwriting Arrangements and Expenses – The Public Offer – Undertakings pursuant to the Public Offer Underwriting Agreement” in this section.

It is expected that each of our Controlling Shareholders will undertake to the Placing Underwriters not to dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interest or encumbrances in respect of any of our Shares held by them in our Company for a period similar to that given by them pursuant to the Public Offer Underwriting Agreement as described in the paragraph headed “Underwriting Arrangements and Expenses – The Public Offer – Undertakings pursuant to the Public Offer Underwriting Agreement” in this section.

#### **Commission and expenses and the Sponsor’s fee**

According to the terms and conditions of the Public Offer Underwriting Agreement, the Public Offer Underwriters will receive an underwriting commission of 8% of the aggregate Offer Price payable for the Public Offer Shares initially offered under the Public Offer. For unsubscribed Public Offer Shares reallocated to the Placing, an underwriting commission at the rate applicable to the Placing will be paid to the relevant Placing Underwriters (but not the Public Offer Underwriters). Underwriting commission will be payable by our Company for the number of Offer Shares offered for subscription in the Share Offer.

Based on an Offer Price of HK\$0.29 per Offer Share (being the mid-point of the indicative Offer Price range stated in this prospectus), the aggregate commissions (exclusive of any discretionary incentive fee (if any)), together with the Stock Exchange listing fees, SFC transaction levy, the Stock Exchange trading fee and other expenses relating to the Share Offer to be borne by our Company is estimated to amount to approximately HK\$27,128,000 in aggregate. An aggregate amount of HK\$5,000,000 is payable by our Company as sponsor fees to the Sponsor for acting as the sponsor in the Share Offer.

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## UNDERWRITING

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### **SPONSOR'S AND UNDERWRITERS' INTEREST IN OUR COMPANY**

The Sponsor will receive a documentation fee. The Underwriters will receive an underwriting commission. Particulars of these underwriting commission and expenses are set forth under the paragraph headed "Commission and expenses and the Sponsor's fee" above.

We have appointed Frontpage Capital as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules for the period commencing on the Listing Date and ending on the date on which we comply with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the second full financial year commencing after the Listing Date.

Save as disclosed above, none of the Sponsor and the Underwriters is interested legally or beneficially in shares of any members of our Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any members of our Group or has any interest in the Share Offer.

The Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 6A.07 of the GEM Listing Rules.

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## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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### THE SHARE OFFER

The Share Offer comprises the Placing and the Public Offer. A total of initially 200,000,000 Offer Shares will be made available under the Share Offer, of which 180,000,000 Placing Shares (subject to reallocation), representing 90% of the Offer Shares, will initially be conditionally placed with selected professional, institutional and private investors under the Placing. The remaining 20,000,000 Public Offer Shares (subject to reallocation), representing 10% of the Offer Shares, will initially be offered to members of the public in Hong Kong under the Public Offer. The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. The Public Offer Underwriters have agreed to underwrite the Public Offer Shares under the terms of the Public Offer Underwriting Agreement. The Placing Underwriters will underwrite the Placing Shares pursuant to the terms of the Placing Underwriting Agreement. Further details of the underwriting are set out in the section headed “Underwriting” of this prospectus. Investors may apply for Offer Shares under the Public Offer or indicate an interest for Offer Shares under the Placing, but may not do both.

### The Placing

Our Company is expected to offer initially 180,000,000 Shares (subject to reallocation) at the Offer Price under the Placing. The number of Placing Shares expected to be initially available for application under the Placing represents 90% of the total number of Offer Shares being initially offered under the Share Offer. The Placing is expected to be fully underwritten by the Placing Underwriters subject to satisfaction or waiver of the other conditions provided in the Placing Underwriting Agreement.

It is expected that the Placing Underwriters or selling agents nominated by them, on behalf of our Company, will conditionally place the Placing Shares at the Offer Price with selected professional, institutional and private investors. Professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Private investors applying through banks or other institutions who sought the Placing Shares in the Placing may also be allocated the Placing Shares.

Allocation of the Placing Shares will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to acquire further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and the Shareholders as a whole. Investors to whom Placing Shares are offered will be required to undertake not to apply for Shares under the Public Offer.

Our Company, our Directors, the Sponsor, the Joint Bookrunners and the Joint Lead Managers are required to take reasonable steps to identify and reject applications under the Public Offer from investors who receive Shares under the Placing, and to identify and reject indications of interest in the Placing from investors who receive Shares under the Public Offer.



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## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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The Share Offer is expected to be subject to the conditions as stated in the paragraph headed “Conditions of Share Offer” of this section.

### **The Public Offer**

Our Company is initially offering 20,000,000 Public Offer Shares for subscription (subject to reallocation) by members of the public in Hong Kong under the Public Offer, representing 10% of the total number of Offer Shares offered under the Share Offer. The Public Offer is fully underwritten by the Public Offer Underwriters subject to satisfaction or waiver of the other conditions provided in the Public Offer Underwriting Agreement). Applicants for the Public Offer Shares are required on application to pay the maximum Offer Price of HK\$0.33 per Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy on each Offer Share.

The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investor. An applicant for Public Offer Shares under the Public Offer will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it has not applied for nor taken up any Shares under the Placing nor otherwise participated in the Placing. Applicants should note that if such undertaking and/or confirmation given by an applicant is breached and/or is untrue (as the case may be), such applicant’s application under the Public Offer is liable to be rejected. Multiple applications or suspected multiple applications and any application made for more than 100% of the Shares initially comprised in the Public Offer (i.e. 20,000,000 Public Offer Shares) are liable to be rejected.

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. When there is over-subscription under the Public Offer, allocation of the Public Offer Shares may involve balloting, which would mean that some applicants may be allotted more Public Offer Shares than others who have applied for the same number of the Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

### **REALLOCATION OF THE OFFER SHARES BETWEEN PLACING AND PUBLIC OFFER**

The allocation of the Offer Shares between the Placing and the Public Offer is subject to reallocation on the following basis:

- (a) In the event that the Placing Shares are fully subscribed or oversubscribed under the Placing:
  - (i) if the Public Offer Shares are undersubscribed, the Joint Lead Managers, at their absolute discretion, may reallocate all or any of the unsubscribed Public Offer Shares from the Public Offer to the Placing;
  - (ii) if the Public Offer Shares are fully subscribed or oversubscribed and the number of Shares validly applied for under the Public Offer represents less than 15 times the number of Shares initially available for subscription under the Public Offer, then up to 20,000,000 Shares may be reallocated to the Public Offer from the Placing, so that the total number of Shares available for subscription under the Public Offer will be increased to 40,000,000 Shares, representing 20% of the total number of Offer Shares initially available for subscription under the Share Offer;

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## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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- (iii) if the number of Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the total number of Shares available for subscription under the Public Offer will be increased to 60,000,000 Shares, representing 30% of the number of the Offer Shares initially available for subscription under the Share Offer;
  - (iv) if the number of Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the total number of Shares available for subscription under the Public Offer will be increased to 80,000,000 Shares, representing 40% of the total number of the Offer Shares initially available for subscription under the Share Offer; and
  - (v) if the number of Shares validly applied for under the Public Offer represents 100 times or more the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the total number of Shares available for subscription under the Public Offer will be increased to 100,000,000 Shares, representing 50% of the total number of the Offer Shares initially available for subscription under the Share Offer.
- (b) In the event that the Placing Shares are undersubscribed under the Placing:
- (i) if the Public Offer Shares are undersubscribed, the Share Offer shall not proceed unless fully underwritten by the Underwriters pursuant to the Underwriting Agreements; and
  - (ii) if the Public Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, then Shares will be reallocated to the Public Offer from the Placing, so that the total number of Shares available for subscription under the Public Offer will be increased to 40,000,000 Shares, representing 20% of the total number of Offer Shares initially available for subscription under the Share Offer.

In all cases save for (a)(i) and (b)(i), the number of Offer Shares allocated to the Placing will be correspondingly reduced.

The Joint Lead Managers may, at their absolute discretion, reallocate Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer. In accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, if such reallocation is done other than pursuant to the Practice Note 6 of the GEM Listing Rules (including the circumstances specified under paragraph (a)(iii), (a)(iv) or (a)(v) above), the maximum total number of Offer Shares that may be reallocated to the Public Offer following such reallocation shall be not more than double the initial allocation to the Public Offer (i.e. 40,000,000 Offer Shares) and the final Offer Price shall be fixed at the low end of the indicated Offer Price range (i.e. HK\$0.25 per Offer Share).

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## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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Details of any reallocation of Offer Shares between the Public Offer and the Placing will be disclosed in the results announcement of the Share Offer, which is expected to be published on Wednesday, 13 November 2019.

### OFFER PRICE

The Offer Price is expected to be fixed by the Price Determination Agreement to be entered into between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) on or before the Price Determination Date, when the market demand for the Offer Shares will be ascertained. The Price Determination Date is currently expected to be on or around Wednesday, 6 November 2019.

Prospective investors should be aware that the Offer Price to be determined on or before the Price Determination Date may be, but not expected to be, lower than the indicative Offer Price range as stated in this prospectus. The Offer Price will not be more than HK\$0.33 per Offer Share and is expected to be not less than HK\$0.25 per Offer Share. The Offer Price will fall within the Offer Price range as stated in this prospectus unless otherwise announced, not later than the morning of the last day for lodging applications under the Public Offer.

The Joint Lead Managers may, where they consider appropriate, based on the level of interest expressed by prospective professional, institutional and private investors during a book-building process, and with the consent of our Company, reduce the number of the Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day lodging applications under the Public Offer, cause there to be published on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.otch.com.cn](http://www.otch.com.cn) notices of reduction in the number of the Offer Shares and/or the indicative Offer Price range. Applicants who have submitted their applications for Public Offer Shares before such a notice is made may subsequently withdraw their applications in the event that such a notice is subsequently made. Upon issue of such a notice, the revised number of the Offer Shares and/or Offer Price range will be final and conclusive and the Offer Price, if agreed upon with our Company, will be fixed within such revised number of the Offer Shares and/or Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the Share Offer statistics as currently set out in the section headed "Summary" of this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any notice being published on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.otch.com.cn](http://www.otch.com.cn) of a reduction in the number of the Offer Shares and/or the indicative Offer Price range as stated in this prospectus on or before the morning of the last day for lodging applications under the Public Offer, the Offer Price, if agreed upon by our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range as stated in this prospectus.

If, for any reason, the Offer Price is not agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters), the Share Offer will not proceed and will lapse.

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## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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### ANNOUNCEMENT OF THE OFFER PRICE AND BASIS OF ALLOCATIONS

Announcement of the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares is expected to be published on our Company's website at [www.otch.com.cn](http://www.otch.com.cn) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

### PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK\$0.33 per Offer Share and is expected to be not less than HK\$0.25 per Offer Share. Applicants under the Public Offer should pay, on application, the maximum Offer Price of HK\$0.33 per Offer Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy, amounting to a total of HK\$2,666.60 per board lot of 8,000 Offer Shares.

If the Offer Price, as finally determined in the manner described above, is lower than the maximum Offer Price of HK\$0.33 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the excess application monies) will be made to applicants, without interest. Further details are set out in the section headed "How to apply for the Public Offer Shares" of this prospectus.

### CONDITIONS OF SHARE OFFER

The Share Offer will be conditional upon, among others:

- (a) the Listing Division of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus;
- (b) the Price Determination Agreement between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) being entered into on or before the Price Determination Date; and
- (c) the obligations of the Joint Lead Managers, the Joint Bookrunners and the Underwriters under the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Joint Lead Managers (for themselves and on behalf of the Underwriters), and such obligations not having been terminated in accordance with the terms of the Underwriting Agreements,

in each case, on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the 30 days after the date of this prospectus.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

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## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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If any of the above conditions has not fulfilled or (where applicable) waived by the Joint Lead Managers (for themselves and on behalf of the Underwriters) on or before the day which is the 30 days after the date of this prospectus, the Share Offer shall lapse and the Stock Exchange will be notified immediately. Notice of lapse of the Share Offer will be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.otch.com.cn](http://www.otch.com.cn) on the next business day after such lapse. The terms on which the application money will be returned to the applicants are set out in the section headed “How to apply for the Public Offer Shares – 13. Despatch/Collection of share certificates and refund monies” of this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

### SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, the Shares on GEM and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

Investors should seek the advice of their stockbrokers or other professional advisers for details of the settlement arrangements as such arrangements will affect their rights and interests.

### COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. (Hong Kong time) on Thursday, 14 November 2019. The Shares will be traded in board lot of 8,000 Shares each. The stock code of the Shares is 8627.

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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### 1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** Application Form or **YELLOW** Application Form; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Lead Managers, and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

### 2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** Application Form or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a U.S. person (as defined in Regulation S); and
- are not a legal or natural person of the PRC.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorised officer, who must state his/her representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company and the Joint Lead Managers, may accept it at its discretion, and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four for the Public Offer Shares.

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you:

- are an existing beneficial owner of Shares in our Company and/or any of its subsidiaries;
- are a Director or chief executive officer of our Company and/or any of its subsidiaries;

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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- are an associate or a close associate (as defined in the GEM Listing Rules) of any of the above;
- are a connected person or a core connected person (as defined in the GEM Listing Rules) of our Company or will become a connected person or a core connected person of our Company immediately upon completion of the Share Offer; and
- have been allocated or have applied for or indicated an interest in any Placing Shares or otherwise participate in the Placing.

### 3. APPLYING FOR PUBLIC OFFER SHARES

#### Which Application Channel to Use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

#### Where to collect the Application Forms

You can collect a **WHITE** Application Form and a copy of this prospectus during normal business hours from 9:00 a.m. on Wednesday, 30 October 2019 until 12:00 noon on Monday, 4 November 2019 from:

- (a) any of the following offices of the Public Offer Underwriter:

<b>Name</b>	<b>Address</b>
Frontpage Capital Limited	26/F, Siu On Centre 188 Lockhart Road Wan Chai Hong Kong
Mouette Securities Company Limited	Room 1301, 13/F Tung Wai Commercial Building 109-111 Gloucester Road Wan Chai Hong Kong
Ruibang Securities Limited	9/F, Sang Woo Building 227-228 Gloucester Road Wanchai Hong Kong

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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- (b) any of the following branches of the DBS Bank (Hong Kong) Limited, the receiving bank for the Public Offer:

<b>District</b>	<b>Branch Name</b>	<b>Address</b>
Hong Kong Island	Queen's Road East – DBS Treasures Centre	Shop A, G/F, Jonsim Place 228 Queen's Road East Wanchai
	Happy Valley Branch	G/F, 18A-22 King Kwong Street Happy Valley
Kowloon	Mei Foo Branch	Shops N26A & N26B Stage V Mei Foo Sun Chuen 10 & 12 Nassau Street
New Territories	Tuen Mun Town Plaza – SME Banking Centre	Shop 23, G/F, Tuen Mun Town Plaza (II) 3 Tuen Lung Street Tuen Mun
	Ma On Shan Branch	Shop 205-206, Level 2 Ma On Shan Plaza Ma On Shan

You can collect a **YELLOW** Application Form and this prospectus during normal business hours from 9:00 a.m. on Wednesday, 30 October 2019 until 12:00 noon on Monday, 4 November 2019 from:

- the Depository Counter of HKSCC at 1st Floor, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong; or
- your stockbroker.



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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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### Time for Lodging Application Forms

Your completed **WHITE** Application Form or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**Ting Hong Nominees Limited – Orange Tour Cultural Public Offer**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

**Wednesday, 30 October 2019 – 9:00 a.m. to 5:00 p.m.**

**Thursday, 31 October 2019 – 9:00 a.m. to 5:00 p.m.**

**Friday, 1 November 2019 – 9:00 a.m. to 5:00 p.m.**

**Saturday, 2 November 2019 – 9:00 a.m. to 1:00 p.m.**

**Monday, 4 November 2019 – 9:00 a.m. to 12:00 noon**

The application lists will be open from 11:45 a.m. to 12:00 noon on Monday, 4 November 2019, the last application day or such later time as described in the paragraph headed "9. Effect of bad weather on the opening of the application lists" in this section below.

#### 4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Forms carefully. Otherwise, your application may be rejected.

By submitting an Application Form, among other things, you (or if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Joint Lead Managers (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Law and the Memorandum and Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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- (v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;
- (vi) agree that none of our Company, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing nor participated in the Placing;
- (viii) agree to disclose to our Company, the Sponsor, the Hong Kong Branch Share Registrar, the receiving bank, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any refund cheques to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the share certificate(s) and/or refund cheque(s) in person;

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company, the Sponsor and the Joint Lead Managers, any of their respective directors, offices or representatives or any other person or parties involved in the Share Offer will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** Application Form or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC by you or by anyone as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that
  - (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** Application Form or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and
  - (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

### **Additional instructions for Yellow Application Form**

You may refer to the **YELLOW** Application Form for details.

## **5. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS**

### **General**

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling (852) 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

**Hong Kong Securities Clearing Company Limited**

Customer Service Center  
1/F, One & Two Exchange Square  
8 Connaught Place  
Central, Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Lead Managers and the Hong Kong Branch Share Registrar.

