

AdTiger

虎視傳媒有限公司

ADTIGER CORPORATIONS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code: 1163

GLOBAL OFFERING

Sole Sponsor



Joint Global Coordinators



Joint Bookrunners



IMPORTANT

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

AdTiger

ADTIGER CORPORATIONS LIMITED

虎視傳媒有限公司

(incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	: 150,000,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	: 15,000,000 Shares (subject to adjustment)
Number of International Offer Shares	: 135,000,000 Shares (subject to adjustment and the Over-allotment Option)
Maximum Offer Price	: HK\$1.00 per Share plus brokerage of 1%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005% (payable in full on application, subject to refund)
Nominal value	: US\$0.0005 per Share
Stock code	: 1163

Sole Sponsor



Joint Global Coordinators



Joint Bookrunners



Joint Lead Managers



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 paragraph headed "Documents Delivered to the Registrar of Companies and Available for Inspection" 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 for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, 3 July 2020 and, in any event, not later than Thursday, 9 July 2020. The Offer Price will not be more than HK\$1.00 and is currently expected to be not less than HK\$0.84. Investors applying for the Hong Kong Offer Shares must pay, on application, the maximum Offer Price of HK\$1.00 for each Share together with a brokerage of 1%, the SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is less than HK\$1.00 per Offer Share.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) with the consent of our Company, may reduce the number of Offer Shares and/or the indicative offer price range below that stated in this prospectus (which is HK\$0.84 to HK\$1.00 per Offer Share) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Offer Shares and/or the indicative offer price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Such notice will also be available at the website of the Stock Exchange at www.hkex.com.hk and our website at www.adtiger.hk. Further details are set out in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus. If, for any reason, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and we are unable to reach an agreement on the Offer Price by Thursday, 9 July 2020, the Global Offering will not become unconditional 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" in this prospectus. The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure subscribers for, the Hong Kong Offer Shares, are subject to termination by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) if certain events shall occur prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may be offered and sold only outside the United States in an offshore transaction in accordance with Regulation S under the U.S. Securities Act.

29 June 2020

EXPECTED TIMETABLE⁽¹⁾

Latest time to complete electronic applications
under **eWhite Form** service through the designated
website at www.ewhiteform.com.hk⁽²⁾ 11:30 a.m. on
Friday, 3 July 2020

Application lists open⁽³⁾ 11:45 a.m. on
Friday, 3 July 2020

Latest time to lodge **WHITE** and **YELLOW**
Application Forms 12:00 noon on
Friday, 3 July 2020

Latest time to complete payment for **eWhite Form** applications by
effecting PPS payment transfers. 12:00 noon on
Friday, 3 July 2020

Latest time to give **electronic application instructions** to HKSCC⁽⁴⁾ 12:00 noon on
Friday, 3 July 2020

Application lists close 12:00 noon on
Friday, 3 July 2020

Expected Price Determination Date⁽⁵⁾ Friday, 3 July 2020

Announcement of:

- the Offer Price;
- the level of indications of interest in the International Offering;
- the level of applications in the Hong Kong Public Offering; and
- the basis of allocation of the Hong Kong Public Offering

is expected to be published (a) in the South China Morning Post
(in English) and the Hong Kong Economic Times (in Chinese); and
(b) on the website of the Stock Exchange at www.hkexnews.hk and
the Company's website at www.adtiger.hk⁽⁶⁾ on or before Thursday, 9 July 2020

A full announcement of the Hong Kong Public Offering containing
the information above will be published on the website of the Stock
Exchange at www.hkexnews.hk and our Company's website at
www.adtiger.hk from Thursday, 9 July 2020

Results of allocations in the Hong Kong Public Offering will be
available at <https://www.ewhiteform.com.hk/results> with a "search
by ID" function. Thursday, 9 July 2020

Despatch of Share certificates or deposit the Share certificates in to
CCASS in respect of wholly or partially successful applications
pursuant to the Hong Kong Public Offering on or before⁽⁶⁾⁽⁷⁾⁽⁸⁾ Thursday, 9 July 2020

EXPECTED TIMETABLE⁽¹⁾

Despatch of refund cheques and e-Refund payment instructions in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before Thursday, 9 July 2020

Dealings in the Shares on the Stock Exchange expected to commence on 9:00 a.m. on Friday, 10 July 2020

Notes:

- (1) Unless otherwise stated, all times and dates refer to Hong Kong local times and dates. Details of the structure of the Global Offering, including its conditions, are set out in “Structure of the Global Offering” in this prospectus.
- (2) You will not be permitted to submit your application through the designated website at www.ewhiteform.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday 3 July 2020, the application lists will not open and close on that day. Please refer to “How to Apply for Hong Kong Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists” in this prospectus for further details. If the application lists do not open and close on Friday, 3 July 2020 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the “Expected Timetable” in this prospectus, we will make an announcement in such event.
- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to “How to Apply for Hong Kong Offer Shares — 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS” in this prospectus.
- (5) We expect to determine the Offer Price by agreement with the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, 3 July 2020, and, in any event, not later than Thursday, 9 July 2020. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us by Thursday, 9 July 2020, the Hong Kong Public Offering and the International Offering will not proceed. Notwithstanding that the Offer Price may be fixed at below the maximum Offer Price of HK\$1.00 per Share payable by applicants for Hong Kong Offer Shares under the Hong Kong Public Offering, applicants for the Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK\$1.00 for each Share, together with the brokerage fee of 1%, a Stock Exchange trading fee of 0.005% and a SFC transaction levy of 0.0027% but will be refunded the surplus application monies as provided in “How to Apply for Hong Kong Offer Shares” in this prospectus.
- (6) Share certificates for the Offer Shares will become valid certificates of title at 8:00 a.m. on Friday, 10 July 2020 provided that (i) the Global Offering has become unconditional in all respects and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms.
- (7) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering 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 cashing the refund cheque. Inaccurate completion of an applicant’s Hong Kong Identity Card number or passport number may lead to delays in encashment of, or may invalidate, the refund cheque.

EXPECTED TIMETABLE⁽¹⁾

- (8) Applicants who have applied on **white** Application Forms for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering and have provided all required information in their applications may collect refund cheques (where applicable) and/or Share certificates (where applicable) in person from our Hong Kong Share Registrar, Boardroom Share Registrars (HK) Limited (寶德隆證券登記有限公司), at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong between 9:00 a.m. to 1:00 p.m. on Thursday, 9 July 2020. Applicants being individuals who opt for personal collection may not authorise any other person to make collection on their behalf. Applicants being corporations who opt 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, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

Applicants who have applied on **yellow** Application Forms for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering may collect their refund cheques, if any, in person but may not elect to collect their share certificates as such share certificates will be deposited into CCASS for the credit of their designated CCASS participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques for **yellow** Application Form applicants are the same as those for **white** Application Form applicants.

Applicants who apply through the eWhite Form service and paid their application monies through single bank account may have refund monies (if any) despatched to their application payment bank account, in the form of e-Refund payment instructions.

Applicants who apply through the eWhite Form service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions to the eWhite Form Services Provider, in the form of refund cheques, by ordinary post at their own risk.

Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to "How to Apply for Hong Kong Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies — iv If you Apply via Electronic Application Instructions to HKSCC" in this prospectus for details. Uncollected share certificates and 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 "How to Apply for Hong Kong Offer Shares — 13. Refund of Application Monies" and "How to Apply for Hong Kong Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies" in this prospectus.

The above expected timetable is a summary only. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 3 July 2020, the application lists will not open and close on that day. Please refer to "How to Apply for Hong Kong Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists" of this prospectus. You should refer to "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.

CONTENTS

	<i>Page</i>
Summary	1
Definitions	19
Glossary of Technical Terms	29
Forward-looking Statements	31
Risk Factors	32
Waivers from Strict Compliance with the Listing Rules	64
Information about this Prospectus and the Global Offering	67
Directors and Parties Involved in the Global Offering	71
Corporate Information	75
Industry Overview	77
Regulatory Overview	90
History, Development and Reorganisation	110
Business	127
Relationship with Controlling Shareholders	197
Connected Transactions	201
Directors and Senior Management	204
Substantial Shareholders	214
Share Capital	216
Financial Information	219
Future Plans and Use of Proceeds	257
Underwriting	266
Structure of the Global Offering	278
How to Apply for Hong Kong Offer Shares	288

CONTENTS

	<i>Page</i>
Appendix I — Accountants' Report	I-1
Appendix II — Unaudited Pro Forma Financial Information	II-1
Appendix III — Summary of the Constitution of our Company and the Cayman Companies Law	III-1
Appendix IV — Statutory and General Information	IV-1
Appendix V — Documents Delivered to the Registrar of Companies and Available for Inspection	V-1

SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document 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 out in “Risk Factors” of this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. There are risks associated with any investment. Your investment decision should be made in light of these considerations.

OVERVIEW

We are an online advertising platform that connects our advertisers with our media publishers, either directly or indirectly through resellers designated by our media publishers. We primarily provide overseas online advertising services to China-based advertisers. We have strategically focused on covering top media publishers, including Facebook, Google, Snapchat, Twitter and Yahoo. We are a China Export Partner (“CEP”) of Facebook (Facebook 中國區優質合作夥伴) and we ranked first amongst Facebook’s 23 CEPs in terms of advertising spending for Facebook’s ad inventories in 2019. We have also become Google’s partner in the Google AdWords Reseller Programme since 2016. In addition, we have become a Baidu-authorized Snapchat Sales Representative since 2018. We generally act as an agent that connects advertisers to top media publishers through placing advertisers’ ads in ad inventories from other third-party online advertising platforms who are resellers of top media publishers, such as MeetSocial (HongKong) Digital Marketing Co., Limited as the reseller of Facebook; Hongkong Onesight Technology Co., Limited as the reseller of Twitter; and Vidoads Co., Limited as the reseller of Google. We also contract directly with certain media publishers as their resellers.

We enable advertisers to optimise their ad placement and acquire users globally by advertising on various media platforms, particularly on top media platforms. We connect media publishers with advertisers on our platform that enables media publishers to monetise their available ad inventories. Our services, in turn, allow us to continuously collect and analyse user data including mobile device models, demographics (such as gender, age and language), interests (such as shopping, gaming, food and beverages), behaviours (such as travel) and regions (such as place of residence) from our media publishers’ platforms, which enables us to provide more precise and targeted services for our advertisers, improve the monetisation efficiency for our media publishers and enhance our big data and AI capabilities.

Our services are empowered by our proprietary ad optimisation and management platform — AdTensor. AdTensor utilises AI technology to conduct ad optimisation and management automatically, intelligently and in real time. We collect the user data from our media publishers’ platforms using API and analyse these data on our AdTensor platform on a real-time basis. API is a common interface implemented separately in the media publishers’ app codes by themselves and in the advertising system by third-party advertising platforms, allowing exchange of data to achieve automatic ad delivery and feedback on ad interaction events. SDKs are sets of programming codes developed by third-party advertising platforms for app developers (as media publishers) to integrate into their own app codes to achieve programmatic advertising functions such as automatic ad delivery and feedback on ad interaction events. API connection is typically used by advertising agents to connect with top media publishers such as Facebook and Google since such media publishers typically offer their ad inventories programmatically through their API or manually on their proprietary ad platforms rather than SDK integration developed by third party advertising platforms and API connection allows top media publishers to have higher control over their user traffic. Since we have strategically focused on covering top media publishers in our initial stage of development, our service through AdTensor and collection of data is currently limited to using API connections with media publishers’ platforms. We plan to develop connections with medium or long-tail media publishers through SDK integration which has lower technical requirements for those media publishers, and enables us to obtain more comprehensive user data and reach a wider media publisher base.

Our big data and AI capabilities enable us to achieve advertising targets for our advertisers by delivering appropriate ad content to ad inventories across various platforms and locations where they are most likely to be converted, and at the same time maximising the monetisation potential of our media publishers. AdTensor also possesses a template library comprising a wide collection of templates for ad content, including texts, images, videos and audios, developed by our in-house design team as well as external designers, that enable our advertisers to generate ad content within minutes.

SUMMARY

Our coverage of media publishers enabled our advertisers to place their ads to users in approximately 250 countries and regions and to achieve approximately 83,029 million impressions of their ads in aggregate in 2019. During the Track Record Period, our total revenue increased from 116.4 million in 2017 to 191.1 million in 2019, representing a CAGR of 28.1%.

OUR BUSINESS MODEL

Our online advertising platform provides one-stop services to advertisers for their needs of user acquisition and to media publishers for their needs of monetisation. It serves advertisers, whom we charge for our user acquisition services encompassing account opening and/or topping-up advertisers accounts on media publishers' platforms, ad design, ad optimisation and overall management of ad campaign. It also serves media publishers, from whom we receive rebates for assisting them with monetisation of ad inventories and to whom we pay traffic acquisition costs for placing ads in their ad inventories.

We recognise revenue by utilising a combination of pricing models. We charge our advertisers on a CPA, or cost per action, basis once agreed actions are performed. These agreed actions are typically measured by the number of new installations of the advertisers' mobile apps as a result of the advertisement. We also use CPC, or cost per click (based on the number of clicks of the ad) and CPM, or cost per mille (based on per one thousand impressions of the ad), as pricing models. The following table sets forth a comparison of our CPA and CPC/CPM pricing models:

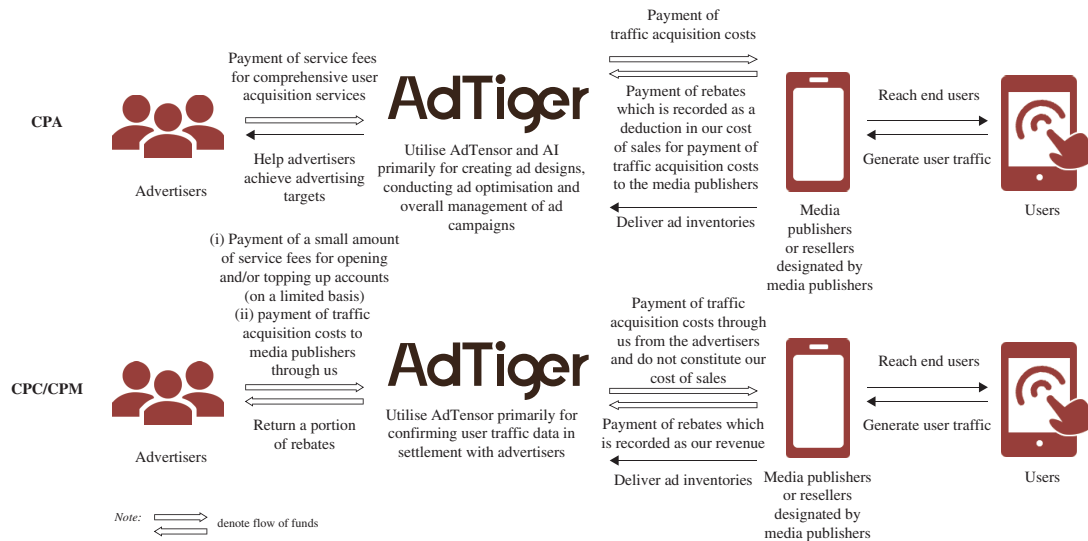
	<u>CPA pricing model</u>	<u>CPC/CPM pricing model</u>
Our scope of service and role	We act as principal and provide comprehensive user acquisition services encompassing opening and/or topping-up advertisers' accounts on media publishers' platforms, ad designs, ad optimisation and overall management of ad campaigns.	We act as agent and primarily assist advertisers with opening and/or topping-up their accounts on media publishers' platforms.
Service fees from advertisers	We receive from advertisers an aggregate service fee for our comprehensive user acquisition services.	On a limited basis, we receive from advertisers a small percentage of advertisers' actual advertising spending as our service fees for opening and/or topping up advertisers' accounts on media publishers' platforms.
Rebates from media publishers	We obtain rebates from our media publishers that are based on contractually stipulated percentages of advertisers' actual advertising spending once certain spending thresholds are achieved. These rebates are recorded as a deduction in our cost of sales for payment of traffic acquisition costs to the media publishers.	<p>We obtain rebates from our media publishers that are based on contractually stipulated percentages of advertisers' actual advertising spending once certain spending thresholds are achieved.</p> <p>We may incentivise our advertisers by returning a portion of these rebates to them.</p>
Composition of revenue	An aggregate service fee we receive from advertisers for our comprehensive user acquisition services.	<p>(i) net rebates (rebates we receive from media publishers minus rebates we return to advertisers (if any)); and</p> <p>(ii) service fees we receive from advertisers (on a limited basis)</p>

SUMMARY

	CPA pricing model	CPC/CPM pricing model
Composition of cost of sales	<ul style="list-style-type: none"> (i) traffic acquisition costs for placing advertisers' ads in media publishers' ad inventories, net of rebates from media publishers; (ii) a portion of expenses for external optimisers and designers; (iii) a portion of salaries and benefits for internal optimisers and designers; and (iv) a portion of server costs. 	<ul style="list-style-type: none"> (i) a portion of salaries and benefits for internal optimisers in relation to opening accounts; and (ii) a portion of server costs. <p>Our advertisers pay traffic acquisition costs to media publishers through our platform and their traffic acquisition costs do not constitute our cost of sales.</p>
Accounting treatment	We act as the principal and therefore recognise revenue earned and costs incurred on a gross basis that reflects advertisers' actual advertising spending on media publishers' platforms through us.	We act as an agent for advertisers by connecting them with media publishers' platforms and therefore recognise revenue earned and costs incurred on a net basis without accounting for advertisers' actual advertising spending on media publishers' platforms through us.

During the Track Record Period, 78.3%, 88.5% and 76.4% of our revenue was derived from charging our advertisers using the CPA pricing model in each of the years ended 31 December 2017, 2018 and 2019 respectively.

The following diagram illustrates our business model and our interactions with advertisers and media publishers under the CPA and CPC/CPM pricing models, respectively:



OUR CUSTOMERS AND SUPPLIERS

Our customers are advertisers that require third-party advertising service providers to help them conduct online ad campaigns to gain user traffic and, to a lesser extent, advertising agents designated by advertisers who require our services. In 2017, 2018 and 2019, advertisers with whom we had direct contractual relationships constituted 99.3%, 99.5% and 99.3%, respectively, and the rest were advertising agencies through which we provided user acquisition services to their advertisers. In 2017, 2018 and 2019, our number of advertisers reached 140, 200 and 273, respectively. We believe our advertisers choose to use our user acquisition services based on our ability to optimise ad campaigns, media publisher base, technology capabilities, pricing, brand recognition and reputation in the industry. Our top five customers accounted for 80.2%, 70.7% and 51.9% of our revenue for each of the years ended 2017, 2018 and 2019, respectively. Our respective largest customer accounted for 46.6%, 30.5% and 13.1% of our revenue for each of the years ended 31 December 2017, 2018 and 2019.