### **Giving electronic application instructions to HKSCC via CCASS**

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
  - agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant’s stock account on your behalf or your CCASS Investor Participant’s stock account;
  - agree to accept the Public Offer Shares applied for or any lesser number allocated;
  - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing;

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
- confirm that you understand that our Company, the Sponsor and the Joint Lead Managers, and any of their respective directors, officers or representatives or any other person or parties involved in the Share Offer will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Sponsor, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, the Sponsor, our Hong Kong Branch Share Registrar, the receiving bank, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving **electronic application instructions** to apply for Public Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Law and the Memorandum and Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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### Effect of giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

### Minimum purchase amount and permitted numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 8,000 Public Offer Shares. Instructions for more than 8,000 Public Offer Shares must be in one of the numbers set out in the table in the relevant Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

### Time for inputting electronic application instructions<sup>(1)</sup>

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

**Wednesday, 30 October 2019 – 9:00 a.m. to 8:30 p.m.**

**Thursday, 31 October 2019 – 8:00 a.m. to 8:30 p.m.**

**Friday, 1 November 2019 – 8:00 a.m. to 8:30 p.m.**

**Saturday, 2 November 2019 – 8:00 a.m. to 1:00 p.m.**

**Monday, 4 November 2019 – 8:00 a.m. to 12:00 noon**

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Wednesday, 30 October 2019 until 12:00 noon on Monday, 4 November 2019 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Monday, 4 November 2019, the last application day or such later time as described in the paragraph headed “9. Effect of bad weather on the opening of the application lists” in this section below.

### **No multiple applications**

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

### **Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

### **Personal data**

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

## **6. WARNING FOR ELECTRONIC APPLICATIONS**

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Such facility is subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sponsor, the Joint Lead Managers; and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant will be allotted any Public Offer Shares.



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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** Application Form or **YELLOW** Application Form or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Monday, 4 November 2019.

### 7. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** Application Form or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

*"Unlisted company"* means a company with no equity securities listed on the Stock Exchange.

*"Statutory control"* means you:

- control the composition of the Board of Directors of the company; or
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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### 8. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** Application Form and **YELLOW** Application Form and have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** Application Form or **YELLOW** Application Form in respect of a minimum of 8,000 Public Offer Shares. Each application or **electronic application instruction** in respect of more than 8,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure and Conditions of the Share Offer – Offer Price” of this prospectus.

### 9. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,
- Extreme Conditions

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 4 November 2019. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Monday, 4 November 2019 or if there is a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable” of this prospectus, an announcement will be made in such event.

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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### 10. PUBLICATION OF RESULTS

Our Company expect to announce the final Offer Price, the level of indication of interest in the Placing, the results of applications and the level and the basis of allocation of the Public Offer Shares on Wednesday, 13 November 2019 on our website at [www.otch.com.cn](http://www.otch.com.cn) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at [www.otch.com.cn](http://www.otch.com.cn) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) by no later than 8:00 a.m. on Wednesday, 13 November 2019;
- from the designated results of allocations website at [www.tricor.com.hk/ipo/result](http://www.tricor.com.hk/ipo/result) (alternatively: [www.hkeipo.hk/IPOResult](http://www.hkeipo.hk/IPOResult)) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Wednesday, 13 November 2019 to 12:00 midnight on Tuesday, 19 November 2019;
- by telephone enquiry line by calling (852) 3691 8488 between 9:00 a.m. and 6:00 p.m. from Wednesday, 13 November 2019 to Monday, 18 November 2019 (excluding Saturday and Sunday);
- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, 13 November 2019 to Friday, 15 November 2019 at all the designated receiving bank branches and sub-branches.

If our Company accept your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed "Structure and Conditions of the Share Offer" of this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

### 11. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you:

(i) **If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

**(ii) If our Company or its agents exercise their discretion to reject your application:**

Our Company, the Joint Lead Managers and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

**(iii) If the allotment of Public Offer Shares is void:**

The allotment of Public Offer Shares will be void if the Listing Division of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Division notifies our Company of that longer period within three weeks of the closing date of the application lists.

**(iv) If:**

- you make multiple applications or are suspected of making multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated, (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Lead Managers believe(s) that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 100% of the Public Offer Shares initially offered under the Public Offer.

### 12. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK\$0.33 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Share Offer are not fulfilled in accordance with the section headed “Structure and Conditions of the Share Offer – Conditions of the Share Offer” of this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded without interest or the cheque or banker’s cashier order will not be cleared.

Any refund of your application monies will be made on Wednesday, 13 November 2019.

### 13. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** Application Form or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Form, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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Part of the Hong Kong identity card number/passport number, provided by you or the first named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Wednesday, 13 November 2019. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, 14 November 2019 provided that the right of termination described in the section headed "Underwriting" of this prospectus has not been exercised and the Share Offer has become unconditional. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

### **Personal Collection**

#### *(i) If you apply using a WHITE Application Form*

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) from the Hong Kong Branch Share Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 13 November 2019 or such other date as notified by us at [www.hkexnews.hk](http://www.hkexnews.hk).

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or Share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on Wednesday, 13 November 2019, by ordinary post and at your own risk.

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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*(ii) If you apply using a YELLOW Application Form*

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above for collection of refund cheque(s). If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Wednesday, 13 November 2019, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Wednesday, 13 November 2019, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

*If you are applying through a designated CCASS participant (other than a CCASS investor participant)*

For Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

*If you are applying as a CCASS Investor Participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in the paragraph headed "10. Publication of results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 13 November 2019 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

*(iii) If you apply via electronic application instructions to HKSCC*

*Allocation of Public Offer Shares*

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

*Deposit of Share certificates into CCASS and refund of application monies*

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, 13 November 2019, or, on any other date determined by HKSCC or HKSCC Nominees.

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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in the paragraph headed “10. Publication of results” above on Wednesday, 13 November 2019. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 13 November 2019 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time) on Wednesday, 13 November 2019. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, 13 November 2019.

### 14. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second business day after any trading day.



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## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, from the independent reporting accountants, Moore Stephens CPA Limited, Certified Public Accountants, Hong Kong:



**Moore Stephens CPA Limited**

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The Directors  
Orange Tour Cultural Holding Limited

Frontpage Capital Limited

## ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION

### Introduction

We report on the historical financial information of Orange Tour Cultural Holding Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-47, which comprises the consolidated statements of financial position of the Group as at 31 December 2016, 2017 and 2018 and 31 May 2019, the statements of financial position of the Company as at 31 December 2018 and 31 May 2019 and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2016, 2017 and 2018 and the five months ended 31 May 2019 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-47 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 30 October 2019 (the "Prospectus") in connection with the initial listing of shares of the Company on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

### Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2.2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

### Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2.2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2016, 2017 and 2018 and 31 May 2019, of the Company's financial position as at 31 December 2018 and 31 May 2019, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2.2 to the Historical Financial Information.

### **Review of stub period comparative financial information**

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the five months ended 31 May 2018 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2.2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2.2 to the Historical Financial Information.

**Report on matters under the Rules Governing the Listing of Securities on GEM of the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance*****Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

***Dividends***

We refer to Note 12 to the Historical Financial Information which contains information about the dividends declared or paid by a subsidiary of the Company and states that no dividends have been paid by the Company in respect of the Track Record Period.

**Moore Stephens CPA Limited**

*Certified Public Accountants*

**Hung, Wan Fong Joanne**

Practising Certificate Number: P05419

Hong Kong, 30 October 2019

## HISTORICAL FINANCIAL INFORMATION OF THE GROUP

## Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Orange Tour Cultural Holding Limited (the "Company") and its subsidiaries (together, the "Group") for the Track Record Period, on which the Historical Financial Information is based, were audited by Moore Stephens CPA Limited under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB"), which is different from Hong Kong dollars ("HK\$"), the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

## Consolidated Statements of Comprehensive Income

	Notes	Year ended 31 December			Five months ended	
		2016	2017	2018	31 May	2019
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Revenue	7	34,913	40,877	53,358	11,070	13,164
Other income	7	42	108	309	51	21
Project costs	8	(10,353)	(12,235)	(19,959)	(3,295)	(4,764)
Depreciation of property, plant and equipment	14	(352)	(387)	(329)	(140)	(134)
Employee benefits expense	8	(10,207)	(10,083)	(11,143)	(3,341)	(3,152)
Other operating expenses		(1,261)	(1,923)	(2,827)	(1,252)	(1,319)
Listing expenses		–	–	(8,048)	(3,624)	(286)
Finance costs	9	–	–	–	–	(4)
<b>Profit/(loss) before income tax</b>	8	12,782	16,357	11,361	(531)	3,526
Income tax expense	11	(3,242)	(4,103)	(5,054)	(885)	(1,094)
<b>Profit/(loss) for the year/period</b>		<u>9,540</u>	<u>12,254</u>	<u>6,307</u>	<u>(1,416)</u>	<u>2,432</u>
<b>Profit/(loss) for the year/ period attributable to:</b>						
Owners of the Company		9,314	12,166	6,307	(1,416)	2,432
Non-controlling interest		<u>226</u>	<u>88</u>	<u>–</u>	<u>–</u>	<u>–</u>
		<u>9,540</u>	<u>12,254</u>	<u>6,307</u>	<u>(1,416)</u>	<u>2,432</u>

## Consolidated Statements of Comprehensive Income (Continued)

	Year ended 31 December			Five months ended	
	2016	2017	2018	31 May 2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
<b>Profit/(loss) for the year/ period</b>	<u>9,540</u>	<u>12,254</u>	<u>6,307</u>	<u>(1,416)</u>	<u>2,432</u>
<b>Other comprehensive (loss)/ income</b>					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation	<u>—</u>	<u>—</u>	<u>(384)</u>	<u>(7)</u>	<u>80</u>
<b>Other comprehensive (loss)/ income for the year/period</b>	<u>—</u>	<u>—</u>	<u>(384)</u>	<u>(7)</u>	<u>80</u>
<b>Total comprehensive income/ (loss) for the year/period</b>	<u>9,540</u>	<u>12,254</u>	<u>5,923</u>	<u>(1,423)</u>	<u>2,512</u>
<b>Total comprehensive income/ (loss) for the year/period attributable to:</b>					
Owners of the Company	<u>9,314</u>	<u>12,166</u>	<u>5,923</u>	<u>(1,423)</u>	<u>2,512</u>
Non-controlling interest	<u>226</u>	<u>88</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>9,540</u>	<u>12,254</u>	<u>5,923</u>	<u>(1,423)</u>	<u>2,512</u>

## Consolidated Statements of Financial Position

	Notes	As at 31 December			As at
		2016 RMB'000	2017 RMB'000	2018 RMB'000	31 May 2019 RMB'000
<b>ASSETS AND LIABILITIES</b>					
<b>Non-current assets</b>					
Property, plant and equipment	14	660	630	328	424
Deposit paid for acquisition of property, plant and equipment	24	–	–	4,995	4,995
		<u>660</u>	<u>630</u>	<u>5,323</u>	<u>5,419</u>
<b>Current assets</b>					
Trade and other receivables	16	1,776	7,339	25,322	23,181
Amounts due from shareholders	17	2,600	2,329	1,470	1,001
Tax recoverable		663	–	–	833
Bank balances and cash	18	22,759	48,986	26,886	27,935
		<u>27,798</u>	<u>58,654</u>	<u>53,678</u>	<u>52,950</u>
<b>Current liabilities</b>					
Trade and other payables	19	10,330	12,624	14,000	11,613
Amount due to a shareholder	17	–	11,373	–	–
Tax payable		–	1,151	934	–
Lease liabilities	20	–	–	–	111
		<u>10,330</u>	<u>25,148</u>	<u>14,934</u>	<u>11,724</u>
<b>Net current assets</b>		<u>17,468</u>	<u>33,506</u>	<u>38,744</u>	<u>41,226</u>
<b>Non-current liabilities</b>					
Lease liabilities	20	–	–	–	66
<b>Net assets</b>		<u>18,128</u>	<u>34,136</u>	<u>44,067</u>	<u>46,579</u>
<b>CAPITAL AND RESERVES</b>					
Share capital	21	4,000	22,000	6	6
Reserves	22	13,806	12,136	44,061	46,573
<b>Equity attributable to owners of the Company</b>		<u>17,806</u>	<u>34,136</u>	<u>44,067</u>	<u>46,579</u>
<b>Non-controlling interest</b>		<u>322</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>Total equity</b>		<u>18,128</u>	<u>34,136</u>	<u>44,067</u>	<u>46,579</u>

## Statements of Financial Position of the Company

		As at 31 December 2018	As at 31 May 2019
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current asset</b>			
Investment in subsidiaries	15	6	6
<b>Current assets</b>			
Prepayments		2,278	2,298
Amounts due from shareholders		6	6
Cash and bank balance		–	4
		<u>2,284</u>	<u>2,308</u>
<b>Current liabilities</b>			
Accrued expenses		1,414	942
Amounts due to subsidiary		9,694	10,579
		<u>11,108</u>	<u>11,521</u>
<b>Net current liabilities</b>		<u>(8,824)</u>	<u>(9,213)</u>
<b>Net liabilities</b>		<u>(8,818)</u>	<u>(9,207)</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	21	6	6
Deficits	22	(8,824)	(9,213)
<b>Total deficiency</b>		<u>(8,818)</u>	<u>(9,207)</u>



## Consolidated Statements of Changes in Equity

	Attributable to owners of the Company					Sub-total RMB'000	Non-controlling interest RMB'000	Total equity RMB'000
	Share capital RMB'000 (Note 21)	Statutory reserve RMB'000 (Note 22)	Translation reserve RMB'000 (Note 22)	Other reserve RMB'000 (Note 22)	Retained earnings RMB'000			
Balance at 1 January 2016	4,000	462	–	–	4,030	8,492	96	8,588
Profit and total comprehensive income for the year	–	–	–	–	9,314	9,314	226	9,540
Transfer to statutory reserves	–	568	–	–	(568)	–	–	–
Balance at 31 December 2016 and 1 January 2017	4,000	1,030	–	–	12,776	17,806	322	18,128
Profit and total comprehensive income for the year	–	–	–	–	12,166	12,166	88	12,254
Interim dividends (Note 12)	–	–	–	–	(14,246)	(14,246)	–	(14,246)
Transfer to statutory reserves	–	1,233	–	–	(1,233)	–	–	–
Acquisition of non-controlling interest (Note 23)	–	–	–	410	–	410	(410)	–
Capital contribution from the shareholders (Note 21)	18,000	–	–	–	–	18,000	–	18,000
Balance at 31 December 2017 and 1 January 2018	22,000	2,263	–	410	9,463	34,136	–	34,136
Profit for the year	–	–	–	–	6,307	6,307	–	6,307
Other comprehensive loss Exchange differences arising on translation	–	–	(384)	–	–	(384)	–	(384)
Total comprehensive income for the year	–	–	(384)	–	6,307	5,923	–	5,923
Capital contribution from the shareholders (Note 21)	2,661	–	–	1,347	–	4,008	–	4,008
Arising from reorganisation	(24,655)	–	–	24,655	–	–	–	–
Transfer to statutory reserves	–	1,517	–	–	(1,517)	–	–	–
<b>Balance at 31 December 2018 and 1 January 2019</b>	<b>6</b>	<b>3,780</b>	<b>(384)</b>	<b>26,412</b>	<b>14,253</b>	<b>44,067</b>	<b>–</b>	<b>44,067</b>

	Attributable to owners of the Company					Sub- total RMB'000	Non- controlling interest RMB'000	Total Equity RMB'000
	Share capital RMB'000 (Note 21)	Statutory reserve RMB'000 (Note 22)	Translation reserve RMB'000 (Note 22)	Other reserve RMB'000 (Note 22)	Retained earnings RMB'000			
Balance as at 1 January 2019	6	3,780	(384)	26,412	14,253	44,067	-	44,067
Profit for the period	-	-	-	-	2,432	2,432	-	2,432
Other comprehensive income:								
Exchange differences arising on translation	-	-	80	-	-	80	-	80
Total comprehensive income for the period	-	-	80	-	2,432	2,512	-	2,512
Transfer to statutory reserves	-	328	-	-	(328)	-	-	-
<b>Balance as at 31 May 2019</b>	<b>6</b>	<b>4,108</b>	<b>(304)</b>	<b>26,412</b>	<b>16,357</b>	<b>46,579</b>	<b>-</b>	<b>46,579</b>
Balance as at 1 January 2018	22,000	2,263	-	410	9,463	34,136	-	34,136
Loss for the period	-	-	-	-	(1,416)	(1,416)	-	(1,416)
Other comprehensive loss:								
Exchange differences arising on translation	-	-	(7)	-	-	(7)	-	(7)
Total comprehensive loss for the period	-	-	(7)	-	(1,416)	(1,423)	-	(1,423)
Capital contribution from the shareholder (Note 21)	2,235	-	-	1,347	-	3,582	-	3,582
Transfer to statutory reserves	-	265	-	-	(265)	-	-	-
<b>Balance as at 31 May 2018 (unaudited)</b>	<b>24,235</b>	<b>2,528</b>	<b>(7)</b>	<b>1,757</b>	<b>7,782</b>	<b>36,295</b>	<b>-</b>	<b>36,295</b>

## Consolidated Statements of Cash Flows

	Notes	Year ended 31 December			Five months ended 31 May	
		2016 RMB'000	2017 RMB'000	2018 RMB'000	2018 RMB'000 <i>(unaudited)</i>	2019 RMB'000
<b>Cash flows from operating activities</b>						
Profit/(loss) before income tax		12,782	16,357	11,361	(531)	3,526
Adjustments for:						
Depreciation of property, plant and equipment	14	352	387	329	140	134
(Reversal of provision for)/ provision for expected credit loss on trade receivables, net	8	(15)	83	360	(53)	38
Interest income	7	(42)	(108)	(140)	(44)	(21)
Interest expenses for lease arrangements	9	—	—	—	—	4
<b>Operating profit/(loss) before working capital changes</b>		13,077	16,719	11,910	(488)	3,681
Decrease/(increase) in trade and other receivables		1,324	(4,971)	(16,065)	(1,027)	2,123
Increase/(decrease) in trade and other payables		3,523	2,294	1,376	1,225	(2,387)
<b>Cash generated from/(used in) operations</b>		17,924	14,042	(2,779)	(290)	3,417
Income tax paid		(3,154)	(2,289)	(5,271)	(3,583)	(2,861)
<b>Net cash generated from/(used in) operating activities</b>		14,770	11,753	(8,050)	(3,873)	556
<b>Cash flows from investing activities</b>						
Interest received		42	108	140	44	21
(Advance to)/repayment from shareholders		(600)	(404)	859	2,329	469
Acquisition of property, plant and equipment	14	—	(357)	(27)	(27)	(7)
Deposit paid for property, plant and equipment		—	—	(4,995)	—	—
<b>Net cash (used in)/generated from investing activities</b>		(558)	(653)	(4,023)	2,346	483

	<i>Notes</i>	Year ended 31 December			Five months ended 31 May	
		2016 RMB'000	2017 RMB'000	2018 RMB'000	2018 RMB'000	2019 RMB'000
<b>Cash flows from financing activities</b>						
Prepayment for listing expenses		–	–	(2,278)	(1,004)	(20)
Payment of dividend		–	–	(14,246)	(14,246)	–
(Repayment to)/Advanced from shareholders		–	(2,873)	2,873	4,694	–
Capital contribution from shareholders		–	18,000	4,008	1,999	–
Payment of lease liabilities		–	–	–	–	(50)
<b>Net cash generated from/ (used in) financing activities</b>		–	15,127	(9,643)	(8,557)	(70)
<b>Net increase/(decrease) in cash and cash equivalents</b>		14,212	26,227	(21,716)	(10,084)	969
<b>Cash and cash equivalents at beginning of the year/ period</b>		8,547	22,759	48,986	48,986	26,886
Effect of foreign exchange rate changes		–	–	(384)	7	80
<b>Cash and cash equivalents at end of the year/period</b>		<u>22,759</u>	<u>48,986</u>	<u>26,886</u>	<u>38,909</u>	<u>27,935</u>
<b>Analysis of cash and cash equivalents</b>						
Bank balances and cash	18	<u>22,759</u>	<u>48,986</u>	<u>26,886</u>	<u>38,909</u>	<u>27,935</u>

## NOTES TO HISTORICAL FINANCIAL INFORMATION

## 1. CORPORATE INFORMATION

The Company is a limited company incorporated in the Cayman Islands on 13 April 2018. The registered office of the Company is located at Sertus Chambers, Governors Square, Suite 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, Cayman Islands. The Group's principal place of business is located at Composite Building, Xiazhang Village, Yicheng Subdistrict, Yixing City, Jiangsu Province, the People's Republic of China (the "PRC").

The Company is an investment holding company. The principal activities of the Group are provision of event management services and design and production services.

During the Track Record Period and before the Reorganisation, in the opinion of the directors of the Company, the ultimate controlling shareholders of the Group were Mr. Zhou Yang ("Mr. Zhou") and Ms. Song Ruiqing ("Ms. Song"), who is the spouse of Mr. Zhou, (collectively referred to as the "Controlling Shareholders"). Immediately after the Reorganisation, in the opinion of the directors of the Company, the immediate and ultimate holding company of the Company is QY Investment Holdings Limited ("QY"), a company incorporated in the British Virgin Islands (the "BVI"). The Controlling Shareholders, being the only shareholders of QY, are the ultimate controlling shareholders during the Track Record Period and before and after the Reorganisation.

As of the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation as it has not been involved in any significant business transactions except for the reorganisation (the "Reorganisation") described in Note 2.1.

The Company and its subsidiaries have adopted 31 December as their financial year end date.

As at the date of this report, the Company has direct and indirect interests in the following subsidiaries, all of which are companies with limited liability. The particulars of which are set out as follows:

Name of the subsidiary	Place and date of incorporation/establishment	Particulars of issued and fully paid-up share capital/registered capital	Attributable equity interest to the Group				As at 31 May 2019	At the date of this report	Principal activities and place of operation
			As at 31 December			2019			
			2016	2017	2018				
<b>Directly held:</b>									
Orange Tour (BVI) Limited ("OTBVI") (Note (a))	The BVI 6 April 2018	United States dollars ("US\$") US\$1,000	-	-	100%	100%	100%	Investment holding in the BVI	
<b>Indirectly held:</b>									
Orange Tour HK Company Limited ("旅橙香港有限公司") ("OTHK") (Note (b))	Hong Kong 5 February 2018	HK\$1,000	-	-	100%	100%	100%	Investment holding in Hong Kong	
Yixing Tianxi Cultural Media Co., Ltd.* (宜興天熙文化傳媒有限公司) ("Yixing Tianxi") (Note (d))	The PRC 20 June 2018	HK\$500,000	-	-	100%	100%	100%	Investment holding in the PRC	
Wuxi Orange Tour Cultural and Creative Co., Ltd. (無錫旅橙文化創意有限公司) ("Wuxi Orange") (Note (c))	The PRC 30 May 2014	31 December 2016: RMB2,000,000  31 December 2017: RMB20,000,000  31 December 2018 and 31 May 2019: RMB22,222,222	97.5%	100%	100%	100%	100%	Provision of event management services and design and production services in the PRC	
Yixing Orange Tour Cultural and Creative Co., Ltd.* (宜興旅橙文化創意有限公司) ("Yixing Orange") (Note (c))	The PRC 13 November 2014	RMB2,000,000	99.5%	100%	100%	100%	100%	Provision of event management services and design and production services in the PRC	

\* The English name of the subsidiaries established in the PRC represent management's best effort at translating the Chinese name of such subsidiaries as no English name has been registered.

*Notes:*

- (a) No audited financial statements have been prepared for this company since its date of incorporation as it is not subject to statutory audit requirements under its place of incorporation.
- (b) No audited financial statements have been prepared for this company as it was newly incorporated in year 2018.
- (c) The audited financial statements of these companies for the years ended 31 December 2016, 2017 and 2018 were audited by 宜興達華會計師事務所有限公司, a firm of certified public accountants registered in the PRC. These audited financial statements were prepared in accordance with relevant accounting principles and accounting rules applicable to enterprises established in the PRC.
- (d) The audited financial statements of this company for the period from 20 June 2018 (date of establishment) to 31 December 2018 were audited by 宜興達華會計師事務所有限公司, a firm of certified public accountants registered in the PRC. These audited financial statements were prepared in accordance with relevant accounting principles and accounting rules applicable to enterprises established in the PRC.

**2. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION****2.1 Group reorganisation**

The companies comprising the Group underwent a reorganisation (the "Reorganisation") to rationalise the Group's structure in preparation for the listing of the shares of the Company on GEM of the Stock Exchange. The Reorganisation involved the followings:

***Alignment of shareholding interest of Mr. Zhou and Ms. Song in Wuxi Orange and Yixing Orange***

On 22 January 2018, Mr. Zhou transferred 99% equity interest in Yixing Orange to Wuxi Orange at nil consideration.

On 27 February 2018, Ms. Song transferred 51% equity interest in Wuxi Orange to Mr. Zhou at nil consideration. Mr. Zhou had nil equity interest in Wuxi Orange before this transfer.

***Incorporation of OTHK***

OTHK was incorporated in Hong Kong with limited liability on 5 February 2018 with an issued and fully paid share capital of HK\$1,000 divided into 1,000 ordinary shares. Upon its incorporation, Mr. Zhou, Ms. Song and Mr. Ho Shing Hei Dodge ("Mr. Ho") were allotted and issued to 451, 449 and 100 shares, respectively.

***Incorporation of OTBVI***

OTBVI was incorporated in the BVI with limited liability on 6 April 2018 and is authorised to issue a maximum of 50,000 shares of a single class with a par value of US\$1.00 each. Upon its incorporation, each of Mr. Zhou, Ms. Song, Mr. Fan Yajun ("Mr. Fan") and Mr. Ho was allotted and issued at par 357, 343, 200 and 100 fully paid ordinary shares, respectively.

***Incorporation of the Company as a listing vehicle***

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 13 April 2018 with an authorised share capital of US\$50,000 divided into 50,000 ordinary shares with a par value of US\$1.00 per share. Upon its incorporation, one fully paid share was allotted and issued to the initial subscriber. On 13 April 2018, the subscriber share was transferred to Mr. Zhou as fully paid share. On the same day, the Company further allotted and issued 356, 343, 200 and 100 fully paid shares with par value of US\$1.00 to Mr. Zhou, Ms. Song, Mr. Fan and Mr. Ho, respectively.

***Increase of registered capital of Wuxi Orange***

On 14 March 2018, Mr. Ho entered into a subscription agreement with Mr. Zhou and Ms. Song, pursuant to which Mr. Ho agreed to subscribe for an additional registered capital of RMB2,000,000 in Wuxi Orange.

On 20 May 2018, Mr. Zhou, Ms. Song and Mr. Ho passed a directors' resolution of Wuxi Orange to agree that Mr. Ho subscribed for an additional registered capital of RMB222,222 in Wuxi Orange.

The aggregate consideration for the said subscriptions was approximately RMB3,569,000.

***Acquisition of OTHK by OTBVI***

On 16 April 2018, Mr. Zhou and Ms. Song transferred 94 and 106 ordinary shares of OTHK to Mr. Fan in consideration of HK\$94 and HK\$106, respectively.

On 28 May 2018, Mr. Zhou, Ms. Song, Mr. Fan and Mr. Ho transferred 357, 343, 200 and 100 ordinary shares of OTHK to OTBVI in consideration of HK\$357, HK\$343, HK\$200 and HK\$100, respectively.

***Establishment of Yixing Dikai Information Consultancy Co., Ltd. ("Yixing Dikai")***

On 23 May 2018, Yixing Dikai was established in the PRC with limited liability and with a registered capital of RMB100,000, which was owned by Mr. Zhou, Ms. Song and Mr. Fan as to approximately 39.67%, 38.11% and 22.22% respectively upon its establishment.

***Acquisition of Wuxi Orange by Yixing Dikai***

On 24 May 2018, Mr. Zhou transferred his registered capital of RMB10,200,000 in Wuxi Orange (representing approximately 45.9% of the equity interest in Wuxi Orange) to Yixing Dikai in consideration of approximately RMB16,383,000 and Ms. Song transferred her registered capital of RMB9,800,000 in Wuxi Orange (representing approximately 44.1% of the equity interest in Wuxi Orange) to Yixing Dikai in consideration of approximately RMB15,740,000.

***Establishment of Yixing Tianxi***

Yixing Tianxi was established on 20 June 2018 in the PRC with limited liability and with a registered capital of HK\$500,000, which was wholly owned by OTHK upon its establishment.

***Acquisition of Wuxi Orange by Yixing Tianxi***

On 23 June 2018, Yixing Dikai transferred registered capital of RMB20,000,000 in Wuxi Orange (representing approximately 90% of the equity interest in Wuxi Orange) to Yixing Tianxi in consideration of approximately RMB32,123,000 and Mr. Ho transferred his registered capital of RMB2,222,222 in Wuxi Orange (representing approximately 10% of the equity interest in Wuxi Orange) to Yixing Tianxi in consideration of approximately RMB3,569,000.

***Acquisition of OTBVI by the Company***

On 25 June 2018, Mr. Zhou, Ms. Song, Mr. Fan and Mr. Ho transferred registered capital of US\$1,000 in OTBVI (representing approximately 35.7%, 34.3%, 20% and 10% of the equity interest in OTBVI respectively) to the Company in an aggregate consideration of US\$1,000.

*Acquisition of the Company by QY, SRU and DSHH*

On 25 June 2018, Mr. Zhou and Ms. Song transferred registered capital of US\$700 in the Company (representing approximately 35.7% and 34.3% of the equity interest in the Company respectively) to QY, which is 100% held by Mr. Zhou and Ms. Song, in consideration of US\$700.

On 25 June 2018, Mr. Fan transferred registered capital of US\$200 in the Company (representing approximately 20% of the equity interest in the Company) to SRU Investment Limited ("SRU"), which is 100% held by Mr. Fan, in consideration of US\$200.

On 25 June 2018, Mr. Ho transferred registered capital of US\$100 in the Company (representing approximately 10% of the equity interest in the Company) to DSHH (BVI) Limited ("DSHH"), which is 100% held by Mr. Ho, in consideration of US\$100.

Following the above steps, the Company continued to be owned as to 70%, 20% and 10% by QY, SRU and DSHH, respectively, and Wuxi Orange became the Company's indirect wholly-owned subsidiary.

**2.2 Basis of preparation and presentation**

The Historical Financial Information set out in this report has been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations ("HK(IFRIC)-Int") issued by the HKICPA. The Historical Financial Information also comply with the applicable disclosure requirements of the Companies Ordinance and the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules").

Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 25 June 2018. The Group is under the common control of the Controlling Shareholders throughout the Track Record Period or since their respective dates of incorporation, where there is a shorter period, and the control is not transitory. The Reorganisation has been accounted for as a restructuring under common control in a manner similar to pooling of interests. Accordingly, the Historical Financial Information has been prepared using the principles of merger accounting as if the Reorganisation had occurred as of the beginning of the earliest period presented and the current group structure had always been in existence.

The consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the Track Record Period include the financial performance, changes in equity and cash flows of companies within the Group as if the current group structure had been in existence throughout the Track Record Period, or since their date of establishment, incorporation or acquisition, where applicable. The consolidated statements of financial position of the Group as at 31 December 2016, 2017 and 2018 and 31 May 2019 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates taking into account the respective date of establishment, incorporation or acquisition, where applicable.

The assets and liabilities of the companies comprising the Group are consolidated using the existing book values. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the Reorganisation.

All significant intra-group transactions, balances and unrealised gains on transactions have been eliminated on consolidation. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

The Historical Financial Information has been prepared on historical cost basis.

It should be noted that accounting estimates and assumptions have been used in preparation of the Historical Financial Information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are set out in Note 5 "Significant accounting judgements and estimates".



### 3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSS

The HKICPA has issued a number of new and revised HKFRSs which were relevant to the Group and became effective during the Track Record Period. For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently adopted all the HKFRSs, HKASs, amendments and the related HK(IFRIC)-Int, which are effective for accounting period beginning on 1 January 2019 throughout the Track Record Period, except that the Group adopted HKFRS 16 "Leases" in the five months period ended 31 May 2019. The adoption of the aforementioned HKFRSs, including HKFRS 16, have no material impact to the results or financial position of the Group during the Track Record Period. The accounting policies for leases under HKFRS 16 are set out in note 4.5 below.

#### 3.1 Adoption of HKFRS 16 "Leases"

During the five months ended 31 May 2019, the Group has applied HKFRS 16 and the related consequential amendments to other HKFRSs which resulted in changes in accounting policies and adjustments to the amounts recognised in the Historical Financial Information. In accordance with the transitional provisions in HKFRS 16, the Group recognised a liability at the date of initial application for leases previously classified as an operating lease applying HKAS 17. The Group measures that lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application and measures the associated right-of-use asset at an amount equal to the initial measurement of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position immediately before the date of initial application. The right-of-use assets were recognised in the consolidated statement of financial position. The Group elects the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets and perform a full review of existing leases and applies HKFRS 16 only to contract that previously identified as lease applying HKAS 17. Furthermore, the Group uses the practical expedient to account for leases for which the lease term ends within 12 months from the date of initial application as short-term lease.

Before the adoption of HKFRS 16, commitments under operating leases for future periods were not recognised by the Group as liabilities. Operating lease rental expenses were recognised in the profit or loss over the lease period on a straight-line basis.

On adoption of HKFRS 16, the Group recognised the full lease liabilities in relation to leases which had previously been classified as operating leases if they meet certain criteria set out in HKFRS 16. These liabilities were subsequently measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of respective entities. The difference between the present value and the total remaining lease payments represents the cost of financing. Such finance cost will be charged to the profit or loss in the period in which it is incurred using effective interest method.

At the inception of a contract that contains a lease component, as a lessee, the Group should allocate the consideration in the contract to each lease component on the basis of their relative stand-alone price. The Group, as a lessee, assessed its leases for non-lease components and separated non-lease components from lease components for certain classes of assets if the non-lease components were material.

Depreciation was charged on a straight-line basis over the shorter of the asset's estimated useful life and the lease term.

In summary, the following adjustment was made to the amounts recognised in relation to lease commitments of RMB240,000 in the consolidated statements of financial position at the date of initial application (1 January 2019):

	Carrying amount as at 31 December 2018 under HKAS 17 RMB'000	Adjustment RMB'000	Carrying amount as at 1 January 2019 under HKFRS 16 RMB'000
<b>Non-current assets</b>			
Right-of-use assets, presented as part of property, plant and equipment	–	223	223
<b>Current liabilities</b>			
Lease liabilities	–	109	109
<b>Non-current liabilities</b>			
Lease liabilities	–	114	114

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 5%.

	At 1 January 2019 RMB'000
Operating lease commitment at 31 December 2018 ( <i>note 24</i> )	240
Discounted using the applicable incremental borrowing rate at the date of initial application	223
Lease liabilities recognised at 1 January 2019	223

The impact of adoption of HKFRS 16 using the modified retrospective approach on the consolidated statements of comprehensive income for the five months ended 31 May 2019 is set out below.

	RMB'000
Profit for the period, as extracted from I-4	2,432
Add: depreciation of right-of-use assets	46
Interest expense for lease arrangement	4
Less: lease expenses, as if under HKAS 17	(50)
Profit for the period without adopting HKFRS 16, for illustrative purpose	2,432

The impact of adoption of HKFRS 16 using the modified retrospective approach on the consolidated statements of cash flows for the five months ended 31 May 2019 is set out below.

	As extracted from I-9 RMB'000	Adjustment RMB'000	Without adopting HKFRS 16 for illustrative purpose RMB'000
Operating profit before working capital changes	3,681	(50)	3,631
Payment of lease liabilities	(50)	50	–

### 3.2 New and revised HKFRSs not yet adopted

At the date of this report, certain new and amended HKFRSs have been issued but are not yet effective, and have not been applied early by the Group.