SUMMARY

The table below sets forth a breakdown of the number of and our revenue from recurring and new customers under the CPA pricing model and CPC/CPM pricing model for the periods indicated:

	Years ended 31 December								
	2017			2018			2019		
	Number of Customers	Amount of Revenue (RMB'000)	Percentage of Revenue Contribution	Number of Customers	Amount of Revenue (RMB'000)	Percentage of Revenue Contribution	Number of Customers	Amount of Revenue (RMB'000)	Percentage of Revenue Contribution
CPA pricing model									
Recurring customers	15	76,651	65.8%	13	85,050	48.9%	15	106,678	55.8%
New customers	11	14,554	12.5%	20	68,792	39.6%	18	39,422	20.6%
CPC/CPM pricing model									
Recurring customers	20	15,165	13.0%	77	16,799	9.7%	98	29,224	15.3%
New customers	94	10,076	8.7%	90	3,209	1.8%	142	15,802	8.3%
Total:	140	116,446	100%	200	173,850	100%	273	191,126	100%

The below table sets forth the number of our customers, churned customers and customer churn rate for the periods indicated:

	Years ended 31 December		
	2017	2018	2019
Total number of customers at the beginning of the relevant year	40	140	200
Total number of customers at the end of the relevant year	140	200	273
Total number of churned customers during the relevant year	5	50	87
Total number of churned customers who became our new customer in the prior year	3	36	50
Customer churn rate ^{Note}	5.6%	29.4%	36.8%

Note: Customer churn rate is calculated as the total number of churned customers of the relevant year divided by the average of the total number of customers at the beginning of the relevant year and the total number of customers by the end of the relevant year and multiplied by 100%.

As we are committed to providing stable and cost effective high quality user traffic to our customers, we believe we have generally maintained a good relationship with our customers. We are also improving our AI and big data capability to achieve better ROI for our customers, which helps to attract and retain our customers. We did not rely on a particular top customer during the Track Record Period. As our largest customers may choose to reduce or increase their advertising spending through our platform in accordance with their ad campaign strategies, the composition of our five largest customers are different for each of the years ended 31 December 2017 and 2018 and 2019. We were able to achieve rapid growth in our revenue during the Track Record Period despite the variation in the composition of our customer base. In addition, we strive to provide better user acquisition services to our customers in order to maintain our relationships with our top customers. Please refer to “Risk Factors — We rely heavily on our top customers; if we fail to maintain our relationships with our top customers, our financial condition, results of operations and prospects may be materially and adversely affected.” in this prospectus for further details of the risk in relation to our reliance on our top customers.

The total number of our churned customers and the customer churn rate increased during the Track Record Period. We had a lower level of customer churn rate during the early stage of our development in 2017 when our advertiser base was relatively small. As advised by iResearch, it is not uncommon for advertisers to switch their choices of advertising agents for a number of reasons, including, among others, adjustments in their product offerings and corresponding advertising needs, as well as changes in their advertising strategies and budgets. The total number of our new customers increased during the Track Record Period. Our significant growth in the number of new customers in 2019 did not generate a corresponding growth in revenue as a large portion of these new customers chose the CPC/CPM pricing model. Revenue generated under the CPC/CPM pricing model were recorded on a net basis without accounting for advertisers’ actual advertising spending on media

SUMMARY

publishers' platforms through us compared to a gross basis (i.e., revenue inclusive of the advertisers' actual advertising spending), therefore the revenue from these customers were not fully reflected under the CPC/CPM pricing model.

In 2017, we primarily focused our resources on cultivating demand from existing advertisers and had a relatively high proportion of revenue contribution from recurring customers. In 2018, we had a significant expansion in our sales and marketing team and optimiser team, who helped us drive additional demand for our online advertising services from new customers, resulting in an increase in proportion of revenue contribution from new customers which have lowered the proportion of revenue contribution from recurring customers. The decreasing proportion of revenue contribution from recurring customers in 2018 was also attributable to a slight decrease in the number of recurring customers from utility and content app developers. Our revenue contribution from recurring customers in 2019 increased as there was an increase in the number of recurring customers when compared to 2018. While we continued to explore demand from new customers in 2019, the result of our expansion effort, including realisation of revenue from new customers takes time and we have managed to maintain stable demand from our recurring customers.

Our suppliers are primarily resellers who provide us ad inventories on top media platforms. Our suppliers also include IT service providers who provide us with cloud computing services and external optimisers, designers and translators who provide ad optimisation, design and translation services for our online advertising business. Our top five suppliers accounted for 95.8%, 91.5% and 62.1% of our total costs of sales for each of the years ended 31 December 2017, 2018 and 2019, respectively. Our largest supplier accounted for 45.0%, 24.7% and 19.6% of our costs of sales for each of the years ended 31 December 2017, 2018 and 2019, respectively.

OUR STRENGTHS

We believe that the following strengths have contributed to our success to date:

- coverage of high quality top media publishers;
- sizable and diverse advertiser base as well as direct relationship with advertisers;
- proprietary AdTensor platform with big data and AI capabilities;
- team of optimisers and designers enabling optimisation of ad strategies and creative design of ad content;
- collaboration with partners enabling strong local service capabilities; and
- visionary, experienced and stable management team.

Please refer to “Business — Our Strengths” in this prospectus for further details.

OUR STRATEGIES

We plan to further implement the following strategies:

- continue to enhance local service capabilities in key overseas markets and selected regions in China;
- enhance the offerings of our AdTensor platform;
- continue to strengthen our data and technology capabilities; and
- explore strategic investments and mergers and acquisitions.

Please refer to “Business — Our Strategies” in this prospectus for further details.

RISK FACTORS

There are risks and uncertainties associated with investing in our Company, including: (i) we have a short operating history and are subject to risks and uncertainties associated with a rapidly developing and evolving industry. Our limited operating history makes it difficult to evaluate our financial

SUMMARY

condition, business and prospects; (ii) we rely heavily on our top customers; if we fail to maintain our relationships with our top customers, our financial condition, results of operations and prospects may be materially and adversely affected; (iii) we rely significantly on a limited number of top media, including Facebook, Google, Snapchat, Twitter and Yahoo for our online advertising services; if we fail to maintain our relationships with these top media publishers, it could materially harm our business; (iv) if we fail to introduce new or enhance services to keep up with the technological developments or new business models of the online advertising industry, or the changing requirements of advertiser and media publishers, our business, financial condition and results of operations may be materially and adversely affected; (v) our business is subject to complex and evolving laws and regulations, in particular with respect to data privacy. Many of these laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to our business practices, monetary penalties, increased cost of operations, or declines in user growth or engagement, or otherwise harm our business; and (vi) we expect to continue to experience intense competition. If we fail to compete effectively against other online advertising companies, we could lose advertisers or media publishers, and our revenue and profits may decline. A detailed discussion of these and other risks are set out in “Risk Factors”.

Our subsidiary HongKong AdTiger was not in full compliance with certain requirements of the IRO during the Track Record Period. Please refer to “Business — Legal Proceedings and Compliance — Non-compliance Incident” and “Risk Factors — Risks Relating to Our Business and Industry — Non-compliance with the IRO could lead to imposition of penalties or additional tax” in this prospectus for further details of the incident and risks involved.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth selected financial data from our consolidated financial information for the Track Record Period, extracted from the Accountants’ Report set out in Appendix I to this prospectus. The selected financial data set forth below should be read together with our consolidated financial statements and the related notes, as well as “Financial Information” in this prospectus.

Summary Consolidated Statements of Comprehensive Income

The following table sets forth a summary of our consolidated statements of profit or loss for the periods indicated:

	Year ended 31 December		
	2017	2018	2019
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	116,446	173,850	191,126
Cost of sales	(76,308)	(132,581)	(137,424)
Gross profit	40,138	41,269	53,702
Other income and gains	70	427	1,143
Selling and distribution expenses	(2,902)	(4,202)	(4,893)
Administrative expenses	(2,872)	(6,815)	(21,507)
Other expenses	(37)	(8)	(607)
Finance costs	—	—	(48)
Profit before tax	34,397	30,671	27,790
Income tax expense	(7,550)	(5,934)	(5,742)
Profit for the year	26,847	24,737	22,048

Our net profit decreased by RMB2.1 million, or 7.8%, from RMB26.8 million in 2017 to RMB24.7 million in 2018. Our net profit margin decreased from 23.1% in 2017 to 14.2% in 2018. In order to maintain an increase in our advertiser base and to continuously improve our online advertising services in 2018, we continued to invest in strengthening our teams and incurred substantial costs and expenses in recruiting additional experienced optimisers and designers with overseas backgrounds, as well as technical personnel. For the same reason, we also incurred substantial costs in participating in and organising various marketing activities throughout 2018. These expansion efforts resulted in an increase of 134.5% in our administrative expenses and an increase of 44.8% in selling and distribution expenses in 2018, the return for which takes time to realise.

SUMMARY

Our net profit decreased by RMB2.7 million, or 10.9% from RMB24.7 million in 2018 to RMB22.0 million in 2019 primarily as a result of the effect of RMB12.6 million one-off Listing expenses recorded under administrative expenses. Our adjusted profit (which is a non-HKFRS measure and is calculated by excluding the effect of one-off Listing expenses) increased 40.1%, from RMB24.7 million in 2018 to RMB34.6 million in 2019. Our adjusted net profit margin (which is a non-HKFRS measure and is calculated by excluding the effect of one-off Listing expenses) increased from 14.2% in 2018 to 18.1% in 2019. Please see “Non-HKFRS Measures” in this section for further details.

Non-HKFRS Measures

To supplement our consolidated financial statements which are presented in accordance with HKFRSs, we also use a non-HKFRS measure, adjusted profit for the year, as an additional financial measure, which is not required by, or presented in accordance with, HKFRSs. We believe that such non-HKFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of the one-off Listing expenses that our management do not consider to be indicative of our operating performance. We believe that such measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management.

The following table sets forth our profit and normalised profit, which is adjusted by adding back one-off Listing expenses, for the period indicated:

	Year ended 31 December		
	2017	2018	2019
	(RMB'000)	(RMB'000)	(RMB'000)
Profit for the year	26,847	24,737	22,048
Add back: Listing expenses	—	—	12,570
Non-HKFRS Measure			
Adjusted profit for the year ^(Note)	26,847	24,737	34,618

Note: Adjusted profit for the year is defined as profit for the year excluding one-off Listing expenses.