		<b>Effective for annual reporting periods beginning on or after</b>
HKFRS 10 and HKAS 28 (2011) Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined*
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020 <sup>^</sup>
HKFRS 3 Amendments	Definition of a Business	1 January 2020
HKAS 1 and HKAS 8 Amendments	Definition of Material	1 January 2020
HKFRS 17	Insurance Contracts	1 January 2021

\* On 6 January 2016, the HKICPA issued "Effective Date of Amendments to HKFRS 10 and HKAS 28", following the International Accounting Standards Board's equivalent amendments. This update defers/removes the effective date of the amendments in "Sale or Contribution of Assets between an Investor or its Associate or Joint Venture" that the HKICPA issued on 7 October 2014. Early application of these amendments continues to be permitted.

<sup>^</sup> The HKICPA will start using the revised Conceptual Framework immediately when revising or developing Standards or Accounting Guidelines. The revised Conceptual Framework has an effective date of 1 January 2020 for companies that use the Conceptual Framework to develop accounting policies when no Standards or Accounting Guidelines applies to a particular transaction.

The Group has already commenced an assessment of the related impact of adopting the above new and revised HKFRSs. So far, it has concluded that the above new and revised HKFRSs will be adopted at the respective effective dates and the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the Historical Financial Information are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

### 4.1 Basis of consolidation and subsidiaries

The Historical Financial Information incorporates the financial statements of the Company and its subsidiaries comprising the Group for the Track Record Period. As explained in Note 2.2 above, the Reorganisation is accounted for using merger basis of accounting.

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee; exposure, or rights, to variable returns from the investee; and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the Historical Financial Information. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and each component of other comprehensive income are attributed to owners of the Company and to the non-controlling interest, even if this results in the non-controlling interest having a deficit balance.

Non-controlling interest is presented in the consolidated statements of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interest in the results of the Group are presented on the face of the consolidated statements of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interest and the owners of the Company.

#### 4.2 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use.

Depreciation is provided on the straight-line method, based on the estimated economic useful life of the individual asset, as follows:

Building held under operating lease	over the lease term
Motor vehicles	4 years
Computer and office equipment	3 years

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

#### 4.3 Financial instruments

##### *Financial assets*

The Group's financial assets include trade and other receivables, amounts due from shareholders and bank balances and cash, all of which are classified and accounted for as debt instruments. Financial assets are recognised on the trade date.

Debt instruments that are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are held to collect the contractual cash flows are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses. Any changes in their value are recognised in profit or loss.

Derecognition of financial assets occurs when the rights to receive cash flows from the financial assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial assets.

*Impairment of financial assets*

The Group recognises loss allowances for expected credit loss (“ECL”) on the financial assets measured at amortised cost. The Group measures loss allowances at an amount equal to lifetime ECL as all its financial assets carried at amortised cost are current assets. For trade receivables, the Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which requires the use of the lifetime expected losses provision for all trade receivables.

When estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls which is the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

The Group considers that default has occurred when a financial asset is more than 180 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

At each reporting date, the Group assesses on a forward looking basis whether financial assets carried at amortised cost is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- (a) significant financial difficulty of the borrower or issuer;
- (b) a breach of contract such as a default or past due event and
- (c) it is becoming probable that the debtor will enter bankruptcy.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial assets is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

*Financial liabilities*

The Group’s financial liabilities include trade and other payables and amount due to a shareholder. Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled, or expires.

#### 4.4 Impairment of non-financial assets

Where an indication of impairment exists (other than inventories), the recoverable amount of the asset is estimated. An asset's recoverable amount is the higher of the value in use of the asset or cash-generating unit to which it belongs and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised in the profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of the impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. The reversal of the impairment loss is credited to the profit or loss in the year in which it arises.

#### 4.5 Leases

*Policies applicable from 1 January 2019*

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Such determination is made on an evaluation of the substance of the arrangement, regardless of whether the arrangements take the legal form of a lease.

*Assets leased to the Group*

Leases are initially recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statements of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term.

Assets leased to the Group and the corresponding liabilities are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group, as a lessee, exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the incremental borrowing rate of respective entities. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentive received;

- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statements of comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

*Policies applicable before 1 January 2019*

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

*Classification of assets leased to the Group*

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

*Operating lease charges as the lessee*

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to the profit or loss on a straight-line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to profit or loss in the accounting period in which they are incurred.

#### **4.6 Cash and cash equivalents**

Cash and cash equivalents comprise cash and bank balances and have a short maturity of generally within three months when acquired.

#### **4.7 Revenue recognition**

Revenues are recognised when or as the control of the goods or services is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods and services.

The principal activities of the Group are provision of event management services and design and production services. In respect of both of these principal activities, the Group recognise revenue at a point in time.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

**Provision of event management services*****Recognition***

The types of events that event management services relate to include a variety of cultural, artistic, recreational and corporate promotional events.

The services provided by the Group cover scopes of design, planning, promotion, coordination and management of an event for customers. Based on the customers' objectives, the Group forms the theme of the event for customers and visualise concepts with a detailed implementation plan. The Group will continue to modify the preliminary plans until the customers are satisfied with the plans and have no further comments.

Revenue is recognised at a point in time at the end of contract period or at when the acknowledgement is signed by the customer after it is satisfied with the services, where appropriate. At that stage, the Group has present right to payment for the whole transaction price and the collection of the consideration is considered probable.

**Provision of design and production services*****Recognition***

Design and production services include design and the production of various sketches graphics, other marketing materials.

The Group offers design, writing and editorial as well as animated media work services to the customers. The Group uses expertise and knowledge to transform and express customers' ideas in different forms. The Group also designs and edits contents of webpages and various social media platforms to meet customers' marketing objectives. The Group will continue to modify the design until the customers are satisfied with the design and have no further comment.

Revenue is recognised at a point in time at the end of contract period. At that stage, the Group has present right to payment of the transaction price and the collection of the consideration is considered probable.

**Interest income**

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

**4.8 Income taxes**

Income tax represents the sum of current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and



- in respect of taxable temporary differences associated with investment in a subsidiary, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investment in a subsidiary, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax is calculated, without discounting, at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

#### 4.9 Employee benefits

(i) *Short-term employee benefits*

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

(ii) *Defined contribution retirement plan obligations*

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

The employees of the subsidiaries within the Group which operate in the PRC are required to participate in the central pension scheme operated by the local municipal government. These PRC subsidiaries are required to contribute a percentage of their payroll costs to the central pension scheme as specified by the local municipal government. The contributions are charged to the profit or loss as they become payable in accordance with the rules of the central pension scheme.

**4.10 Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

When it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**4.11 Foreign currency**

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary items or on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

The results of certain overseas entities are translated into RMB at the exchange rates approximating the foreign exchange rate ruling at the dates of transactions. Balance sheet items are translated into RMB at the exchange rates ruling at the reporting date. The resulting currency translation differences are recognised in other comprehensive income and accumulated separately in equity in the translation reserve. On disposal of an overseas entity, the cumulative amount of the currency translation differences relating to that particular foreign operation is reclassified from equity to profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas entities within the Group are translated into RMB by using the exchange rates approximating the foreign exchange rate ruling at the dates of the cash flows.

**4.12 Related parties**

- (a) A person, or a close member of that person's family, is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of key management personnel of the Group or the Company's parent;
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) both entities are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

#### 4.13 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major operations.

The measurement policies the Group uses for reporting segment results under HKFRS 8 "Operating Segments" are the same as those used in its financial statements prepared under HKFRSs.

## 5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Historical Financial Information requires the directors of the Company to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### Judgements

In the process of applying the Group's accounting policies, the directors have made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

**Revenue recognition**

The principal activities of the Group are provision of event management and design and production services. The services encompass a wide spectrum of coverage, including design and planning, project management, on-site supervision, writing and editorial works and animated media works.

The end products created by the services or the services provided are unique, specified to each customer and involved high personal preference. Therefore, before the acceptance of the end products/services by the customer, it is uncertain that the Group would have the right to receive consideration from the customers. As such, the management considers that revenue cannot be recognised based on the stage of completion as none of the criteria for recognising revenue over time is met. In the light of the relatively short duration of each project, the directors of the Company have determined that it is appropriate that recognition of revenue takes place at the end of contract or upon the acknowledgement of the customers that they are satisfied with the end products/services, where appropriate, at which point in time the control of the end products are delivered to the customers.

**Estimation uncertainty**

The following items are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Provision for ECL on trade receivables**

The Group determines the provision for ECL on trade receivables resulting from the inability of the customers/debtors to make the required payments. A considerable amount of estimate and judgement is required in assessing the ultimate realisation of these receivables which is based on the ageing of the receivable balance, customer/debtor credit-worthiness, and historical write-off experience. If the financial conditions of customers/debtors deteriorate, additional allowance for expected credit loss may be required.

**Provision for income taxes**

The Group is subject to income taxes in jurisdictions in which the Group operates. Significant judgement is required in determining the tax liabilities to be recognised. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises provisions for tax based on estimates of the taxes that are likely to become due. The Group believes that its provision for tax is adequate for the Track Record Period based on its assessment of many factors including past experience and interpretations of tax law. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

**6. SEGMENT INFORMATION**

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is defined on the basis of the internal management reporting information that is provided to and regularly reviewed by the executive directors, who are the chief operating decision makers, in order to allocate resources and assess performance of the segment. For the Track Record Period, executive directors of the Company regularly review the consolidated financial position, revenue from provision of event management services and design and production services and results of the Group for the purposes of allocating resources and assessing performance of the Group as a whole.

Therefore, the directors of the Company consider the Group has one single operating segment during the Track Record Period which is provision of event management services and design and production services.

**Geographical information**

The Company is an investment holding company and the principal place of the Group's operation is in the PRC. For the purpose of segment information disclosures under HKFRS 8, the Group regards the PRC as its country of domicile.

During the Track Record Period, the Group operated within one geographical area because all of its revenue was generated in the PRC and all of its long-term assets were located in the PRC. Accordingly, no geographical information is presented.

**Information about a major customer**

During the Track Record Period, revenue from a major customer who contributed more than 10% of the total revenue of the Group is as follow:

	Year ended 31 December			Five months ended 31 May	
	2016 RMB'000	2017 RMB'000	2018 RMB'000	2018 RMB'000 (unaudited)	2019 RMB'000
Customer A	3,985	NA	NA	N/A	N/A

NA: The corresponding revenue did not contribute over 10% of total revenue of the Group.

**7. REVENUE AND OTHER INCOME**

All revenue are recognised at a point in time. An analysis of the Group's revenue by services and other income during the Track Record Period is as follows:

	Year ended 31 December			Five months ended 31 May	
	2016 RMB'000	2017 RMB'000	2018 RMB'000	2018 RMB'000 (unaudited)	2019 RMB'000
<b>Revenue</b>					
<i>By type of services</i>					
Event management services	18,423	24,537	36,280	7,761	9,094
Design and production services	16,490	16,340	17,078	3,309	4,070
	<u>34,913</u>	<u>40,877</u>	<u>53,358</u>	<u>11,070</u>	<u>13,164</u>
<b>Other income</b>					
Exchange difference	–	–	169	7	–
Interest income	42	108	140	44	21
	<u>42</u>	<u>108</u>	<u>309</u>	<u>51</u>	<u>21</u>

All of the Group's unsatisfied performance obligations for contracts with customers are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

## 8. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax is arrived at after charging/(crediting):

	Year ended 31 December			Five months ended 31 May	
	2016 RMB'000	2017 RMB'000	2018 RMB'000	2018 RMB'000 (unaudited)	2019 RMB'000
Auditor's remuneration ( <i>note</i> )	-	-	-	-	-
(Reversal of provision for)/ provision for ECL on trade receivables, net	(15)	83	360	(53)	38
Minimum lease payments under operating lease charged for properties	120	120	120	50	-
<i>Project costs</i>					
Event and marketing materials expenses	1,013	2,146	4,781	467	675
Printing charges	1,313	928	729	184	166
Stage services and venue decoration expenses	3,866	3,396	5,824	1,062	1,806
Advertising and promotional expenses	1,437	2,089	4,307	330	727
Video and animation production costs	386	1,220	1,638	366	596
Applications and software development expenses	1,617	2,032	2,095	651	711
Other project costs	721	424	585	235	83
	10,353	12,235	19,959	3,295	4,764
Employee benefits expense (including directors' emoluments ( <i>Note 10(a)</i> )					
- Salaries, allowances and benefits in kind	6,790	6,525	6,033	2,612	2,450
- Discretionary bonus	1,613	1,661	3,384	-	-
- Retirement benefit scheme contributions	1,804	1,897	1,726	729	702
	10,207	10,083	11,143	3,341	3,152

*Note:*

The amount, which was borne by Mr. Zhou, represents the auditor's remuneration for issuing financial statements of the Group entities during the Track Record Period were borne by Mr. Zhou and were immaterial to the Group.

## 9. FINANCE COSTS

	Year ended 31 December			Five months ended 31 May	
	2016 RMB'000	2017 RMB'000	2018 RMB'000	2018 RMB'000 (unaudited)	2019 RMB'000
Interest expense for lease arrangements	-	-	-	-	4

10. EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT

(a) Directors and chief executive emoluments

Pursuant to the Listing Rules, Section 383(1)(a), (b), (c) and (f) of the Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, details of emoluments paid by the entities comprising the Group to the directors of the Company are as follows:

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000 (Note (i))	Discretionary Bonus RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
<b>Year ended 31 December 2016</b>					
Executive directors					
Ms. Song (Note (ii))	–	780	195	82	1,057
Mr. Zhou (Note (iii))	–	636	159	82	877
Non-executive directors					
Mr. Ho Yau Kwok	–	–	–	–	–
Mr. Yip Koon Shing	–	–	–	–	–
Mr. Wong Kin Yip	–	–	–	–	–
	–	1,416	354	164	1,934
<b>Year ended 31 December 2017</b>					
Executive directors					
Ms. Song (Note (ii))	–	780	195	86	1,061
Mr. Zhou (Note (iii))	–	636	159	86	881
Non-executive directors					
Mr. Ho Yau Kwok	–	–	–	–	–
Mr. Yip Koon Shing	–	–	–	–	–
Mr. Wong Kin Yip	–	–	–	–	–
	–	1,416	354	172	1,942
<b>Year ended 31 December 2018</b>					
Executive directors					
Ms. Song (Note (ii))	–	780	585	98	1,463
Mr. Zhou (Note (iii))	–	636	477	98	1,211
Non-executive directors					
Mr. Ho Yau Kwok	–	–	–	–	–
Mr. Yip Koon Shing	–	–	–	–	–
Mr. Wong Kin Yip	–	–	–	–	–
	–	1,416	1,062	196	2,674

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000 (Note (i))	Discretionary Bonus RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
<b>Five months ended 31 May 2018 (unaudited)</b>					
Executive directors					
Ms. Song (Note (ii))	–	325	–	39	364
Mr. Zhou (Note (iii))	–	265	–	39	304
Non-executive directors					
Mr. Ho Yau Kwok	–	–	–	–	–
Mr. Yip Koon Shing	–	–	–	–	–
Mr. Wong Kin Yip	–	–	–	–	–
	–	590	–	78	668
	<u>–</u>	<u>590</u>	<u>–</u>	<u>78</u>	<u>668</u>
<b>Five months ended 31 May 2019</b>					
Executive directors					
Ms. Song (Note (ii))	–	325	–	42	367
Mr. Zhou (Note (iii))	–	265	–	42	307
Non-executive directors					
Mr. Ho Yau Kwok	–	–	–	–	–
Mr. Yip Koon Shing	–	–	–	–	–
Mr. Wong Kin Yip	–	–	–	–	–
	–	590	–	84	674
	<u>–</u>	<u>590</u>	<u>–</u>	<u>84</u>	<u>674</u>

*Notes:*

- (i) Salaries, allowances and benefits in kind of the executive directors are generally emoluments paid in respect of the directors' other services in connection with the management of the affairs of the subsidiaries of the Company.
- (ii) Ms. Song is the chief executive officer of the Company.
- (iii) Mr. Zhou is the chairman of the board of directors of the Company.

Mr. Zhou and Ms. Song were appointed as executive directors of the Company on 13 April 2018. Mr. Ho Yau Kwok, Mr. Yip Koon Shing and Mr. Wong Kin Yip were appointed as independent non-executive directors of the Company on 21 October 2019.

The Company did not have any executive directors, non-executive directors and independent non-executive directors at any time before 13 April 2018 since the Company was only incorporated on 13 April 2018.

The emoluments shown above represent emoluments received or receivable from the Group by these directors in their capacity as directors of companies comprising the Group during the Track Record Period.

There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

During the Track Record Period, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group, or as compensation for loss of office.



**(b) Five highest paid individuals' emoluments**

The five individuals with the highest emoluments in the Group included 2, 2, 2, 2 and 2 directors of the Company for each of the years ended 31 December 2016, 2017 and 2018 and each of the five months ended 31 May 2018 and 2019 respectively whose emoluments are disclosed in the Note (a) above. The emoluments of the remaining 3, 3, 3, 3 and 3 individuals, whose emoluments fell within the salary band of nil to HK\$1,000,000, for each of the years ended 31 December 2016, 2017 and 2018 and each of the five months ended 31 May 2018 and 2019 respectively are analysed below:

	Year ended 31 December			Five months ended 31 May	
	2016 RMB'000	2017 RMB'000	2018 RMB'000	2018 RMB'000 <i>(unaudited)</i>	2019 RMB'000
Salaries, allowances and benefits in kind	1,476	900	900	375	429
Discretionary bonus	369	225	600	–	–
Retirement benefit scheme contributions	223	259	295	117	91
	<u>2,068</u>	<u>1,384</u>	<u>1,795</u>	<u>492</u>	<u>520</u>

During the Track Record Period, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

**(c) Senior management emoluments**

The number of senior management (excluding the directors of the Company) whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Five months ended 31 May	
	2016	2017	2018	2018 <i>(unaudited)</i>	2019
Nil to HK\$1,000,000	<u>2</u>	<u>2</u>	<u>3</u>	<u>2</u>	<u>3</u>

## 11. INCOME TAX EXPENSE

	Year ended 31 December			Five months ended 31 May	
	2016 RMB'000	2017 RMB'000	2018 RMB'000	2018 RMB'000 <i>(unaudited)</i>	2019 RMB'000
Income tax expenses comprise:					
The PRC Enterprise Income Tax – current tax for the year/period	3,242	4,103	5,054	885	1,094
Income tax expense	3,242	4,103	5,054	885	1,094

The Group is subject to income tax on an entity basis on profits arising in or derived from the PRC in which members of the Group are domiciled and operated.