Summary of Revenue, Cost of Sales, Gross Profit, Gross Profit Margin and Net Profit Margin

The following table sets forth a breakdown of our revenue by advertisement types and their respective percentages of our total revenue for the periods indicated:

	For the year ended 31 December					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
Utility and content app developers	90,864	78.0	145,103	83.5	100,908	52.8
E-commerce	21,460	18.5	16,236	9.3	61,774	32.3
Tourism	1,886	1.6	6,832	3.9	17,321	9.1
Finance	—	—	3,824	2.2	7,662	4.0
Others ^{Note}	2,236	1.9	1,855	1.1	3,461	1.8
Total	116,446	100.0	173,850	100.0	191,126	100.0

Note: Others primarily include advertisements in the games, media, education, medical and film industries.

The growth of our revenue during the Track Record Period was mainly attributable to the expansion of our business scale and the increase in our advertiser base which we believe primarily resulted from the improvement in our AdTensor offerings enabling enhanced optimisation and real time adjustment and execution of ad placement strategies. Our total revenue increased by 49.4% between 2017 and 2018 and our advertiser base increased from 143 in 2017 to 200 in 2018, primarily as a result of an RMB54.2 million increase in revenue generated from advertisements in the sector of utility and content app developers and an RMB4.9 million increase in revenue generated from advertisements in the tourism industry driven by the general rising user acquisition needs in these industries in 2018. There has also been a steady increase in revenue generated from other advertisers in the media and education industries during 2017. We have also expanded our services to cover advertisers in other new industries such as film and medical industries in 2017 and in finance industry in 2018. Our total revenue increased by 9.9% between 2018 and 2019 and our

SUMMARY

advertisers base increased from 200 in 2018 to 273 in 2019, contributed by RMB45.5 million increase in revenue from advertisers in e-commerce, RMB10.5 million increase in revenue from advertisers in the tourism industry and RMB3.8 million increase in revenue from advertisers in the finance industry under the general rising user acquisition needs in these industries in 2019. These increases were partially offset by an RMB44.2 million decrease in revenue from advertisements in utility and content apps developers as there was decreased advertising spending by certain advertisers in this industry and our increased focus on advertisers in e-commerce, tourism and finance industries.

The following table sets forth a breakdown of our cost of sales, including the breakdown of the traffic acquisition costs recognised in the cost of sales which only relate to the CPA pricing model, as well as the breakdown of the traffic acquisition costs by major media publishers, for the periods indicated:

	For the year ended 31 December					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
Cost of Sales						
Traffic acquisition costs <i>Note</i>						
Facebook	63,937	83.8	112,541	84.9	51,007	37.1
Google	2,232	2.9	8,163	6.2	45,171	32.8
Snapchat	1	0.0	767	0.6	6,290	4.5
TikTok	—	—	—	—	2,570	1.9
Others	—	—	—	—	21,697	15.9
	<u>66,170</u>	<u>86.7</u>	<u>121,471</u>	<u>91.7</u>	<u>126,735</u>	<u>92.2</u>
Expenses for external optimisers and designers	9,137	12.0	8,811	6.6	6,120	4.5
Salaries and benefits for internal optimisers and designers	995	1.3	2,284	1.7	4,488	3.2
Server costs	6	0.0	15	0.0	81	0.1
Total	<u>76,308</u>	<u>100.0</u>	<u>132,581</u>	<u>100.0</u>	<u>137,424</u>	<u>100.0</u>

Note: Traffic acquisition costs only incurred by and related to the CPA pricing model.

The increase in our cost of sales during the Track Record Period primarily reflected (i) an increase in traffic acquisition costs resulting from increased number of advertisers; and (ii) an increase in salaries for our in-house optimisers and designers as a result of the growth in online advertising business. Our need for external optimisers decreased in 2018 and 2019 as we shifted a larger portion of our ad optimisation and design work to internal resources, resulting in a decrease in expenses for external optimisers in 2018 and 2019 compared to 2017.

As shown in the table above, Facebook together with Google accounted for almost 100%, 99.4% and 75.9% of our Group's traffic acquisition costs for the three years ended 31 December 2019, respectively. The fluctuation in the traffic acquisition costs to Facebook and Google was mainly due to the change in the composition of customers. Utility and content app developers generally prefer Facebook, while those from e-commerce normally choose Google.

SUMMARY

The following table sets forth a breakdown of our gross profit and gross profit margin of CPA pricing model and CPC/CPM pricing model for the periods indicated:

	Year ended 31 December		
	2017 (RMB'000/%)	2018 (RMB'000/%)	2019 (RMB'000/%)
CPA pricing model			
Revenue	91,205	153,842	146,100
Cost of sales	(74,110)	(131,303)	(135,041)
Gross profit	17,095	22,539	11,059
Gross profit margin	18.7%	14.7%	7.6%
CPC/CPM pricing model			
Revenue	25,241	20,008	45,026
Cost of sales	(2,198)	(1,278)	(2,383)
Gross profit	23,043	18,730	42,643
Gross profit margin	91.3%	93.6%	94.7%
Total revenue	116,446	173,850	191,126
Total cost of sales	(76,308)	(132,581)	(137,424)
Total gross profit	40,138	41,269	53,702
Total gross profit margin	34.5%	23.7%	28.1%

Our overall gross profit margin decreased from 34.5% in 2017 to 23.7% in 2018, primarily because (i) we had a revenue contribution from the CPA pricing model of 88.5% in 2018 compared to 78.3% in 2017, and our gross profit margin for charging advertisers using the CPA pricing model is significantly lower than our gross profit margin for charging advertisers using the CPC/CPM pricing model as revenue generated from the CPC/CPM pricing model is recognised on a net basis; and (ii) we had a significant expansion in our optimiser team in 2018 to cater for our advertisers' needs for our services under the CPA pricing model and it took our new-joining optimisers time to familiarise themselves with the analytic tools of our AdTensor platform and develop effective ad placement strategies. Our team of optimisers are vital in the process of carrying out a cost-effective ad campaign as they are responsible for setting and executing specific ad placement strategies by utilising the analytical tools on the AdTensor platform. Please refer to "Business — User Acquisition Services for Advertisers — Our User Acquisition Services for advertisers" for further details of the roles of our optimisers in an ad campaign. At the beginning, our new-joining optimisers would have incurred more traffic acquisition costs as more user traffic were purchased from media publishers given the types of user traffic they selected might not be the most effective ones in order to achieve the target advertising objectives, whereas experienced optimisers would be able to use the analytical tools on our platform effectively to help them achieve similar target advertising objectives through the purchase of user traffic in a more cost-effective way. After a period of learning, our optimisers would be able to utilise the analytic tools of AdTensor more effectively in formulating ad placement strategies (for example, setting the type of target audience and the regions or time slots of ad placements) and thereby increasing our gross profit margin. Our overall gross profit margin increased from 23.7% in 2018 to 28.1% in 2019.

Our gross profit margin under the CPA pricing model decreased from 18.7% in 2017 to 14.7% in 2018 primarily due to an increase of traffic acquisition costs associated with our new-joining optimisers as described above. Our gross profit margin under the CPA pricing model decreased from 14.7% to 7.6% in 2019 primarily due to a decrease in revenue contribution from utility app developers which had a higher gross profit margin. Our number of utility app developers advertisers dropped from 14 as at 31 December 2018 to 12 as at 31 December 2019, while our total revenue contributed by utility app developers advertisers dropped from RMB106.8 million in 2018 to RMB39.6 million in 2019, representing a drop of 40.7% from 61.4% in 2018 to 20.7% in 2019 of our total revenue contribution from utility app developers. Due to the different accounting treatment for CPA and CPC/CPM pricing models, the gross profit margin under the CPA pricing model is substantially lower than that under the CPC/CPM pricing model as the CPA pricing model absorbs the traffic acquisition costs as its cost of sales. In addition, our cost of sales under the CPA pricing model for 2019 increased due to an increase in traffic acquisition costs from placing ads for new advertisers that year. Under the CPA pricing model, we recognise revenue and costs incurred on a gross basis reflective of advertisers' actual advertising spending. In contrast, we recognise revenue earned and cost incurred under the CPC/CPM pricing model on a net basis without accounting for advertisers' actual advertising spending on media publishers' platforms through the Company's platform.

SUMMARY

Our gross profit margin under the CPC/CPM pricing model continued to increase from 2017 throughout 2019. Such increase was primarily due to stronger bargaining power with advertisers and media publishers resulting from our expanded operational scale and an increase of advertiser base, which enabled us to receive higher rebates from media publishers. Our cost of sales under the CPC/CPM pricing model, which consisted of a portion of salaries and benefits for internal optimisers in relation to opening accounts and a portion of server costs, remained relatively stable in 2017 and 2019. Our cost of sales under the CPC/CPM pricing model decreased in 2018 primarily because we had a lower proportion of advertisers using the CPC/CPM pricing model and therefore the number of internal optimisers working on account opening for CPC/CPM customers was reduced in 2018. Our rebates returned to CPC/CPM customers increased in 2018 compared to 2017 causing a decrease in revenue under the CPC/CPM pricing model in 2018. Our rebates returned to CPC/CPM customers decreased in 2019 compared to 2018 causing an increase in revenue under the CPC/CPM pricing model in the corresponding year.