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax under these jurisdictions during the Track Record Period.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the Track Record Period.

Under the Enterprise Income Tax Law of PRC (the “EIT Law”) and the Implementation Regulation of the EIT Law, the subsidiaries in the PRC are subject to the tax rate of 25% during the Track Record Period except that under the Income Tax Preferential Policies for Small Low-profit Enterprises, where the annual taxable income is less than RMB300,000 (inclusive) for the year ended 31 December 2016 and RMB500,000 (inclusive) for the year ended 31 December 2017 and RMB1,000,000 (inclusive) for the year ended 31 December 2018 and the five months ended 31 May 2019, the income is included in the taxable income at the reduced ratio of 50% and the enterprise income tax is paid at the tax rate of 20%.

According to the Notice of the MOF and the SAT on Implementing the Policy on Inclusive Tax Reliefs for Small Low-Profit Enterprises (Cai Shui [2019] No. 13), which was promulgated on 17 January 2019, from 1 January 2019 to 31 December 2021, the portion of annual taxable income amount of a small low-profit enterprise which does not exceed RMB1 million shall be computed at a reduced rate of 25% as taxable income amount, and be subject to enterprise income tax at 20% tax rate; the portion of annual taxable income amount which exceeds RMB1 million but does not exceed RMB3 million shall be computed at a reduced rate of 50% as taxable income amount, and be subject to enterprise income tax at 20% tax rate.

No deferred tax liability has been recorded on certain temporary differences of approximately RMB12,776,000, RMB9,463,000, RMB22,691,000 and RMB25,267,000 as at 31 December 2016, 31 December 2017, 31 December 2018 and 31 May 2019 relating to the undistributed earnings of foreign subsidiaries because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

The income tax expense for the Track Record Period can be reconciled to the profit/(loss) before income tax per the consolidated statements of comprehensive income as follows:

	Year ended 31 December			Five months ended 31 May	
	2016 RMB'000	2017 RMB'000	2018 RMB'000	2018 RMB'000 <i>(unaudited)</i>	2019 RMB'000
Profit/(loss) before income tax	12,782	16,357	11,361	(531)	3,526
Tax calculated at the rates applicable	3,197	4,089	3,603	213	1,006
Tax effect of non-taxable income	–	–	(34)	(11)	(5)
Tax effect of non-deductible expenses	10	17	1,387	590	54
Others	35	(3)	98	93	39
Income tax expense	<u>3,242</u>	<u>4,103</u>	<u>5,054</u>	<u>885</u>	<u>1,094</u>

## 12. DIVIDENDS

	Year ended 31 December			Five months ended 31 May	
	2016 RMB'000	2017 RMB'000	2018 RMB'000	2018 RMB'000 <i>(unaudited)</i>	2019 RMB'000
Interim dividends	–	14,246	–	–	–

No dividend was paid or declared by the Company since its incorporation.

During the year ended 31 December 2017, interim dividends amounting to RMB14,246,000, representing dividends declared by Wuxi Orange, a subsidiary of the Group, to its then shareholders, were approved by the written resolutions of directors on 27 December 2017.

The rate of dividend and the number of shares ranking for dividend is not presented as such information is not meaningful having regard to the purpose of this Historical Financial Information.

## 13. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this Historical Financial Information, is not considered meaningful due to the Reorganisation and the presentation of the results for Track Record Period on the basis as disclosed in Note 2.2.

## 14. PROPERTY, PLANT AND EQUIPMENT

	<b>Building held under operating lease RMB'000</b>	<b>Motor vehicles RMB'000</b>	<b>Computer and office equipment RMB'000</b>	<b>Total RMB'000</b>
<b>Cost</b>				
As at 1 January 2016, 31 December 2016 and 1 January 2017	–	862	466	1,328
Additions	–	342	15	357
As at 31 December 2017 and 1 January 2018	–	1,204	481	1,685
Additions	–	–	27	27
As at 31 December 2018 and 1 January 2019	–	1,204	508	1,712
Adjustment on transition to HKFRS 16 (note 3.1)	223	–	–	223
Additions	–	–	7	7
As at 31 May 2019	223	1,204	515	1,942
<b>Accumulated depreciation</b>				
As at 1 January 2016	–	157	159	316
Charge for the year	–	205	147	352
As at 31 December 2016 and 1 January 2017	–	362	306	668
Charge for the year	–	255	132	387
As at 31 December 2017 and 1 January 2018	–	617	438	1,055
Charge for the year	–	286	43	329
As at 31 December 2018 and 1 January 2019	–	903	481	1,384
Charge for the period	46	82	6	134
As at 31 May 2019	46	985	487	1,518
<b>Net carrying amount</b>				
As at 31 December 2016	–	500	160	660
As at 31 December 2017	–	587	43	630
As at 31 December 2018	–	301	27	328
As at 31 May 2019	177	219	28	424

## 15. INVESTMENT IN SUBSIDIARIES

	<b>As at 31 December 2018 RMB'000</b>	<b>As at 31 May 2019 RMB'000</b>
Investment in subsidiaries – at cost, unlisted	6	6

On 25 June 2018, the Company acquired 100% equity interests in OTBVI with an aggregate consideration of US\$1,000 (equivalent to approximately RMB6,000).

Particulars of the subsidiaries of the Company are set out in Note 1 to the Historical Financial Information.

## 16. TRADE AND OTHER RECEIVABLES

	<b>As at 31 December</b>			<b>As at 31 May 2019 RMB'000</b>
	<b>2016 RMB'000</b>	<b>2017 RMB'000</b>	<b>2018 RMB'000</b>	
Trade receivables, at cost	1,147	6,288	19,981	18,552
Less: Provision for ECL	(33)	(116)	(476)	(514)
Trade receivables, net	1,114	6,172	19,505	18,038
Prepayments	639	375	2,483	2,546
Prepaid listing expense	–	675	2,278	2,298
Other receivables	23	117	1,056	299
	<u>1,776</u>	<u>7,339</u>	<u>25,322</u>	<u>23,181</u>

The credit period for trade receivables is up to 90 days from the invoice date for the Track Record Period.

The ageing analysis of the trade receivables, based on due date, is as follows:

	Current <i>RMB'000</i>	Past due less than 1 month <i>RMB'000</i>	Past due over 1 month but within 3 months <i>RMB'000</i>	Past due over 3 months but within 6 months <i>RMB'000</i>	Past due over 6 months but within 1 year <i>RMB'000</i>	Past due over 1 year <i>RMB'000</i>	Total <i>RMB'000</i>
<b>As at 31 December 2016</b>							
<i>ECL rate</i>	1%	1%	3%	5%	9%	100%	
Gross carrying amount	650	137	74	210	67	9	1,147
Provision for ECL	(6)	(1)	(2)	(9)	(6)	(9)	(33)
	<u>644</u>	<u>136</u>	<u>72</u>	<u>201</u>	<u>61</u>	<u>-</u>	<u>1,114</u>
<b>As at 31 December 2017</b>							
<i>ECL rate</i>	1%	1%	2%	5%	22%	100%	
Gross carrying amount	4,407	383	807	614	60	17	6,288
Provision for ECL	(34)	(3)	(20)	(29)	(13)	(17)	(116)
	<u>4,373</u>	<u>380</u>	<u>787</u>	<u>585</u>	<u>47</u>	<u>-</u>	<u>6,172</u>
<b>As at 31 December 2018</b>							
<i>ECL rate</i>	1%	1%	2%	5%	22%	100%	
Gross carrying amount	14,073	1,276	1,925	1,719	973	15	19,981
Provision for ECL	(110)	(10)	(47)	(81)	(213)	(15)	(476)
	<u>13,963</u>	<u>1,266</u>	<u>1,878</u>	<u>1,638</u>	<u>760</u>	<u>-</u>	<u>19,505</u>
<b>As at 31 May 2019</b>							
<i>ECL rate</i>	1%	1%	2%	3%	4%	100%	
Gross carrying amount	9,757	1,552	5,086	1,213	674	270	18,552
Provision for ECL	(76)	(12)	(91)	(36)	(29)	(270)	(514)
	<u>9,681</u>	<u>1,540</u>	<u>4,995</u>	<u>1,177</u>	<u>645</u>	<u>-</u>	<u>18,038</u>

The trade receivables related to a wide range of customers for whom there was no recent history of default.

The Group does not hold any collateral over these balances.

The ageing analysis of the trade receivables based on invoice date, net of provision for ECL, is as follows:

	As at 31 December			As at
	2016	2017	2018	31 May
	RMB'000	RMB'000	RMB'000	2019
				RMB'000
Within 1 month	370	2,412	8,061	2,996
Over 1 month but within 3 months	274	1,961	6,399	6,684
Over 3 months but within 6 months	208	1,167	2,647	6,536
Over 6 months but within 1 year	256	607	1,996	1,302
Over 1 year	6	25	402	520
	<u>1,114</u>	<u>6,172</u>	<u>19,505</u>	<u>18,038</u>

Movements in the provision for ECL on trade receivables are as follows:

	Year ended 31 December			As at
	2016	2017	2018	31 May
	RMB'000	RMB'000	RMB'000	2019
				RMB'000
At the beginning of the reporting period	48	33	116	476
ECL on trade receivables	33	116	476	514
Reversal of ECL	<u>(48)</u>	<u>(33)</u>	<u>(116)</u>	<u>(476)</u>
At the end of the reporting period	<u>33</u>	<u>116</u>	<u>476</u>	<u>514</u>

At each reporting date, the Group carries out impairment reviews of its trade receivables using a lifetime ECL model. As at 31 December 2016, 2017 and 2018 and 31 May 2019, the Group determined there are expected loss of approximately RMB33,000, RMB116,000, RMB476,000 and RMB514,000, respectively. (Reversal of provision for)/provision for ECL on trade receivables amounting to approximately RMB(15,000), RMB83,000, RMB360,000 and RMB38,000 have been recognised in the profit or loss for each of the years ended 31 December 2016, 2017, 2018 and for the five months ended 31 May 2019, respectively.

The movement in the allowance for ECL has been included in the other operating expenses line in the consolidated statements of comprehensive income.

## 17. AMOUNTS DUE FROM/(TO) SHAREHOLDERS

	<b>Maximum amount outstanding during the year RMB'000</b>	<b>Carrying amount RMB'000</b>
<b>As at 31 December 2016</b>		
<b>Amounts due from shareholders</b>		
Mr. Zhou	2,000	2,000
Ms. Song	600	600
		<u>2,600</u>
<b>As at 31 December 2017</b>		
<b>Amount due from a shareholder</b>		
Mr. Zhou	2,329	2,329
<b>Amount due to a shareholder</b>		
Ms. Song		11,373
		<u>11,373</u>
<b>As at 31 December 2018</b>		
<b>Amounts due from shareholders</b>		
QY Investment Holdings Limited	4	4
SRU Investment Limited	1	1
DHSH (BVI) Limited	1	1
Mr. Zhou	2,329	1,464
		<u>1,470</u>
<b>As at 31 May 2019</b>		
<b>Amounts due from shareholders</b>		
QY Investment Holdings Limited	4	4
SRU Investment Limited	1	1
DHSH (BVI) Limited	1	1
Mr. Zhou	1,464	995
		<u>1,001</u>

All the balances are non-trade in nature, unsecured, interest-free and recoverable/repayable on demand.

## 18. BANK BALANCES AND CASH

Bank balances and cash represents bank balances and cash in hand.

The Group's bank balances carry interest at prevailing market rates ranging from 0.3% to 0.35% per annum for the Track Record Period.

As at 31 December 2016, 2017 and 2018 and 31 May 2019, all the Group's bank balances and cash were denominated in RMB and kept in the PRC. RMB is not freely convertible into other currencies and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.



## 19. TRADE AND OTHER PAYABLES

	As at 31 December			As at
	2016	2017	2018	31 May
	RMB'000	RMB'000	RMB'000	2019
				RMB'000
Trade payables	2,686	2,560	3,060	1,647
Accrued salaries and other benefits	5,842	8,237	8,716	9,072
Other tax payables	232	834	1,947	612
Deposits received from customers	1,570	993	277	282
	<u>10,330</u>	<u>12,624</u>	<u>14,000</u>	<u>11,613</u>

The credit period granted by suppliers of the Group is ranging from 30 to 120 days for the Track Record Period. The ageing analysis of the trade payables based on invoice date is as follows:

	As at 31 December			As at
	2016	2017	2018	31 May
	RMB'000	RMB'000	RMB'000	2019
				RMB'000
Within 1 month	1,307	1,365	2,029	728
Over 1 month but less than 3 months	593	215	440	200
Over 3 months but less than 1 year	646	193	364	575
Over 1 year	140	787	227	144
	<u>2,686</u>	<u>2,560</u>	<u>3,060</u>	<u>1,647</u>

## 20. LEASE LIABILITIES

Lease liabilities are presented in the consolidated statements of financial position as follows:

	As at
	31 May
	2019
	RMB'000
Minimum lease payments due	
– Within 1 year	120
– Between 1 to 2 years	70
	<u>190</u>
Less: future finance charges	(13)
	<u>177</u>
Present value of lease liabilities	
– Current	111
– Non-current	66
	<u>177</u>

The Group has leases for office premises. These leases are reflected on the consolidated statements of financial position as right-of-use assets and lease liabilities. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 14).

Each lease generally imposes a restriction that the right-of-use asset can only be used by the Group. Leases can only be cancelled with mutual agreement between the Group and lessor. The leases do not contain any variable lease payment, extension options and termination option among the lease contracts.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised as property, plant and equipment on consolidated statements of financial position:

<b>Right-of-use assets</b>	<b>No. of lease</b>	<b>Remaining lease term Month</b>
Building	1	19

The right-of-use assets are included in the same line item as where the corresponding underlying assets would be presented if they were owned.

The lease liabilities were measured at net present value of the lease payments during the lease terms that are not yet paid.

The lease liabilities of the Group were measured at the present value of the lease payments that are not yet paid using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 5%.

## 21. SHARE CAPITAL

	<b>Number of ordinary shares during the period</b>	<b>Nominal value RMB'000</b>
<i>The Company</i>		
<b>Authorised</b>		
Upon incorporation on 13 April 2018, ordinary shares of US\$1 each	50,000	315
Share sub-division	49,950,000	–
	<hr/>	<hr/>
<b>As at 31 December 2018 and 31 May 2019, ordinary shares of US\$0.001 each</b>	<b>50,000,000</b>	<b>315</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Issued and fully paid:</b>		
Upon incorporation on 13 April 2018, ordinary share of US\$1	1	*
Allotment of 999 shares of US\$1 each	999	6
Share sub-division	999,000	–
	<hr/>	<hr/>
<b>As at 31 December 2018 and 31 May 2019, ordinary shares of US\$0.001 each</b>	<b>1,000,000</b>	<b>6</b>
	<hr/> <hr/>	<hr/> <hr/>

\* Denote for RMB6

On 13 April 2018, the Company was incorporated in the Cayman Islands with an authorised share capital of US\$50,000 divided into 50,000 shares of par value of US\$1 each. On the date of incorporation, 1 share of the Company was allotted and issued at US\$1 to the initial subscriber, who then immediately transferred such share to Mr. Zhou. On the same day, the Company further allotted and issued 356, 343, 200 and 100 fully paid shares with par value of US\$1 per share to Mr. Zhou, Ms. Song, Mr. Fan and Mr. Ho, respectively.

On 13 July 2018, the shareholders of the Company passed a written resolution to subdivide each of the issued and unissued ordinary shares of par value of US\$1 each into 1,000 ordinary shares of US\$0.001 each.

Other than the share allotment, transfer and subdivision aforementioned, no other share transaction was undertaken by the Company from its incorporation. There was no authorised and issued capital as at 31 December 2016 and 2017 as the Company has not yet been incorporated.

As at 31 December 2016 and 2017, the balance of share capital in consolidated statements of financial position represented the aggregate paid-up capital of Wuxi Orange and Yixing Orange. During the year ended 31 December 2017, an injection of additional registered capital amounting to RMB18,000,000 was made by the Controlling Shareholders into Wuxi Orange.

During the year ended 31 December 2018, the authorised registered capital and paid-in capital of the Company and Wuxi Orange have been increased by US\$999 (equivalent to approximately RMB6,000) and RMB2,222,000 respectively as detailed in Note 2.1.

Also, during the year ended 31 December 2018, OTBVI, OTHK and Yixing Tianxi were incorporated with issued/paid in capital of US\$1,000 (equivalent to approximately RMB6,000), HK\$1,000 (equivalent to approximately RMB1,000) and HK\$500,000 (equivalent to approximately RMB426,000) respectively as detailed in Note 2.1.

As at 31 December 2018 and 31 May 2019, the balance of share capital in consolidated statement of financial position represent the share capital of the Company.

Pursuant to a written resolution of the shareholders passed on 21 October 2019, the authorised share capital of the Company was increased from US\$50,000 divided into 50,000,000 shares of US\$0.001 each to US\$2,000,000 divided into 2,000,000,000 shares of US\$0.001 each by the creation of an additional of 1,950,000,000 shares of US\$0.001 each.

## 22. RESERVES/DEFICITS

Details of the movements on the Group's reserves are as set out in the consolidated statements of changes in equity.

### Statutory reserve

As stipulated by the relevant laws in the PRC, the PRC subsidiaries are required to maintain a statutory reserve fund. The minimum transfer to statutory reserve is 10% of profit after tax of the PRC subsidiaries according to the PRC subsidiaries' statutory financial statements. No appropriation is required if the balance of the statutory reserve has reached 50% of the registered capital of the PRC subsidiaries. The statutory reserves can be used to make up losses or for conversion into capital.

### Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Company and certain subsidiaries whose functional currencies are different from that of the presentation currency.

### Other reserve

The other reserve comprises:

- (a) the deemed contribution from the Controlling Shareholders upon acquisition of the non-controlling interest as detailed in Note 2.1;
- (b) the excess contribution consideration paid by Mr. Ho for the subscription of the additional registered capital over the nominal amount of the registered capital as detailed in Note 2.1; and
- (c) the difference between the nominal value of the aggregate share capital of the subsidiaries acquired pursuant to the Reorganisation as detailed in Note 2.1 to rationalise the structure of the Group, over the nominal value of the shares of the Company issued in exchange for the subsidiaries.

## Deficits of the Company

	Translation reserves <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total deficits <i>RMB'000</i>
<b>Total comprehensive loss</b>			
Balance as at 13 April 2018 (date of incorporation)	–	–	–
Loss for the period	–	(8,435)	(8,435)
Other comprehensive loss:			
Exchange differences arising on translation	(389)	–	(389)
Total comprehensive loss for the period	(389)	–	(389)
Balance as at 31 December 2018	(389)	(8,435)	(8,824)
Loss for the period	–	(472)	(472)
Other comprehensive income:			
Exchange differences arising on translation	83	–	83
Total comprehensive loss for the period	83	(472)	(389)
Balance as at 31 May 2019	(306)	(8,907)	(9,213)

## 23. TRANSACTION WITH NON-CONTROLLING INTEREST

## Acquisition of additional interests in the subsidiaries

During the year ended 31 December 2017, the Controlling Shareholders acquired the remaining 5% of the paid-up capital of Wuxi Orange and 1% of the paid-up capital of Yixing Orange for a purchase consideration of approximately RMB1,073,000 and RMB3,000 respectively. Upon the completion of the acquisitions of the additional interests in the subsidiaries, the Group then owned 100% of the equity interest of each of Wuxi Orange and Yixing Orange. The aggregated carrying amount of the non-controlling interest in Wuxi Orange and Yixing Orange on the date of acquisition was approximately RMB410,000. The Group derecognised non-controlling interest and recorded an increase in equity attributable to owners of the Company, as other reserve, of RMB410,000.

## 24. COMMITMENTS

## (a) Capital commitments

Capital expenditures contracted for but not yet incurred at the end of each reporting period are as follows:

	2016 <i>RMB'000</i>	At 31 December 2017 <i>RMB'000</i>	2018 <i>RMB'000</i>	As at 31 May 2019 <i>RMB'000</i>
Property, plant and equipment	–	–	11,654	11,654

Note: As at 31 December 2018 and 31 May 2019, a deposit of RMB4,995,000 has been paid by the Group for purchase of office premises, amounting to approximately RMB16,649,000 in Yixing, the PRC.

**(b) Operating lease commitments**

At the end of the reporting period, the Company had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	<b>As at 31 December</b>		
	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	120	120	120
Over 1 year but less than 5 years	360	240	120
	<u>480</u>	<u>360</u>	<u>240</u>

The Group rents a property under operating leases. The agreement runs for an initial period of six years.

The operating lease commitments as at 31 May 2019 are not set out above as these were recognised as lease liabilities due to the adoption of HKFRS 16.

**25. RELATED PARTY TRANSACTIONS**

Save as disclosed in Note 17 and the key management personnel remuneration, the Group has no other transaction with its related parties in the normal course of its business.

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the directors of the Company. Key management personnel remuneration are as follows:

	<b>Year ended 31 December</b>			<b>Five months ended</b>	
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>31 May</b>	<b>2019</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>	
Salaries, allowances and benefits in kind	1,942	2,016	2,226	840	1,019
Discretionary bonus	498	504	1,831	–	–
Retirement benefit scheme contributions	305	345	401	156	176
	<u>2,795</u>	<u>2,865</u>	<u>4,458</u>	<u>996</u>	<u>1,195</u>

**26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS**

The Group is exposed to a variety of risks including credit risk and liquidity risk through its use of financial instruments in its ordinary course of operations.

The Group does not have any written risk management policies and guidelines. The directors of the Company monitor the financial risk management and take such measures as considered necessary from time to time to minimise such financial risks.

**(a) Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Bank balances of the Group are held with financial institutions of good standing. The carrying amount of trade and other receivables and amounts due from shareholders represent the Group's maximum exposure to credit risk in relation to its financial assets. No other financial assets carry a significant exposure to credit risk.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent.

As at 31 December 2016, 2017 and 2018 and 31 May 2019, the Group has a certain concentration of credit risk as 12.9%, 13.6%, 8.5% and 8.9% respectively of trade receivables was due from the Group's largest customer, while 49.6%, 51.7%, 32.7% and 31.7% respectively of trade receivables was due from the Group's five largest customers.

**(b) Liquidity risk**

Liquidity risk relates to the risk that the Group will not be able to meet obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of trade and other payables and amounts due to shareholders and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The maturity profile of the Group's non-derivative financial liabilities at each reporting period, based on the contracted undiscounted payments, is as follows:

	<b>Within 1 year or on demand</b> <i>RMB'000</i>	<b>Within 1 to 2 years</b> <i>RMB'000</i>	<b>Total contractual undiscounted cash flow</b> <i>RMB'000</i>	<b>Carrying amount</b> <i>RMB'000</i>
<b>As at 31 December 2016</b>				
Trade and other payables	8,528	–	8,528	8,528
<b>As at 31 December 2017</b>				
Trade and other payables	10,797	–	10,797	10,797
Amount due to a shareholder	11,373	–	11,373	11,373
	22,170	–	22,170	22,170
<b>As at 31 December 2018</b>				
Trade and other payables	11,776	–	11,776	11,776
<b>As at 31 May 2019</b>				
Trade and other payables	10,719	–	10,719	10,719
Lease liabilities	120	70	190	177
	10,839	70	10,909	10,896

## (c) Fair values of financial instruments

All financial assets and liabilities are carried at amount not materially different from their fair values as at 31 December 2016, 2017 and 2018 and 31 May 2019.

## 27. FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December			As at
	2016	2017	2018	31 May
	RMB'000	RMB'000	RMB'000	2019
				RMB'000
<b>Financial assets</b>				
Financial assets measured at amortised cost				
– Trade and other receivables	1,137	6,289	20,561	18,337
– Amounts due from shareholders	2,600	2,329	1,470	1,001
– Bank balances and cash	22,759	48,986	26,886	27,935
	<u>26,496</u>	<u>57,604</u>	<u>48,917</u>	<u>47,273</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost				
– Trade and other payables	8,528	10,797	11,776	10,719
– Amount due to a shareholder	–	11,373	–	–
– Lease liabilities	–	–	–	177
	<u>8,528</u>	<u>22,170</u>	<u>11,776</u>	<u>10,896</u>

## 28. CAPITAL RISK MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to the shareholders and benefits for other stakeholders to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the shareholders, return capital to the shareholders, issue new shares or sell assets to reduce debts. No changes in the objectives, policies or processes for managing capital were made during the Track Record Period.

The capital structure of the Group consists of equity attributable to the equity holders of the Company, comprising share capital and reserves disclosed in the consolidated statements of changes in equity.

## 29. CASH FLOW INFORMATION

## (a) Major non-cash transaction

For the year ended 31 December 2017

Certain prepaid listing expenses amounting to approximately RMB675,000 were paid on behalf by a shareholder; and

## (b) Reconciliation of liabilities from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities:

	<b>Amount due to a shareholder</b> <i>RMB'000</i>
<b>As at 1 January 2016 and 31 December 2016</b>	—
<b>Changes from financing cash flows:</b>	
Repayment to a shareholder	(2,873)
Total change from financing cash flows	(2,873)
<b>Other changes (non-cash transaction):</b>	
Dividends declared (note 12)	14,246
Total other changes	14,246
<b>As at 31 December 2017</b>	11,373
<b>Changes from financing cash flows during the year ended 31 December 2018:</b>	
Payment of dividend	(14,246)
Advance from a shareholder	2,873
Total change from financing cash flows	(11,373)
<b>Other changes:</b>	
Total other changes	—
<b>As at 31 December 2018 and 31 May 2019</b>	—
<b>As at 31 December 2017</b>	11,373
<b>Changes from financing cash flows:</b>	
Payment of dividend	(14,246)
Advance from a shareholder	4,694
Total change from financing cash flows (unaudited)	(9,552)
<b>Other changes:</b>	
Total other changes (unaudited)	—
<b>As at 31 May 2018 (unaudited)</b>	1,821

**30. EVENTS AFTER THE REPORTING PERIOD**

Except as disclosed elsewhere in this report, there are no other material subsequent events undertaken by the Company or by the Group after 31 May 2019.

**31. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 May 2019 up to the date of this report.



## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION

*The information set forth in this Appendix does not form part of the Accountants' Report from Moore Stephens CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" of this prospectus and the "Accountants' Report" as set forth in Appendix I to this prospectus.*

### (A) UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma adjusted net tangible assets of our Group, prepared in accordance with paragraph 31 of Chapter 7 of the GEM Listing Rules and on the basis of the notes set out below, for the purpose of illustrating the effect of the Share Offer on the consolidated net tangible assets of our Group as if the Share Offer had taken place on 31 May 2019. This unaudited pro forma adjusted net tangible assets of our Group has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group had the Share Offer been completed on 31 May 2019 or at any future dates.

	Audited consolidated net tangible assets of our Group attributable to owners of our Company as at 31 May 2019 <i>RMB'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Share Offer <i>RMB'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted net tangible assets of our Group attributable to owners of our Company <i>RMB'000</i>	Unaudited pro forma adjusted net tangible assets per Share	
				<i>RMB</i> <i>(Note 3)</i>	<i>HK\$</i> <i>(Note 4)</i>
Based on the minimum Offer Price of HK\$0.25 per Offer Share	46,579	31,433	78,012	0.10	0.11
Based on the maximum Offer Price of HK\$0.33 per Offer Share	46,579	44,275	90,854	0.11	0.13

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## APPENDIX II                      UNAUDITED PRO FORMA FINANCIAL INFORMATION

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*Notes:*

- (1) The audited consolidated net tangible assets of our Group attributable to owners of our Company as at 31 May 2019 is extracted from the Accountants' Report as set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Share Offer are based on the estimated Offer Price of HK\$0.25 or HK\$0.33 per Offer Share (being the low end and the high end of the indicative price range of the Offer Shares), after deduction of the underwriting fees and related expenses payable by our Company in connection with the Share Offer, excluding the listing expenses of approximately RMB10,789,000 that have been paid during the Track Record Period, among which approximately RMB8,334,000 have been recognised in the profit or loss for the Track Record Period. It does not take into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, or any Shares which may be allotted and issued or repurchased by the Company pursuant to the Company's general mandates.
- (3) The unaudited pro forma adjusted net tangible assets per Share of our Group is calculated based on 800,000,000 Shares in issue immediately following the completion of the Capitalisation Issue and the Share Offer.
- (4) For the purpose of the unaudited pro forma adjusted net tangible assets of our Group, the balances stated in Renminbi is translated into Hong Kong dollars at the approximately exchange rate of RMB1.00 to HK\$1.15, which was the prevailing exchange rate as at 31 May 2019 for illustration purpose only, and such translation does not constitute a representation that any amount has been, could have been, or may otherwise be exchanged or converted at the above rate.
- (5) No adjustment has been made to the unaudited pro forma adjusted net tangible assets of our Group to reflect any trading results of other transactions of our Group entered into subsequent to 31 May 2019.

**(B)    INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
         COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Company's reporting accountants, Moore Stephens CPA Limited, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information of the Group.*

**Moore Stephens CPA Limited**801-806 Silvercord, Tower 1,  
30 Canton Road, Tsimshatsui,  
Kowloon, Hong Kong

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F +852 2375 3828

**www.moore.hk**大  
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司**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****TO THE DIRECTORS OF ORANGE TOUR CULTURAL HOLDING LIMITED**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Orange Tour Cultural Holding Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma adjusted net tangible assets of the Group as at 31 May 2019 and the related notes as set out in Section A of Appendix II on pages II-1 to II-2 of the prospectus dated 30 October 2019 (the "Prospectus") issued by the Company (the "Unaudited Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Section A of Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed placing and public offer of shares (the "Share Offer") of the Company on the Group's consolidated net tangible assets as at 31 May 2019 as if the transaction had taken place at 31 May 2019. As part of this process, information about the Group's consolidated net tangible assets has been extracted by the Directors from the Group's financial information as at 31 May 2019, on which an accountants' report has been published.

**Directors' Responsibilities for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline ("AG") 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 “*Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants’ Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information, in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of Share Offer on unadjusted consolidated net tangible assets of the Group as if the Share Offer had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 May 2019 would have been as presented.

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## APPENDIX II                      UNAUDITED PRO FORMA FINANCIAL INFORMATION

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A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Share Offer, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the Share Offer in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

**Moore Stephens CPA Limited**

*Certified Public Accountants*

**Hung, Wan Fong Joanne**

Practising Certificate Number: P05419

Hong Kong, 30 October 2019

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 13 April 2018 under the Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (the "**Memorandum**") and its Amended and Restated Articles of Association (the "**Articles**").

## 1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

## 2. ARTICLES OF ASSOCIATION

The Articles were adopted on 21 October 2019 and effective on the Listing Date. A summary of certain provisions of the Articles is set out below.

### (a) Shares

#### (i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

#### (ii) *Variation of rights of existing shares or classes of shares*

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall *mutatis mutandis* apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a member being a corporation, by its duly authorized representative) or

representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

*(iii) Alteration of capital*

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; and (g) change the currency of denomination of its share capital.

*(iv) Transfer of shares*

Subject to the Companies Law and the requirements of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register. Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All

removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the GEM Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

**(v) *Power of the Company to purchase its own shares***

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

**(vi) *Power of any subsidiary of the Company to own shares in the Company***

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.



*(vii) Calls on shares and forfeiture of shares*

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

**(b) Directors****(i) *Appointment, retirement and removal***

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the “retirement by rotation” provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

- (aa) resign;
- (bb) dies;
- (cc) is declared to be of unsound mind and the Board resolves that his office be vacated;
- (dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (ee) he is prohibited from being or ceases to be a director by operation of law;
- (ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;
- (gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or
- (hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

**(ii) *Power to allot and issue shares and warrants***

Subject to the provisions of the Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

***(iii) Power to dispose of the assets of the Company or any of its subsidiaries***

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

***(iv) Borrowing powers***

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) *Remuneration*

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

*(vi) Compensation or payments for loss of office*

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

*(vii) Loans and provision of security for loans to Directors*

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

*(viii) Disclosure of interest in contracts with the Company or any of its subsidiaries*

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

- (aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (ee) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

(ix) *Proceedings of the Board*

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(c) **Alterations to the constitutional documents and the Company's name**

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

(d) **Meetings of member**

(i) *Special and ordinary resolutions*

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) *Voting rights and right to demand a poll*

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that



no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the GEM Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

- (A) at least two members;
- (B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the GEM Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

*(iii) Annual general meetings*

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

*(iv) Requisition of general meetings*

Extraordinary general meetings may be convened on the requisition of one or more members holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

*(v) Notices of meetings and business to be conducted*

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Companies Law and the GEM Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(vi) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vii) *Proxies*

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(e) **Accounts and audit**

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of the Company except as conferred by the Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to members who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those members that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members. The members may, at a general meeting remove the auditor(s) by a special resolution at any time before the expiration of the term of office of the auditor(s) and shall, by an ordinary resolution, at that meeting appoint new auditor(s) in place of the removed auditor(s) for the remainder of the term.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

**(f) Dividends and other methods of distribution**

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

- (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;

- (ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and
- (iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

- (aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

**(g) Inspection of corporate records**

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

**(h) Rights of minorities in relation to fraud or oppression**

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

**(i) Procedures on liquidation**

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up, the surplus assets remaining after payment to all creditors shall be divided among the members in proportion to the capital paid up on the shares held by them respectively; and

- (ii) if the Company is wound up and the surplus assets available for distribution among the members are insufficient to repay the whole of the paid-up capital, such assets shall be distributed, subject to the rights of any shares which may be issued on special terms and conditions, so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

**(j) Subscription rights reserve**

Provided that it is not prohibited by and is otherwise in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

**3. CAYMAN ISLANDS COMPANY LAW**

The Company was incorporated in the Cayman Islands as an exempted company on 13 April 2018 subject to the Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

**(a) Company operations**

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

**(b) Share capital**

Under Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the “share premium account”. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (i) paying distributions or dividends to members;
- (ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (iii) any manner provided in section 37 of the Companies Law;
- (iv) writing-off the preliminary expenses of the company; and
- (v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

**(c) Financial assistance to purchase shares of a company or its holding company**

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company’s or a subsidiary’s shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm’s-length basis.