Our net profit margin decreased from 23.1% in 2017 to 14.2% in 2018. In order to maintain an increase in our advertiser base and to continuously improve our online advertising services in 2018, we continued to invest in strengthening our teams and incurred substantial costs and expenses in recruiting additional experienced optimisers and designers with overseas backgrounds, as well as technical personnel. For the same reason, we also incurred substantial costs in participating in and organising various marketing activities throughout 2018. These expansion efforts resulted in an increase of 134.5% in our administrative expenses and an increase of 44.8% in selling and distribution expenses in 2018, the return for which takes time to realise. Our net profit margin decreased from 14.2% in 2018 to 11.5% in 2019, primarily due to the effect of RMB12.6 million one-off Listing expenses recorded under administrative expenses in 2019. Our adjusted net profit margin (which is a non-HKFRS measure and is calculated by excluding the effect of one-off Listing expenses) was 18.1% in 2019. Please refer to “Non-HKFRS Measures” in this section for further details.

Selected Financial Information from Our Consolidated Statements of Financial Position

The following table sets forth our current assets and current liabilities as of the balance sheet dates indicated:

	As of 31 December			As of 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current Assets				
Trade receivables	88,562	82,373	140,660	202,493
Prepayments, deposits and other receivables	2,191	3,470	8,100	9,992
Amounts due from related parties . . .	96	85	—	—
Cash and cash equivalents	110,907	151,040	171,639	162,453
	<u>201,756</u>	<u>236,968</u>	<u>320,399</u>	<u>374,938</u>
Current Liabilities				
Trade payables	152,269	162,844	230,389	263,162
Other payables and accruals	11,552	20,033	15,995	16,787
Amounts due to related parties	1,960	5,971	—	—
Tax payable	9,228	15,504	16,932	20,316
Lease liabilities	—	—	553	230
	<u>175,009</u>	<u>204,352</u>	<u>263,869</u>	<u>300,495</u>
Net Current Assets	<u>26,747</u>	<u>32,616</u>	<u>56,530</u>	<u>74,443</u>

Our tax payables increased during the Track Record Period primarily because (i) our profits before tax increased as a result of our business expansion; and (ii) HongKong AdTiger did not furnish tax returns with the IRD on a timely basis and its corresponding tax liabilities which have been provided for in our consolidated financial statements were therefore not settled as of the balance sheet dates, as described in “Business — Legal Proceedings and Compliance — Non-compliance Incident” in this prospectus.

SUMMARY

As of 30 April 2020, being the latest practicable date for the purpose of our net current asset position, we had net current assets of RMB74.4 million, which increased by 31.7% compared to RMB56.5 million as of 31 December 2019, primarily due to (i) an increase of RMB61.8 million in trade receivables resulting from increased advertising spending by our customers, expansion of our advertisers base and extension of credit terms to certain customers; (ii) an increase of RMB1.9 million in prepayments, deposits and other receivables as a result of increased acceptance of Paypal payments from advertisers as a settlement method in paying our service fees, partially offset by (i) an increase of RMB32.8 million in trade payables resulting from more purchases of ad inventories in line with increased advertising spending from our customers and better credit terms granted by our media publishers; and (ii) a decrease of RMB9.2 million in cash and cash equivalents attributable to the acceptance of Paypal payments from advertisers and extended credit periods to certain customers during Chinese New Year.

As of 31 December 2019, we had net current assets of RMB56.5 million, which increased by 73.3% compared to the net current assets of RMB32.6 million as of 31 December 2018, primarily due to (i) an increase of RMB58.3 million in trade receivables as advertising spending by our customers increased, expansion of our advertisers base and extension of credit terms to certain customers; (ii) an increase of RMB20.6 million cash and cash equivalents contributed by the net profits from our operations and shortened trade receivables turnover days; (iii) a decrease of RMB6.0 million in amounts due to related parties as a result of repayment of dividends to shareholders; (iv) an increase of RMB4.6 million in prepayments, deposits and other receivables primarily after the capitalisation of RMB4.2 million Listing expenses and prepayment of leases; and (v) a decrease of RMB4.0 million in other payables and accruals primarily as prepayments from advertisers decreased resulting from our extension of credit terms to certain advertisers who previously used prepayments and decreased advertising spending by certain customers, partially offset by (i) an increase of RMB67.5 million in trade payables as more purchases of ad inventories under business expansion and better credit terms granted by our media publishers; and (ii) an increase of RMB1.4 million in tax payable as revenue grew. Please refer to “Financial Information — Selected Balance Sheet Items — Net Current Assets” and “Financial Information — Critical Accounting Policies, Estimates and Judgements — Impairment of Non-financial Assets” in this prospectus for further details.

Our net assets as of 31 December 2017, 2018 and 2019 were RMB26.9 million, RMB33.0 million and RMB57.6 million, respectively.

SUMMARY OF CONSOLIDATED STATEMENTS OF CASH FLOW

The following table is a condensed summary of our consolidated statements of cash flows for the periods indicated:

	As of 31 December		
	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash flows (used in)/from operating activities.	120,030	47,880	24,840
Net cash flows (used in)/from investing activities.	1,191	1,755	(44)
Net cash flows (used in)/from financing activities.	(11,753)	(16,120)	(4,421)
Net (decrease)/increase in cash and cash equivalents.	109,468	33,515	20,375
Cash and cash equivalent at beginning of year.	4,918	110,907	151,040
Cash and cash equivalent at end of year.	110,907	151,040	171,639

Please refer to “Financial Information — Liquidity and Capital Resources — Cash Flow” in this prospectus for further details.

KEY OPERATING INDICATORS

AdTensor forms an integral part of our business model, offering optimisers a complete analysis in respect of the key operating indicators. The following table sets forth the selected operation indicators of our online advertising business as of the dates or for the periods indicated:

SUMMARY

	For the year ended 31 December		
	2017	2018	2019
Number of impressions (millions) ⁽¹⁾			
— CPA pricing model	8,783	15,520	18,528
— CPC/CPM pricing model	15,181	25,252	64,501
— Total	23,964	40,772	83,029
Click-throughs (millions) ⁽²⁾			
— CPA pricing model	220.4	282.0	271.3
— CPC/CPM pricing model	356.0	429.5	756.2
— Total	576.4	711.5	1,027.5
Number of installations (millions) ⁽³⁾	72.8	110.7	73.9
Installation rate (%) ⁽⁴⁾	33.1	39.2	27.2

Notes:

- (1) Impressions are the total number of views of our ads for the periods indicated.
- (2) Click-throughs are the total number of clicks on our ads after users view our ads for the periods indicated.
- (3) Installations are the total number of installations as a result of our ads applicable only under the CPA pricing model for the periods indicated.
- (4) Installation rate represents the ratio of the total number of installations to the total number of click-throughs applicable only under the CPA pricing model for the periods indicated.

We recorded a drop in revenue under the CPC/CPM pricing model of RMB5.2 million from RMB25.2 million in 2017 to RMB20.0 million in 2018 and a drop in gross profit of RMB4.3 million from RMB23.0 million in 2017 to RMB18.7 million in 2018 under the CPC/CPM pricing model, despite the number of impressions and click throughs both increased in the corresponding period. This is primarily due to the fact that our advertisers base expanded in 2018 that resulted in an increase of ad campaigns and user traffic, however, we increased the rebates returned to CPC/CPM customers in 2018 compared to 2017, which resulted in a decrease in revenue and gross profit in 2018. Our revenue and gross profit under the CPC/CPM pricing model increased to RMB45.0 million and RMB42.6 million respectively, in 2019. Our rebates returned to CPC/CPM customers decreased in 2019 compared to 2018 resulting in an increase in revenue under the CPC/CPM pricing model in the corresponding year.

The table below sets forth the breakdown by country in terms of traffic of users based on number of impressions:

	For the years ended 31 December					
	2017		2018		2019	
	(million)	(%)	(million)	(%)	(million)	%
India	2,205	9.2	5,097	12.5	31,778	38.3
United States	5,919	24.7	6,605	16.2	13,907	16.7
Indonesia	1,821	7.6	8,276	20.3	9,679	11.6
South Africa	431	1.8	489	1.2	7,461	9.0
Brazil	1,079	4.5	1,549	3.8	1,389	1.7
United Kingdom	743	3.1	979	2.4	1,304	1.6
Canada	575	2.4	530	1.3	1,101	1.3
Mexico	623	2.6	775	1.9	892	1.1
Others ^{Note}	10,568	44.1	16,472	40.4	15,518	18.7
Total:	23,964	100.0	40,772	100.0	83,029	100.0

Note: Others comprised of approximately 240 countries and regions where we have delivered user traffic to during the Track Record Period.

Please refer to “Business — Key Operating Indicators” in this prospectus for further details.

SUMMARY

KEY FINANCIAL RATIO

The following table sets forth certain key financial ratios as of the dates indicated:

	As of or for the year ended 31 December		
	2017	2018	2019
Return on equity ⁽¹⁾	99.7%	74.9%	60.1% ⁽⁷⁾
Return on total assets ⁽²⁾	13.3%	10.4%	10.8% ⁽⁷⁾
Current ratio ⁽³⁾	1.2	1.2	1.2
Gearing ratio ⁽⁴⁾	—	—	—
Gross profit margin ⁽⁵⁾	34.5%	23.7%	28.1%
Adjusted net profit margin ⁽⁶⁾	23.1%	14.2%	18.1% ⁽⁷⁾

Notes:

- (1) Return on equity ratio is profit for the year as a percentage of total equity as of year-end and multiplied by 100%.
- (2) Return on total assets ratio is profit for the year as a percentage of total assets as of year-end and multiplied by 100%.
- (3) Current ratio is total current assets as of year-end as a percentage of total current liabilities as of year-end.
- (4) Gearing ratio is total interest-bearing bank borrowings as of year-end as a percentage of total assets as of year-end. As of 31 December 2017 and 2018 and 2019, we had did not have any interest-bearing bank borrowings.
- (5) Gross profit margin is gross profit for the year as a percentage of revenue.
- (6) Net profit margin is profit for the year as a percentage of revenue.
- (7) Based on adjusted profit for the year which is a non-HKFRS measure and is calculated by excluding the effect of one-off Listing expenses.

Please refer to “Financial Information — Key Financial Ratios” in this prospectus for further details.

OUR INDUSTRY AND COMPETITIVE LANDSCAPE

According to the iResearch Report, due to the rapid development of Internet technology and increase in the types of Internet access devices, the number of Internet users worldwide increased from 3.2 billion in 2015 with a penetration rate of 42.9% to 4.1 billion in 2019, representing a penetration rate of 53.7%. In 2024, the number of Internet users worldwide is forecasted to reach 5.3 billion with a penetration rate of 63.6%. As a result, the online advertising spending contributed 33.5% of total advertising spending in 2015 and increased to 51.3% in 2019 and increased from US\$195.7 billion in 2015 to US\$407.4 billion in 2019 at a CAGR of 20.1%. Further, online advertising spending expected to approach 62.6% in 2024 and is projected to increase to US\$636.8 billion in 2024 at a CAGR of 9.3%. According to the iResearch Report, a majority of the development of online advertising comprised of the increasing use of mobile advertising. The proportion of mobile advertising spending over total online advertising spending saw an increase from 36.0% in 2015 to 67.3% in 2019 at a CAGR of 40.4% and is estimated to approach 78.8% in 2024 at a CAGR of 12.6%.

According to the iResearch Report, online advertising spending by North American advertisers remained the top among advertisers around the world, followed by Chinese advertisers and distinctly outgrew Europe since 2017. In addition, online advertising spending by Chinese advertisers allocated to regions outside of China has increased from US\$3.6 billion in 2015 to US\$15.6 billion in 2019 at a CAGR of 44.3% and is estimated to reach US\$38.0 billion in 2024 at a CAGR of 19.5%. Additionally, Southeast Asia’s online advertising spending was only US\$1.7 billion in 2015 and is estimated to increase to US\$5.7 billion in 2024. With its large population base and infrastructure development for a considerable period of time, Southeast Asia is experiencing a market explosion.

Please refer to “Industry Overview” in this prospectus for further details.

SUMMARY

GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

- the Hong Kong Public Offering of initially 15,000,000 Shares (subject to reallocation) in Hong Kong as described in “Structure of the Global Offering — The Hong Kong Public Offering” in this prospectus; and
- the International Offering of initially 135,000,000 Shares (subject to reallocation and the Over-allotment Option) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in accordance with Regulation S as described in “Structure of the Global Offering — The Hong Kong Public Offering — The International Offering” in this prospectus.

The Offer Shares will represent approximately 25.0% of the issued share capital of the Company immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 27.7% of the issued share capital of the Company immediately following the completion of the Global Offering.

OFFERING STATISTICS

	Based on an Offer Price of HK\$0.84	Based on an Offer Price of HK\$1.00
Market capitalisation of our Shares ⁽¹⁾	HK\$504 million	HK\$600 million
Unaudited pro forma adjusted net tangible asset per Share ⁽²⁾	HK\$0.27	HK\$0.30

Notes:

- (1) The calculation of market capitalisation is based on 600,000,000 Shares expected to be in issue following completion of the Capitalisation Issue and the Global Offering. This calculation is based on the indicative Offer Prices of HK\$0.84 and HK\$1.00.
- (2) The unaudited pro forma adjusted net tangible asset per Share is calculated after making the adjustments referred to in “Unaudited Pro Forma Financial Information” included in Appendix II to this prospectus and on the basis of a total of 600,000,000 Shares expected to be in issue following the completion of the Capitalisation Issue and the Global Offering. This calculation is based on the indicative Offer Prices of HK\$0.84 and HK\$1.00.

LISTING EXPENSES

Assuming an Offer Price of HK\$0.92 per Share (being the mid-point of the indicative offer price range stated in this prospectus), the underwriting fees, commissions, together with the Stock Exchange listing fee, SFC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the Global Offering, which are payable by us are estimated to amount in aggregate to be approximately RMB43.7 million. For each of the three years ended 31 December 2017, 2018 and 2019, our Listing expenses charged to our consolidated profit or loss were nil, nil and RMB12.6 million, respectively. We expect to charge the estimated remaining Listing expenses of RMB10.7 million to our consolidated statement of profit or loss during 2020 and to capitalise approximately RMB16.2 million following the Listing. The total estimated expenses in relation to the Listing of approximately RMB43.7 million represents approximately 35.2% of our estimated gross proceeds from the Global Offering, assuming an Offer Price of HK\$0.92 per Share, being the mid-point of the indicative Offer Price range. The Listing expenses above are the latest practicable estimate and are provided for reference only, and actual amounts may differ. The aggregate underwriting commission for the Global Offering is expected to be determined following book closing after publication of this prospectus, and is subject to a number of factors, including, amongst others, the final Offer Price, the quality of investors brought in by the relevant syndicate members and the subscription level of the Global Offering.

SUMMARY

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$89.5 million (after deducting the underwriting fees, commissions and estimated expenses payable by us in relation to the Global Offering) assuming the Over-allotment Option is not exercised and an Offer Price of HK\$0.92 per Share, being the mid-point of the indicative offer price range stated in this prospectus.

Our Directors intend to apply the net proceeds from the Global Offering as follows:

- Approximately 35% of our total estimated net proceeds, or HK\$31.3 million, to strengthen our AI and technology capabilities, enhance the offering of our AdTensor platform;
- Approximately 20% of our total estimated net proceeds, or HK\$17.9 million, to enhance our local service capabilities and expand our global footprint;
- Approximately 20% of our total estimated net proceeds, or HK\$17.9 million, to enhance our IT infrastructure, management system, ERP system, ORACLE system and performance monitoring system, with a goal to develop an integrated and transparent system for our global operations;
- Approximately 15% of our total estimated net proceeds, or HK\$13.4 million, to expand our advertiser base by strengthening our sales and marketing efforts and increasing our local presence in selected regions in China; and
- Approximately 10% of our total estimated net proceeds, or HK\$9.0 million, to explore strategic investments and mergers and acquisitions. We had not yet identified any target to be acquired.

Please refer to “Future Plans and Use of Proceeds — Use of Proceeds” in this prospectus for further details.

DIVIDEND

Our Company has not paid or declared any dividend since its date of incorporation. For each of the years ended 31 December 2017, 2018 and 2019, a subsidiary of our Company declared dividends to its then shareholders of US\$1.0 million, US\$3.0 million and nil, respectively.

After completion of the Global Offering, our Shareholders will be entitled to receive dividends we declare. Any amount of dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, our development pipeline, capital requirements and surplus, general financial conditions, contractual restrictions and other factors that our Directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws. Please refer to “Appendix III — Summary of the Constitution of Our Company and the Cayman Companies Law” in this prospectus for further details. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Dividends declared in the past may not be indicative of our future dividend policy. Our Directors have the absolute discretion to recommend any dividend.

As we are a holding company, our ability to declare and pay dividends will depend on the availability of dividends received from our subsidiaries, particularly our subsidiary in China. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including HKFRS. PRC laws also require foreign-invested enterprises, such as all of our subsidiaries in China, to set aside part of their net profit as statutory reserves, and such statutory reserves are not available for distribution as cash dividends. We do not intend to declare or pay any dividend out of Beijing AdTiger in respect of its profits available for distribution generated prior to 2019. Distributions from our subsidiaries may also be restricted if they incur debt or losses or in accordance with any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future.

SUMMARY

CONTROLLING SHAREHOLDERS' INFORMATION

Immediately after the completion of the Capitalisation Issue and the Global Offering, and assuming that the Over-allotment Option is not exercised, Ms. Chang, through Fetech and Rowtel, and Ms. Li, through Hera and Westel, will together be interested in approximately 60% of our issued share capital and will remain as our Controlling Shareholders under the Listing Rules.

As Ms. Chang and Ms. Li have confirmed in writing that they, as parties acting in concert, have held their interest in, and collectively exercised their control over, the companies comprising our Group through their respective interests in those companies from time to time since they founded our Group, and that Rowtel and Westel will together control more than 30% of the number of Shares in issue, each of Ms. Chang, Fetech, Rowtel, Ms. Li, Hera and Westel will be regarded as part of the group of our Controlling Shareholders within the meaning of the Listing Rules upon Listing.

Please refer to “Relationship with Controlling Shareholders” in this prospectus for further details.

RECENT DEVELOPMENT AND OUTBREAK OF COVID-19

An outbreak of respiratory illness caused by a novel coronavirus (COVID-19) was first reported in Wuhan City, Hubei Province of China in December 2019 and continues to expand within China and globally. COVID-19 is considered highly contagious and may pose a serious public health threat. On 23 January 2020, the PRC government announced the lockdown of Wuhan City in an attempt to quarantine the city. Since then, draconian measures including travel restrictions have been imposed in other major cities in the PRC, as well as other countries and territories, in an effort to contain the coronavirus outbreak. The World Health Organization (“WHO”) is closely monitoring and evaluating the situation. On 30 January 2020, the WHO declared the outbreak of COVID-19 (with its previous temporal name “2019-nCoV”) a public health emergency of international concern and on 11 March 2020, the WHO declared it a pandemic.

Our Directors have carried out a holistic review of the impact brought by COVID-19 on our operations, taking into account expectations from certain global media publishers of potential business slowdown and decrease in advertising spending in 2020, and confirmed that COVID-19 had not caused any material adverse effect on our Group’s continuing business operations and is not expected to bring any permanent or material interruption to our business operations based on the following grounds:

Impact on Business Operations

The table below sets forth the total amount of online advertising spending by advertisers on our platform for major industry types and corresponding fluctuations for the periods indicated:

	First quarter of 2019	First quarter of 2020	Percentage changes in the first quarter of 2020 compared to the first quarter of 2019 increase/(decrease)	Advertising spending for the two months of April and May of 2020
	(RMB'000)	(RMB'000)		(RMB'000)
Utility and content app developers.	29,400	88,100	199.9%	85,500
E-commerce	181,800	162,100	(10.9%)	245,900

Our advertisers from the e-commerce industry showed the most signs of disruptions brought by the outbreak of COVID-19 globally, resulting in a decrease in advertising spending by advertisers in this industry in the first quarter of 2020 compared to the same period in 2019. However, their online advertising spending level on our platform for the two months of April and May of 2020 showed a significant increase compared to the same period in 2019 as users, particularly those from the United States, began to change their spending habits from offline to online.