**(d) Purchase of shares and warrants by a company and its subsidiaries**

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

**(e) Dividends and distributions**

Subject to a solvency test, as prescribed in the Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

**(f) Protection of minorities and shareholders' suits**

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

**(g) Disposal of assets**

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

**(h) Accounting and auditing requirements**

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

**(i) Exchange control**

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

**(j) Taxation**

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

**(k) Stamp duty on transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

**(l) Loans to directors**

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

**(m) Inspection of corporate records**

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

**(n) Register of members**

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands.

**(o) Register of Directors and officers**

Pursuant to the Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

**(p) Winding up**

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

**(q) Reconstructions**

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

**(r) Take-overs**

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

**(s) Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

**(t) Economic Substance Requirements**

Pursuant to the International Tax Cooperation (Economic Substance) Law, 2018 of the Cayman Islands ("ES Law") that came into force on 1 January 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Law. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Law.

**4. GENERAL**

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection – Documents available for inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

**A. FURTHER INFORMATION ABOUT OUR COMPANY****1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 13 April 2018. Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 13 July 2018 and our registered address in Hong Kong is at Room 813, 8/F, Tai Yau Building, 181 Johnston Road, Wanchai, Hong Kong. Mr. Pang Wai Ching (our company secretary) has been appointed as the authorised representative of our Company under the Companies Ordinance for the acceptance of service of process and notices in Hong Kong.

As our Company is incorporated in the Cayman Islands, we are subject to the relevant laws of the Cayman Islands and our constitution which comprises the Memorandum and the Articles. A summary of the relevant the Companies Law and certain provisions of the Articles are set out in Appendix III to this prospectus.

**2. Changes in share capital of our Company**

Immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), the authorised share capital of our Company will be US\$2,000,000 divided into 2,000,000,000 Shares, of which 800,000,000 Shares will be issued as fully paid or credited as fully paid, and 1,200,000,000 Shares will remain unissued. Other than pursuant to the Issue Mandate or any options which may be granted under the Share Option Scheme, our Company does not have any present intention to issue any of the authorised (but unissued) share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in the section headed “History, Development and Reorganisation – Corporate History” of this prospectus and the paragraph headed “3. Written resolutions of our existing Shareholders passed on 21 October 2019” below in this Appendix, there has been no alteration in our Company’s share capital since its incorporation.

**3. Written resolutions of our existing Shareholders passed on 21 October 2019**

Pursuant to the written resolutions of our exiting Shareholders passed on 21 October 2019:

- (a) our Company approved and adopted the Memorandum and the Articles, which will become effective on the Listing Date;
- (b) the authorised share capital of our Company was increased from US\$50,000 divided into 50,000,000 Shares of par value US\$0.001 each to US\$2,000,000 divided into 2,000,000,000 Shares of par value US\$0.001 each by the creation of an additional of 1,950,000,000 Shares of par value US\$0.001 each, each ranking *pari passu* with the Shares then in issue in all respects (the “**Increase in Authorised Share Capital**”);

- (c) conditional on the Listing Committee granting the listing of, and permission to deal in, our Shares in issue and Shares to be issued as mentioned in this prospectus including any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, and on the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms therein or otherwise, in each case on or before the date falling 30 days after the date of this prospectus:
- (i) the Share Offer was approved and our Directors were authorised to allot and issue the Offer Shares pursuant to the Share Offer, in each case to rank *pari passu* with the then existing Shares in all respects;
  - (ii) the rules of the Share Option Scheme were approved and adopted and our Directors were authorised, at their absolute discretion, to grant options to subscribe for Shares thereunder and to allot, issue and deal with our Shares pursuant to the exercise of subscription rights attaching to any options to be granted under the Share Option Scheme and to take all such actions as they consider necessary or desirable to implement the Share Option Scheme;
  - (iii) following the Increase in Authorised Share Capital and conditional further on the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalise an amount of US\$599,000 standing to the credit of the share premium account of our Company and to appropriate such amount as to capital to pay up in full at par a total of 599,000,000 Shares for allotment and issue to the persons whose names appear on the principal register of members of our Company in the Cayman Islands at the close of business on 21 October 2019 in proportion (as nearly as possible without involving fractions) to the then existing shareholdings in our Company, each ranking *pari passu* in all respects with the then existing issued Shares, and our Directors were authorised to give effect to such capitalisation and distributions;
- (d) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights or an issue of Shares pursuant to the exercise of any options to be granted under the Share Option Scheme or any other share option scheme of our Company or any Shares allotted in lieu of the whole or part of a dividend on our Shares in accordance with the Memorandum and Articles or pursuant to a specific authority granted by our Shareholders in general meeting or pursuant to the Share Offer, Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such securities convertible into Shares, and to make or grant offers, agreements or options which might require the exercise of such power, with an aggregate number of Shares not exceeding 20% of total number of issued Shares immediately following completion of the Capitalisation Issue and the Share Offer but



excluding any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme, and such mandate to remain in effect until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of our Company;
  - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
  - (iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting;
- (e) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares as will not exceed 10% of the total number of issued Shares of our Company immediately following completion of the Capitalisation Issue and the Share Offer but excluding any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such mandate to remain in effect until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of our Company;
  - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
  - (iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting; and
- (f) the general unconditional mandate mentioned in sub-paragraph (d) above was extended by the addition to the number of Shares which may be allotted or agreed to be allotted or issued by our Directors pursuant to the Repurchase Mandate referred to in sub-paragraph (e) above, provided that such extended amount shall not exceed 10% of the total number of issued Shares of our Company immediately following completion of the Capitalisation Issue and the Share Offer but excluding any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.

#### **4. Corporate reorganisation**

The companies comprising our Group underwent the Reorganisation for streamlining our corporate structure and in preparation for the Listing, pursuant to which our Company became the holding company of our Group. Please refer to the section headed “History, Development and Reorganisation – Reorganisation” of this prospectus for further details.

## 5. Changes in share capital of our subsidiaries

The particulars of our Group's subsidiaries are listed in notes 1 and 2 of the Accountants' Report.

Save as disclosed in the section headed "History, Development and Reorganisation – Corporate History" of this prospectus, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

## 6. Repurchase of our Shares by our Company

This section includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase of our Shares by our Company.

### (a) Provisions of the GEM Listing Rules

The GEM Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions, a summary of which is set out below:

#### (i) Shareholders' approval

The GEM Listing Rules provide that all proposed repurchases of shares (which must be fully paid in the case of shares) by a company with a primary listing on GEM must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval of a specific transaction.

The Repurchase Mandate was approved by the written resolutions of our existing Shareholders on 21 October 2019, details of which please refer to the paragraph headed "3. Written resolutions of our existing Shareholders passed on 21 October 2019" above in this Appendix.

#### (ii) Source of funds

Any repurchases by our Company must be funded out of funds legally available for the purpose in accordance with the GEM Listing Rules, the Articles and the applicable laws of the Cayman Islands. Our Company may not repurchase its own shares on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

Any repurchases by our Company may be made out of profits or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Articles and subject to the Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or out of our Company's share premium account before or at the time our Shares are repurchased.

(iii) *Connected parties*

The GEM Listing Rules prohibit our Company from knowingly repurchasing our Shares on the Stock Exchange from a “core connected person” (as defined in the GEM Listing Rules), which includes a director, chief executive or substantial shareholder of our Company or any of our subsidiaries or an associate of any of them and a connected person shall not knowingly sell Shares to our Company.

(b) *Reasons for repurchases*

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have general authority from our Shareholders to repurchase our Shares. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of our Company’s net asset value and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) *Exercise of the Repurchase Mandate*

Exercise in full of the Repurchase Mandate, and on the basis of 800,000,000 Shares in issue immediately after completion of the Capitalisation Issue and the Share Offer, our Directors would be authorised to repurchase up to 80,000,000 Shares during the period in which the Repurchase Mandate remains in force.

Under the GEM Listing Rules, any Shares repurchased under the Repurchase Mandate must be fully paid up. The listing of all Shares repurchased shall be automatically cancelled upon repurchase and the certificates for those repurchased Shares shall be cancelled and destroyed.

(d) *Funding of repurchase*

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Articles, the GEM Listing Rules and the applicable laws of the Cayman Islands.

Our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(e) *General*

None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the GEM Listing Rules), has any present intention if the Repurchase Mandate is exercised to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands.

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Save as disclosed above, our Directors are not aware of any consequence that would arise under the Takeovers Code as a result of a repurchase pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the GEM Listing Rules).

No core connected person (as defined in the GEM Listing Rules) of our Company has notified our Company that he has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

## **B. FURTHER INFORMATION ABOUT OUR BUSINESS**

### **1. Summary of material contracts**

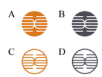


The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

- (a) an equity transfer agreement dated 23 June 2018 entered into among Yixing Dikai and Mr. Ho (as vendors) and Yixing Tianxi (as purchaser), pursuant to which Yixing Tianxi acquired 90% of equity interest in Wuxi Orange from Yixing Dikai in consideration of RMB32,123,435.82 and 10% of equity interest in Wuxi Orange from Mr. Ho in consideration of RMB3,569,270.65, respectively;
- (b) the Deed of Indemnity dated 21 October 2019 given by (i) Mr. Zhou Yang; (ii) Ms. Song Ruiqing and (iii) QY Investment Holding Limited in favour of Orange Tour Cultural Holding Limited (for itself and as trustee for each member of our Group), particulars of which are set out in the paragraph headed "E. Other information – 1. Tax and other indemnities" in this Appendix;
- (c) the Deed of Non-competition dated 21 October 2019 given by (i) Mr. Zhou Yang; (ii) Ms. Song Ruiqing and (iii) QY Investment Holding Limited in favour of Orange Tour Cultural Holding Limited (for itself and as trustee for each member of our Group), particulars of which are set out in the section headed "Relationship with Our Controlling Shareholders – Deed of Non-competition" of this prospectus; and
- (d) the Public Offer Underwriting Agreement.

## 2. Intellectual property rights

### *Trademarks*

As at the Latest Practicable Date, our Group is the owner of the following registered trademarks:

Trademark	Place of Registration	Registration numbers	Class	Expiry Date	Registered Owner
	Hong Kong	304483576	35 <i>(Note)</i>	5 April 2028	OTHK
	Hong Kong	304483666	35 <i>(Note)</i>	5 April 2028	OTHK
	PRC	8232023	21	27 April 2021	Wuxi Orange

*Note:* Class 35: advertising, business management, business administration and office functions

### *Domain name*

As at the Latest Practicable Date, our Group has registered the following domain name:

Domain Name	Expiry Date	Registrant
<u><a href="http://otch.com.cn">otch.com.cn</a></u>	18 April 2028	Wuxi Orange

**C. FURTHER INFORMATION ABOUT SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND EXPERTS**

**1. Disclosure of interests**

*(a) Interests of Directors and chief executive in Shares, underlying Shares and debentures of our Company and its associated corporations*

Immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), the interests and short positions of our Directors or chief executive of our Company in the Shares, underlying shares and debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which, once our Shares are listed on GEM, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests which they are taken or deemed to have under such provisions of the SFO) or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required to notify to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 the GEM Listing Rules, in each case once our Shares are listed on the Stock Exchange, will be as follows:

*(i) Long position in our Shares*

<b>Name of Director</b>	<b>Capacity/Nature of Interest</b>	<b>Number of Share held/ interested immediately following the completion of the Capitalisation Issue and the Share Offer</b>	<b>Percentage of shareholding immediately following the completion of the Capitalisation Issue and the Share Offer</b>
Mr. Zhou <sup>(Note)</sup>	Interest in controlled corporation	420,000,000	52.5%
Ms. Song <sup>(Note)</sup>	Interest in controlled corporation	420,000,000	52.5%

*Note:* These 420,000,000 Shares are held by QY, which is beneficially owned by Mr. Zhou and Ms. Song as to 51% and 49% respectively. Therefore, each of Mr. Zhou and Ms. Song is deemed or taken to be interested in the Shares held by QY under the SFO. Mr. Zhou and Ms. Song are directors of QY.

(ii) *Long position in the ordinary shares of associated corporations*

Name of Director	Nature of interest	Percentage of interest in associated corporations
Mr. Zhou	Beneficial owner	51% in QY
Ms. Song	Beneficial owner	49% in QY

(b) *Interests of Substantial Shareholders and other Shareholders in the Shares and underlying Shares*

So far as is known to our Directors, and without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, the following persons (not being a Director or chief executive of our Company) will, immediately following completion of the Capitalisation Issue and the Share Offer, have the interests and short positions in Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

*Long position in our Shares*

Name of Shareholder	Capacity/Nature of interest	Number of Share held/ interested immediately following the completion of the Capitalisation Issue and the Share Offer	Percentage of shareholding immediately following the completion of the Capitalisation Issue and the Share Offer
QY	Beneficial owner	420,000,000	52.5%
SRU <sup>(Note 1)</sup>	Beneficial owner	120,000,000	15.0%
Mr. Fan <sup>(Note 1)</sup>	Interest in controlled corporation	120,000,000	15.0%
Ms. Zhou Jianyuan <sup>(Note 2)</sup>	Spouse interest	120,000,000	15.0%
DHSB <sup>(Note 3)</sup>	Beneficial owner	60,000,000	7.5%
Mr. Ho <sup>(Note 3)</sup>	Interest in controlled corporation	60,000,000	7.5%
Ms. Li Sze Man <sup>(Note 4)</sup>	Spouse interest	60,000,000	7.5%

*Notes:*

1. These 120,000,000 Shares are held by SRU, which is beneficially wholly owned by Mr. Fan. Therefore, Mr. Fan is deemed or taken to be interested in all the Shares held by SRU under the SFO. Mr. Fan is the sole director of SRU.
2. Ms. Zhou Jianyuan is the spouse of Mr. Fan. Ms. Zhou is deemed to be or taken to be interested in the all the Shares in which Mr. Fan is interested under the SFO.
3. These 60,000,000 Shares are held by DSHH, which is beneficially wholly owned by Mr. Ho. Therefore, Mr. Ho is deemed or taken to be interested in all the Shares held by DSHH under the SFO. Mr. Ho is the sole director of DSHH.
4. Ms. Li Sze Man is the spouse of Mr. Ho. Ms. Li is deemed to be or taken to be interested in the all the Shares in which Mr. Ho is interested under the SFO.

## 2. Particulars of service contracts and letters of appointment

Each of our Directors has entered into a service contract or letter of appointment (as the case may be) with our Company. The terms and conditions of each of such service contracts and letters of appointment (as the case may be) are similar in all material respects. The service contracts and letters of appointment are initially for a fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by (i) a party giving not less than three-month written notice to the other party (or payment in lieu of notice); or (ii) subject to certain circumstances provided therein. An executive Director is required to abstain from voting and is not counted in the quorum in respect of any resolution of our Directors regarding the amount of the monthly salary and the discretionary bonus payable to him.

Under the current proposed arrangement, the basic annual salaries and remuneration (excluding discretionary bonus) of our Directors upon Listing are as follows:

<b>Executive Director</b>	<b>Amount</b> <i>(RMB)</i>
Mr. Zhou	840,000
Ms. Song	840,000
<b>Independent non-executive Director</b>	<b>Amount</b> <i>(HK\$)</i>
Mr. Ho Yau Kwok	180,000
Mr. Yip Koon Shing	180,000
Mr. Wong Kin Yip	180,000

Save as disclosed above, no Director has entered into any service contract with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).



**3. Fees or commission received**

Save as disclosed in the section headed “Underwriting” of this prospectus, none of our Directors or the experts named in the paragraph headed “E. Other information – 6. Qualifications of experts” in this Appendix had received any agency fee or commissions from our Group within the two years preceding the date of this prospectus.

**4. Related party transactions**

Details of the related party transactions are set out under note 25 to the Accountants’ Report.

**5. Disclaimers**

- (a) save as disclosed in the paragraph headed “C. Further information about Substantial Shareholders, Directors and experts – 1. Disclosure of interests” in this Appendix, none of our Directors or chief executive of our Company has any interest or short position in the Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of the Part XV of SFO) which, once our Shares are listed on GEM, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which he will be taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 the GEM Listing Rules;
- (b) save as disclosed in the section headed “Substantial Shareholders” of this prospectus and the paragraph headed “C. Further information about Substantial Shareholders, Directors and experts – 1. Disclosure of interests” in this Appendix and without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, our Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Capitalisation Issue and the Share Offer, have any interest or short position in Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (c) none of our Directors, their respective associates (as defined under the GEM Listing Rules) or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group;

- (d) save as disclosed in the paragraph headed “C. Further information about Substantial Shareholders, Directors and experts – 2. Particulars of service contracts and letters of appointment” in this Appendix, there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between our Directors and any member of our Group;
- (e) none of our Directors or the experts named in the paragraph headed “E. Other information – 6. Qualifications of experts” in this Appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (f) none of our Directors or the experts named in the paragraph headed “E. Other information – 6. Qualifications of experts” in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole; and
- (g) save as disclosed in the section headed “Underwriting” in this prospectus, none of our Directors or the experts named in the paragraph headed “E. Other information – 6. Qualifications of experts” in this Appendix:
  - (i) is interested legally or beneficially in any securities of our Company or any of our subsidiaries; or
  - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of our Company or any of our subsidiaries.

## D. SHARE OPTION SCHEME

### 1. Definitions

“Adoption Date”	21 October 2019 (the date on which the Share Option Scheme is conditionally adopted by our Shareholders by way of resolutions on our general meeting);
“Board”	the board of Directors or a duly authorised committee thereof;
“business day”	any day on which the Stock Exchange is open for the business of dealing in securities;
“Group”	our Company and any entity in which the Company directly or indirectly holds any equity interest;
“Scheme Period”	the period commencing on the Adoption Date and expiring at the close of business on the business day immediately preceding the tenth anniversary thereof

## 2. Summary of terms

### *(i) Purpose of the Share Option Scheme*

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of our Group and to promote the success of the business of our Group.

### *(ii) Who may join and basis of eligibility*

Our Board may, at its absolute discretion and on such terms as it may think fit, invite any employee (full-time or part-time), director, consultant or adviser of our Group, or any substantial shareholder of our Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of our Group, options to subscribe at a price calculated in accordance with paragraph (iii) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any participant to the grant of any option shall be determined by our Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

### *(iii) Price of Shares*

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by our Board and notified to a participant and shall be at least the higher of: (i) the closing price of our Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of our Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option, provided always that for the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five business days, the new issue price shall be used as the closing price for any business day falling within the period before listing.

### *(iv) Grant of options and acceptance of offers*

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK\$1.

(v) *Maximum number of Shares*

- (aa) subject to sub-paragraph (bb) and (cc) below, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company as from the Adoption Date (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all the Shares in issue as at the Listing Date. Therefore, it is expected that our Company may grant options in respect of up to 80,000,000 Shares to the participants under the Share Option Scheme.
- (bb) the 10% limit as mentioned above may be refreshed at any time by obtaining approval of the Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to the Shareholders containing the information as required under the GEM Listing Rules in this regard.
- (cc) our Company may seek separate approval of the Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to the Shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose, and such other information required under the GEM Listing Rules.
- (dd) the aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Company, if this will result in such 30% limit being exceeded.

(vi) *Maximum entitlement of each participant*

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his close associates (or his associate if the grantee is a connected person) abstaining from voting. In such event, our Company must send a circular to the Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the GEM Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of the Shareholders and the date of our Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(vii) *Grant of options to certain connected persons*

- (aa) Any grant of an option to a Director, chief executive or Substantial Shareholder of our Company (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).
- (bb) Where any grant of options to a Substantial Shareholder or an independent non-executive Director (or any of their respective associates) will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant:
  - i. representing in aggregate over 0.1% of the Shares in issue; and
  - ii. having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such further grant of options is required to be approved by Shareholders at a general meeting of our Company, with voting to be taken by way of poll. Our Company shall send a circular to our Shareholders containing all information as required under the GEM Listing Rules in this regard. All connected persons of our Company shall abstain from voting (except where any connected person intends to vote against the proposed grant). Any change in the terms of an option granted to a Substantial Shareholder or an independent non-executive Director or any of their respective associates is also required to be approved by Shareholders in the aforesaid manner.

*(viii) Restrictions on the time of grant of options*

No option shall be granted after inside information (as defined in the SFO) has come to the knowledge of our Company until our Company has announced the information. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

- i. the date of our Board meeting (such date to first be notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or other interim period (whether or not required under the GEM Listing Rules); and
- ii. the deadline for our Company to publish an announcement of the results for any year, or half-year, quarterly or other interim period (whether or not required under the GEM Listing Rules).

Our Board may not make any offer to an eligible participant who is a Director during the periods or times in which our Directors are prohibited from dealing in Shares as prescribed by the GEM Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

*(ix) Time of exercise of option*

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as our Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

*(x) Performance targets*

Save as determined by our Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

*(xi) Ranking of Shares*

The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment, save that the Shares allotted upon the exercise of any option shall not carry any voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

***(xii) Rights are personal to grantee***

An option shall not be transferable or assignable and shall be personal to the grantee of the option.

***(xiii) Rights on cessation of employment by death***

In the event of the death of the grantee (provided that none of the events which would be a ground for termination of employment referred to in (xiv) below arises within a period of 3 years prior to the death, in the case the grantee is an employee at the date of grant), the legal personal representative(s) of the grantee may exercise the option up to the grantee's entitlement (to the extent which has become exercisable and not already exercised) within a period of 12 months following his death provided that where any of the events referred to in (xvii), (xviii) and (xix) occurs prior to his death or within such period of 12 months following his death, then his personal representative(s) may so exercise the option within such of the various periods respectively set out therein.

***(xiv) Rights on cessation of employment by dismissal***

In the event that the grantee is an employee of our Group at the date of grant and he subsequently ceases to be an employee of our Group on any one or more of the grounds that he has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by our Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, his option shall lapse automatically (to the extent not already exercised) on the date of cessation of his employment with our Group.

***(xv) Rights on cessation of employment for other reasons***

In the event that the grantee is an employee of our Group at the date of grant and he subsequently ceases to be an employee of our Group for any reason other than his death or the termination of his employment on one or more of the grounds specified in (xiv) above, the option (to the extent not already exercised) shall lapse on the expiry of 3 months after the date of cessation of such employment (which date will be the last actual working day with our Company or the relevant member of our Group whether salary is paid in lieu of notice or not).

*(xvi) Effects of alterations to share capital*

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, open offer, consolidation, subdivision or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which any member of our Group is a party), such corresponding adjustments (if any) shall be made in the number of Shares subject to the option so far as unexercised and/or the subscription prices, as the auditors of or independent financial adviser to our Company shall certify or confirm in writing (as the case may be) to our Board to be in their opinion fair and reasonable in compliance with the relevant provisions of the GEM Listing Rules, the supplemental guideline of 5 September 2005 issued by the Stock Exchange and, any guideline or supplemental guideline issued by the Stock Exchange from time to time (no such certification is required in case of adjustment made on a Capitalisation Issue), provided that any alteration shall give a grantee the same proportion of the issued share capital of our Company as that to which he was previously entitled, but no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value.

*(xvii) Rights on a general offer*

In the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all the Shareholders (or all such holders other than the offeror and/or any persons controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional, the grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise the option in full (to the extent not already exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

*(xviii) Rights on winding-up*

In the event a notice is given by our Company to the members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Company give notice thereof to all grantees and thereupon, each grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise all or any of his options at any time not later than two business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.



*(xix) Rights on compromise or arrangement*

In the event of a compromise or arrangement between our Company and the Shareholders or the creditors of our Company being proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies pursuant to the Companies Law, our Company shall give notice thereof to all the grantees (or, as the case may be, their legal personal representatives) on the same day as it gives notice of the meeting to the Shareholders or the creditors to consider such a compromise or arrangement and the options (to the extent not already exercised) shall become exercisable in whole or in part on such date not later than two business days prior to the date of the general meeting directed to be convened by the court for the purposes of considering such compromise or arrangement (“Suspension Date”), by giving notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the business day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the grantee credited as fully paid. With effect from the Suspension Date, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. Our Board shall endeavor to procure that the Shares issued as a result of the exercise of options hereunder shall for the purposes of such compromise or arrangement form part of the issued share capital of our Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of its officers for any loss or damage sustained by any grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act, neglect, fraud or wilful default on the part of our Company or any of its officers.

*(xx) Lapse of options*

An option shall lapse automatically on the earliest of:

- (aa) the expiry of the period referred to in paragraph (ix) above and paragraph (xxii) below;
- (bb) the date on which our Board exercises our Company’s right to cancel, revoke or terminate the option on the ground that the grantee commits a breach of paragraph (xii);

- (cc) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (xiii), (xv), (xvii), (xviii) or (xix) above;
- (dd) in the event that the grantee is an employee of our Group when an offer is made to him/her and he/she subsequently ceases to be an employee of our Group on any one or more of the grounds that he/she has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his/her creditors generally, or has been convicted of any criminal offence involving his/her integrity or honesty or (if so determined by our Board) on any other ground on which an employer would be entitled to terminate his/her employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, the date of cessation of his/her employment with our Group. A resolution of our Board or the Board of Directors of the relevant member of our Group to the effect that employment of a grantee has or has not been terminated on one or more of the grounds specified in this clause shall be conclusive and binding on the grantee;
- (ee) the occurrence of any act of bankruptcy, insolvency or entering into of any arrangements or compositions with his creditors generally by the grantee, or conviction of the grantee of any criminal offence involving his integrity or honesty;
- (ff) where the grantee is only a substantial shareholder of any member of our Group, the date on which the grantee ceases to be a substantial shareholder of such member of our Group; or
- (gg) subject to the compromise or arrangement as referred to in paragraph (xix) become effective, the date on which such compromise or arrangement becomes effective.

***(xxi) Cancellation of options granted but not yet exercised***

Any cancellation of options granted but not exercised may be effected on such terms as may be agreed with the relevant grantee, as our Board may in its absolute discretion sees fit and in manner that complies with all applicable legal requirements for such cancellation.

***(xxii) Period of the Share Option Scheme***

The Share Option Scheme will remain in force for a period of ten years commencing on the Adoption Date and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

*(xxiii) Alteration to the Share Option Scheme*

- (aa) The Share Option Scheme may be altered in any respect by resolution of our Board except that alterations of the provisions of the Share Option Scheme which alters to the definition of “Participant” and “Grantee” and “Option Period” and the advantage of the grantees of the options relating to matters governed by Rule 23.03 of the GEM Listing Rules shall not be made except with the sanction of the Shareholders in general meeting.
- (bb) Any amendment to any terms of the Share Option Scheme which are of a material nature or any change to the terms of options granted, or any change to the authority of our Board in respect of alteration of the Share Option Scheme must be approved by Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (cc) Any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of Chapter 23 of the GEM Listing Rules.

*(xxiv) Termination to the Share Option Scheme*

Our Company by resolution in general meeting or our Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the Share Option Scheme.

*(xxv) Conditions of the Share Option Scheme*

The Share Option Scheme is conditional on the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the Shares may be issued due to the exercise of any options which may be granted under the Share Option Scheme and commencement of dealings in the Shares on the Stock Exchange.

**3. Present status of the Share Option Scheme**

The Share Option Scheme complies with Chapter 23 of the GEM Listing Rules. Application has been made to the Stock Exchange for listing of and permission to deal in 80,000,000 Shares which fall to be issued pursuant to the exercise of the options granted under the Share Option Scheme.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

**E. OTHER INFORMATION****1. Tax and other indemnities**

Each of our Controlling Shareholders (the “**Indemnifiers**”) have, under the Deed of Indemnity referred to in the paragraph headed “B. Further information about our business – 1. Summary of material contracts” in this Appendix, given joint and several indemnities to our Company (for itself and as trustee for each member of our Group) in connection with, among other things, (a) any tax liability which might be payable by any member of our Group (i) in respect of any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received on or before the date on which the Share Offer becomes unconditional; or (ii) in respect of or in consequence of any acts, omissions, matters, things, events or transactions entered into or occur on or before the date on which the Share Offer becomes unconditional; (b) any claims, actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses and fines of whatever nature suffered or incurred by any member of our Group as a result of or in connection with any litigation, arbitrations, claims (including counter-claims), complaints, demands and/or legal proceedings instituted by or against any member of our Group arising from any act or non-performance or omission of any member of our Group in relation to events occurred on or before the date on which our Share Offer becomes unconditional; (c) any liability for Hong Kong estate duty which might be payable by any member of our Group under or by virtue of the provisions of section 35 and/or section 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or any other similar legislation in any relevant jurisdiction outside Hong Kong arising on the death of any person at any time by reason of any transfer of any property to any member of our Group on or before the date on which the Share Offer becomes unconditional; and (d) any losses, liabilities, damages, costs, claims and expenses of whatever nature suffered or incurred by any member of our Group in relation to any non-compliance with the applicable laws, rules or regulations by any member of our Group on or before the date on which the Share Offer becomes unconditional except that provisions, reserve or allowance has been made for such liabilities in the audited consolidated financial statements of our Company or any other member of our Group for the Track Record Period (if any).

The Indemnifiers will, however, not be liable under the Deed of Indemnity for taxation to the extent that, among others:

- (i) specific provision or reserve or allowance has been made for such taxation or taxation claim liability in the audited accounts of our Company for the Track Record Period; or
- (ii) the taxation liability or taxation claim arises in the ordinary course of business or is increased as a result only of a retrospective change in law rules and regulations or the interpretation or practice thereof by tax authorities or a retrospective increase in tax rates coming into force after the date on which the Share Offer becomes unconditional; or
- (iii) the taxation liability arises in the ordinary course of business of our Group after 31 May 2019 up to and including the date on which the Share Offer becomes unconditional.

Our Directors have been advised that no material liability for estate duty under the laws of the Cayman Islands and the BVI is likely to fall on our Group, and the estate duty under the laws of Hong Kong has been abolished.

## **2. Litigation**

As at the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against any member of our Group.

## **3. Independence and fees of the Sponsor**

The Sponsor has, on behalf of our Company, made an application to the Stock Exchange for the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned herein and our Shares falling to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.

The Sponsor has confirmed to the Stock Exchange that it satisfies the independence test as stipulated under Rule 6A.07 of the GEM Listing Rules.

The fees payable by our Company in respect of the service of Frontpage Capital as the sponsor for the Listing are HK\$5 million.

## **4. Preliminary expenses**

The preliminary expenses in relation to our incorporation were approximately HK\$35,000 and have been paid by our Group.

## **5. Promoter**

There is no promoter of our Company for the purpose of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the GEM Listing Rules.

## **6. Qualifications of experts**

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

<b>Name</b>	<b>Qualification</b>
Frontpage Capital Limited	A licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Moore Stephens CPA Limited	Certified Public Accountants

Jingtian & Gongcheng	Legal adviser to our Company as to PRC law
Appleby	Legal adviser to our Company as to Cayman Islands law
Frost & Sullivan Limited	Market research consultant

#### **7. Consents of experts**

Each of the above named experts has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its reports and/or letter and/or opinion and/or summary thereof (as the case may be) and/or reference to its name included herein in the form and context in which it is respectively included.

#### **8. Binding effect**

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

#### **9. Taxation of holders of Shares**

##### **(a) Hong Kong**

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty.

Profits from dealing in our Shares arising in or derived from Hong Kong may also be subject to Hong Kong profit tax.

##### **(b) Cayman Islands**

No stamp duty is payable in the Cayman Islands on transfer of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

##### **(c) Consultation with professional advisers**

Intending holders of our Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in our Shares. It is emphasised that none of our Company, our Directors or other parties involved in the Share Offer accepts responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

**10. No material adverse change**

Save as disclosed in this prospectus, our Directors confirm that there has not been any material adverse change in the financial or trading position or prospects of our Group since 31 May 2019 (being the date to which the latest audited consolidated financial statements of our Group were made up) and up to the Latest Practicable Date.

**11. Miscellaneous**

- (a) Within the two years immediately preceding the date of this prospectus:
  - (i) save as disclosed in the section headed “History, Development and Reorganisation – Reorganisation” of this prospectus, no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
  - (ii) save as disclosed in the section headed “Underwriting” of this prospectus, no commission, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries and no commission has been paid or is payable in connection with the issue or sale of any capital of our Company or any of our subsidiaries; and
  - (iii) save as disclosed in the paragraph headed “D. Share Option Scheme” in this Appendix, no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (b) save as disclosed in this prospectus, no commission has been paid or is payable (except to sub-underwriter(s)) for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares or shares of any of our subsidiaries;
- (c) neither our Company nor any of our subsidiaries has issued or agreed to issue any founders shares, management shares, deferred shares or any debentures;
- (d) the principal register of members of our Company in the Cayman Islands will be maintained by Appleby Global Services (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company’s share register in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to ensure our Shares to be admitted into CCASS for clearing and settlement;

- (e) there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this prospectus;
- (f) no company within our Group is presently listed on any stock exchange or traded on any trading system;
- (g) our Group has no outstanding convertible debt securities;
- (h) our Company and its subsidiaries do not have any debt securities issued or outstanding, or authorised or otherwise created but unissued, or any term loans whether guaranteed or secured as at the Latest Practicable Date;
- (i) there is no arrangement under which future dividend declared by our Company have been waived or agreed to be waived;
- (j) our Directors have been advised that, under Cayman Islands law, the use of a Chinese name pre-approved by the Registrar of Companies in the Cayman Islands by our Company in conjunction with our English name does not contravene Cayman Islands laws; and
- (k) the English text of this prospectus shall prevail over the Chinese text in case of any discrepancy of meaning.

## **12. Bilingual prospectus**

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice.



**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG**

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) copies of each of the **WHITE** and **YELLOW** Application Forms;
- (b) copies of the material contracts referred to in the section headed “Statutory and General Information – B. Further information about our business – 1. Summary of material contracts” in Appendix IV to this prospectus; and
- (c) the written consents referred to in the section headed “Statutory and General Information – E. Other information – 7. Consents of experts” in Appendix IV to this prospectus.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the office of Christine M. Koo & Ip, Solicitors & Notaries LLP at Room 1101, 11/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and the Articles;
- (b) the Accountants’ Report and the assurance report on the compilation of the unaudited pro forma financial information prepared by Moore Stephens CPA Limited, the texts of which are set out in Appendices I and II to this prospectus;
- (c) the audited consolidated financial statements of the companies comprising our Group for the years ended 31 December 2016, 2017 and 2018 and the five months ended 31 May 2019;
- (d) the letter of advice prepared by Appleby, summarising certain aspects of Cayman Islands company law referred to in Appendix III to this prospectus;
- (e) the material contracts referred to in the section headed “Statutory and General Information – B. Further information about our business – 1. Summary of material contracts” in Appendix IV to this prospectus;
- (f) the written consents referred to in the section headed “Statutory and General Information – E. Other information – 7. Consents of experts” in Appendix IV to this prospectus;
- (g) the service contracts and letters of appointment referred to in the section headed “Statutory and General Information – C. Further information about Substantial Shareholders, Directors and experts – 2. Particulars of service contracts and letters of appointment” in Appendix IV to this prospectus;

- (h) the Companies Law;
- (i) the rules of the Share Option Scheme;
- (j) the legal opinion issued by Jingtian & Gongcheng, our legal adviser as to PRC law, in respect to the compliance of applicable laws and regulations in relation to our Group's overall business operations in the PRC; and
- (k) the F&S Report issued by Frost & Sullivan referred to in this prospectus.

旅橙文化控股有限公司  
Orange Tour Cultural Holding Limited