We saw an increase in advertising spending for utility and content app developers as well as advertisers from other industries such as gaming, education and medical in the first quarter of 2020. Shortly after the outbreak of COVID-19, as our advertisers base cover a wide range of industry types, we have quickly switched our sales focus to advertisers in the more booming industries.

Our total number of advertisers increased by 36 from 273 at the end of 2019 to 309 as of 30 April 2020. The table below sets forth the change in the number of our advertisers from the end of 2019 to 30 April 2020 and our revenue contribution by industry types for the four months ended 30 April 2020:

SUMMARY

	Changes in the number of advertisers from the end of 2019 to 30 April 2020 increase/(decrease)	Revenue contribution for the four months ended 30 April 2020
Utility and content app developers	31	56.1%
E-commerce	(14)	27.4%
Tourism	—	2.0%
Finance	3	5.4%
Others ^{Note}	16	9.1%
Total	<u>36</u>	<u>100.0%</u>

Note: Others primarily include advertisements in the games, media, education, medical and film industries.

The number of our advertisers from the e-commerce industry decreased during the four months ended 30 April 2020 primarily due to the temporary interruption in logistics and transportation services resulting from COVID-19, which affected consumer purchase from certain e-commerce platforms and therefore reduced their advertising needs.

Despite the uncertainty brought by COVID-19, our Directors believe advertising spending has shifted from one industry to another and certain industries' advertising spending on our platform has increased significantly in the first quarter of 2020 as a result. Save for the e-commerce industry as disclosed above, there was no decrease of advertising spending on our platform from other major industries. Therefore, we need to pay close attention to the industry trends and where advertisers are allocating their advertising spending in order to focus our sales activities to maintain profitability of our business. We do not expect the potential business slow down of global media publishers to have a material impact on our business operations since our revenue is primarily driven by advertisers' advertising spending. We have maintained a diversified advertisers base and stable working relationships with our existing advertisers and media publishers. Our Directors believe these will benefit us in adapting to the rapid shift in advertising needs and do not expect that COVID-19 would have any material adverse impact on the business operations of the Group.

Our Directors anticipate that the outbreak of COVID-19 will have no material adverse impact on business and results of operations which primarily focus on online activities.

Impact on Work Arrangement for Our Management and Employees

To minimise the impact of COVID-19 outbreak, we have also implemented company-wide self-protection policies for employees to either working remotely or onsite with protective measures. In accordance with our self-protection and contingency policies, our employees shall take all practicable steps in our office to maintain a hygienic environment in the interest of all personnel who may be present including employees, contractors or visitors. Our Directors confirmed that our protective measures include the following to be taken in our office, which include: (i) temperature screening at entry of buildings; (ii) hand sanitising; (iii) disinfection of common areas; and (iv) provision of face masks to employees and our subcontractors. Accordingly, all employees and our subcontractors are required to familiarise themselves with requirements of our self-protection and contingency policies for pandemic outbreak and ensure that the measures are properly implemented. Shortly after the outbreak of COVID-19, we have also purchased and set up cloud-based meeting facilities and working-from-home support systems and our management and employees resumed our normal business operation by working from home. This is made possible as our business operation is not labour

SUMMARY

intensive and does not cause crowd gathering during the course of our business. Due to the information technology and online nature of our business, our Directors believe that the self-protection and contingency policies could mitigate the potential impact effectively.

Impact on Our Financial Performance

From the financial perspective and based on the unaudited consolidated management accounts of our Company for the four months ended 30 April 2019 and 30 April 2020 respectively, the outbreak of COVID-19 has had a minimal impact on us in view of the fact that our average monthly revenue of the first four months of 2020 was in fact higher as compared with the average monthly revenue of the comparable period of 2019 despite we recorded a decrease in the revenue of RMB1.9 million in February 2020 compared to February 2019 primarily as a result of the PRC government policies regarding business lockdown during the Chinese New Year period. This extended our holiday and affected our normal business operations temporarily. However, our revenue picked up substantially in March 2020 and exceeded the revenue of March 2019 as a result of our quick response in implementing our contingency plan and work-from-home arrangement, as well as shifting in sales focus on booming industries as discussed above. Our revenue, gross profit, and net profit for the four months ended 30 April 2020 increased by 47.4%, 43.8% and 57.3%, respectively, compared to the same period in 2019.

There is no assurance, however, that COVID-19 outbreak will not further escalate or have a material adverse effect on our results of operations. Please refer to “Risk Factors — Risk Relating to Our Business and Industry — We face risks related to natural disasters, health epidemics, and other public safety concerns” in this prospectus for further details. Our Group has conducted a worst case scenario assuming the extreme and unlikely event that the business operations of our Group are completely suspended on a temporary basis and no additional revenue from sales recorded, based on our net current assets as at 30 April 2020, monthly fixed costs (including staff costs assuming there is no redundant or pay cut to current staff, rent and server costs) and in the absence of any existing and future borrowings, our Directors believe that we will have sufficient working capital for our business and remain financially viable for at least the next 12 months from the date of this prospectus, even without any proceeds from the Global Offering. In the event that all the assumptions mentioned above remain unchanged, together with the net proceeds from the Global Offering, we would remain financially viable for over 12 months.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as of the date of this prospectus, there has been no material adverse change in the financial or operating conditions or prospects of our Group since 31 December 2019, the end of the period reported on in the Accountants’ Report set out in Appendix I to this prospectus. Further, our Directors confirm that there had been no event since 31 December 2019 and up to the date of this prospectus which could materially affect the information shown in the Accountants’ Report.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain other terms are explained in the section headed “Glossary of Technical Terms”.

“Acting-in-Concert Agreements”	the acting-in-concert agreements entered into among the Founders on 11 May 2016, 31 May 2016 and 6 September 2019 concerning their cooperation as parties acting in concert regarding the management of, and to exercise control over, our Group
“AdTiger Company”	Adtiger Company Limited, a company incorporated in the BVI with limited liability on 5 March 2019 and a direct wholly-owned subsidiary of our Company
“AdTiger International”	Adtiger International Limited, a company incorporated in Hong Kong with limited liability on 27 March 2019 and an indirect wholly-owned subsidiary of our Company
“AdTiger Media”	Adtiger Media Limited, a company incorporated in the BVI with limited liability on 21 February 2019 and a direct wholly-owned subsidiary of our Company
“Apotheosis”	Apotheosis Limited, a company incorporated in Hong Kong with limited liability on 5 November 2018 and an indirect wholly-owned subsidiary of our Company
“Application Form(s)”	white application form(s), yellow application form(s) and green application form(s), or where the context so requires, any of them, relating to the Hong Kong Public Offering
“Articles” or “Articles of Association”	the articles of association of our Company (as amended from time to time), adopted on 22 June 2020, a summary of which is set out in Appendix III to this prospectus
“Beijing AdTiger”	Beijing AdTiger Media Co., Limited (北京虎示傳媒有限公司), a company incorporated in the PRC with limited liability on 11 May 2016, an operating and indirect wholly-owned subsidiary of our Company
“Board”	board of directors of our Company
“Business Day”	a day (other than a Saturday, a Sunday or public holiday) on which banks in Hong Kong are open for normal banking business
“BVI”	the British Virgin Islands

DEFINITIONS

“Capitalisation Issue”	the issue of Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company referred to in the section headed “Statutory and General Information — A. Further Information About Our Company — 3. Resolutions in writing of our Shareholders passed on 22 June 2020” in Appendix IV to this prospectus
“Cayman Companies Law” or “Companies Law”	the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time
“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
“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
“CFormula”	CFormula Technology Company Limited (希程式科技有限公司), a company incorporated in Hong Kong with limited liability on 9 October 2017, a dormant and indirect wholly-owned subsidiary of our Company
“China” or “PRC”	the People’s Republic of China, excluding, for the purpose of this prospectus, Hong Kong, Macau and Taiwan
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented 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 or supplemented from time to time
“Company”, “our Company”, “we” or “us”	Adtiger Corporations Limited (虎視傳媒有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 1 February 2019
“Controlling Shareholders”	Ms. Chang, Fetech, Rowtel, Ms. Li, Hera and Westel
“COVID-19”	the novel coronavirus (2019-nCoV)

DEFINITIONS

“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities markets
“Deed of Indemnity”	the deed of indemnity dated 22 June 2020 and entered into by our Controlling Shareholders in favour of us (for ourselves and as trustee for each of our subsidiaries), pursuant to which our Controlling Shareholders have given certain indemnities, further 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
“Directors”	the directors of our Company
“EIT”	the enterprise income tax of the PRC
“EIT Law”	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) issued on 16 March 2007 and its implementation rules issued on 6 December 2007, both effective from 1 January 2008
“eWhite Form”	the application for the Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website at www.ewhiteform.com.hk
“eWhite Form Service Provider”	the eWhite Form Service Provider designated by our Company, as specified on the designated website at www.ewhiteform.com.hk
“Fetech”	Fetech Media Limited, a company incorporated in the BVI with limited liability on 29 October 2018, one of our Controlling Shareholders
“Founders”	Ms. Chang and Ms. Li
“Global Offering”	the Hong Kong Public Offering and the International Offering
“green application form(s)”	the application form(s) to be completed by the eWhite Form Service Provider designated by our Company
“Group” or “our Group”	our Company and its subsidiaries, and, except where the context otherwise requires, all of our subsidiaries, or where the context refers to the time before we became the holding company of our present subsidiaries, our present subsidiaries
“Hera”	Hera Bridge Media Limited, a company incorporated in the BVI with limited liability on 29 October 2018, one of our Controlling Shareholders

DEFINITIONS

“Heyue Investment”	Milin Heyue Investment Co., Ltd. (米林和月投資有限公司), a company established in the PRC with limited liability on 29 April 2015, which is 70% owned by an Independent Third Party and 30% owned by Mr. Zhang Ning, who is Ms. Chang’s spouse
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HK” or “Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HongKong AdTiger”	HongKong AdTiger Media Co., Limited (香港虎視傳媒有限公司) (formerly known as Asia-Pacific Institute of Child Development Limited 亞太兒童成長學會有限公司), a company incorporated in Hong Kong with limited liability on 22 November 2010, an operating and indirect wholly-owned subsidiary of our Company
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong Offer Shares”	the 15,000,000 new Shares being initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to adjustment as described in “Structure of the Global Offering” in this prospectus)
“Hong Kong Public Offering”	the offer by our Company of the Hong Kong Offer Shares for subscription by the public in Hong Kong (subject to adjustment as described in “Structure of the Global Offering” in this prospectus) for cash at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), on the terms and subject to conditions set out in this prospectus and the Application Forms
“Hong Kong Share Registrar”	Boardroom Share Registrars (HK) Limited (寶德隆證券登記有限公司)
“Hong Kong Underwriters”	underwriters of the Hong Kong Public Offering whose names are set out in the section headed “Underwriting — Hong Kong Underwriters” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated 26 June 2020, relating to the Hong Kong Public Offering, entered into by, among others, the Joint Global Coordinators, the Hong Kong Underwriters, the Controlling Shareholders and our Company

DEFINITIONS

“Independent Third Party”	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not connected with our Company or our connected persons as defined under the Listing Rules
“International Offering”	the conditional offering of the International Offer Shares outside the United States in offshore transactions in accordance with Regulation S, as further described in “Structure of the Global Offering” in this prospectus
“International Offer Shares”	the 135,000,000 Shares being initially offered for subscription under the International Offering together, where relevant, with any additional Shares that may be issued pursuant to any exercise of the Over-allotment Option, subject to adjustment and re-allocation as described in “Structure of the Global Offering” in this prospectus
“International Underwriting Agreement”	the international underwriting agreement relating to the International Offering and expected to be entered into by, among others, our Company, the Controlling Shareholders and the International Underwriters on or about 3 July 2020. Please refer to “Underwriting — Underwriting Arrangements And Expenses — International Offering” in this prospectus
“International Underwriters”	underwriters of the International Offering
“Joint Bookrunners”	CEB International Capital Corporation Limited, SBI China Capital Financial Services Limited, ABCI Securities Company Limited, BOCOM International Securities Limited, CMBC Securities Company Limited, Fortune (HK) Securities Limited, Alpha International Securities (HONG KONG) Limited and Chuenman Securities Limited
“Joint Global Coordinators”	CEB International Capital Corporation Limited and SBI China Capital Financial Services Limited
“Joint Lead Managers”	CEB International Capital Corporation Limited, SBI China Capital Financial Services Limited, ABCI Securities Company Limited, BOCOM International Securities Limited, CMBC Securities Company Limited, Fortune (HK) Securities Limited, Alpha International Securities (HONG KONG) Limited, Chuenman Securities Limited, Livermore Holdings Limited and Vision Finance International Company Limited
“IRD”	the Inland Revenue Department of Hong Kong
“iResearch”	Shanghai iResearch Co., Ltd, an industry consultant

DEFINITIONS

“iResearch Report”	the industry report titled “A Market Study for Online Advertising Industry in China” prepared by iResearch and commissioned by us
“IRO”	the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong)
“Khorgas AdTiger”	Khorgas AdTiger Information Technology Co., Ltd. (霍爾果斯虎視信息科技有限公司), a company established in China with limited liability on 2 June 2017 and deregistered on 18 April 2019
“Latest Practicable Date”	22 June 2020, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“Legal Counsel”	Mr. Matthew Ho, barrister-at-law in Hong Kong
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Date”	the date, expected to be on or around Friday, 10 July 2020, from which the Shares are listed and dealings therein are first permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Maximum Offer Price”	HK\$1.00 (being the high end of the Offer Price range stated in this prospectus)
“M&A Rules”	Rules on Merger and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (Order of MOFCOM [2019] No. 6)
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company, as amended from time to time
“Mr. Hsia”	Mr. HSIA Timothy Chunhon, our non-executive Director and our substantial Shareholder
“Mr. Yang”	Mr. YANG Wei (楊威), Ms. Chang’s brother in law

DEFINITIONS

“Ms. Chang”	Ms. CHANG Sufang (常素芳), our executive Director, one of our Founders and Controlling Shareholders
“Ms. Li”	Ms. LI Hui (李慧), our executive Director, one of our Founders and Controlling Shareholders
“Offer Price”	the final HK dollar price per Offer Share (exclusive of brokerage of 1%, the SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%) at which the Hong Kong Offer Shares are to be subscribed under the Hong Kong Public Offering and the International Offer Shares are to be offered under the International Offering, to be determined in the manner further described in the section headed “Structure of the Global Offering — Pricing and Allocation” in this prospectus
“Offer Shares”	the Hong Kong Offer Shares and the International Offer Shares together, where relevant, with any additional Shares to be sold by our Company pursuant to the exercise of the Over-allotment Option
“Over-allotment Option”	the option expected to be granted by our Company under the International Underwriting Agreement to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters), pursuant to which our Company may be required to allot and issue up to 22,500,000 additional new Shares, representing approximately 15% of the Shares initially available under the Global Offering, to, among other things, cover over-allocations in the International Offering (if any) as described in the section headed “Structure of the Global Offering — Over-allotment Option” in this prospectus
“PBOC”	People’s Bank of China, the central bank of the PRC
“Post-IPO Share Option Scheme”	the share option scheme conditionally adopted by our Company, further details of which are described in the subsection headed “Statutory and General Information — D. Post-IPO Share Option Scheme” in Appendix IV to this prospectus
“PRC government” or “Chinese government”	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities)
“PRC Legal Adviser”	Commerce & Finance Law Offices, our legal advisers as to PRC law
“Price Determination Agreement”	the agreement to be entered into between our Company and the Joint Global Coordinators, acting for themselves and on behalf of the Underwriters, on the Price Determination Date to record and fix the Offer Price

DEFINITIONS

“Price Determination Date”	the date, expected to be 3 July 2020, on which the Offer Price is fixed for the purposes of the Global Offering, and in any event no later than 9 July 2020, or such other date as agreed between the parties to the Price Determination Agreement
“R&D”	research and development
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganisation”	the reorganisation of our Group in preparation of the Listing, details of which are set out in the section headed “History, Reorganisation and Corporate Structure” in this prospectus
“Repurchase Mandate”	the general unconditional mandate to repurchase Shares given to the Board by our Shareholders, particulars of which are set forth in the paragraph headed “Statutory and General Information — A. Further Information About Our Company and Our Subsidiaries — 3. Resolutions of the Shareholders of our Company” in Appendix IV to this prospectus
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Robust Season”	Robust Season Limited, a company incorporated in the Cayman Islands on 5 June 2015 and is beneficially wholly owned by Ms. Chang
“Rowtel”	Rowtel Technology Limited, a company incorporated in the BVI with limited liability on 27 December 2018, one of our Controlling Shareholders
“Runzhi Media”	Khorgas Runzhi Media Company Limited (霍爾果斯潤智傳媒有限公司), a company established in the PRC on 8 May 2017, and deregistered on 15 April 2019
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局), the PRC government authority responsible for matters relating to foreign exchange administration
“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 and supplemented from time to time
“Share(s)”	ordinary shares in the capital of our Company with nominal value of US\$0.0005 each
“Shareholder(s)”	holder(s) of Shares

DEFINITIONS

“Sole Sponsor”	CEB International Capital Corporation Limited (licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO)
“Son of Sunrise”	Son Of Sunrise Investment Ltd, a company incorporated in the BVI with limited liability on 8 April 2016 was struck off and dissolved on 4 November 2019 and was beneficially wholly owned by Ms. Li
“Stabilising Manager”	SBI China Capital Financial Services Limited
“State Council”	State Council of the PRC (中華人民共和國國務院)
“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into between the Stabilising Manager and Rowtel on or around the Price Determination Date pursuant to which Rowtel is expected to agree to lend in aggregate up to 22,500,000 Shares to the Stabilising Manager on the terms set out therein
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taschh”	Taschh Limited, a company incorporated in Hong Kong with limited liability on 22 May 2015, our substantial shareholder
“Tiequan LLC”	Tiequan LLC, a company incorporated in the Cook Islands with limited liability on 25 May 2015, our substantial shareholder
“Tiequan Trust”	a trust established in the Cook Islands with Mr. Hsia as the sole beneficiary and the trustee of which is Southpac Trust International, Inc. is appointed on 25 May 2015, our substantial shareholder
“Track Record Period”	the period comprising the three years ended 31 December 2019
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“U.S.” or “United States”	the United States of America, its territories and possessions, any State of the United States and the District of Columbia
“U.S. Securities Act”	the United States Securities Act of 1933, as amended
“US\$” or “USD”	United States dollars, the lawful currency of the United States
“Venus”	Venus Holdings Limited, a company incorporated in the BVI with limited liability on 10 July 2015 and is beneficially wholly owned by Ms. Chang

DEFINITIONS

“Westel”	Westel Technology Limited, a company incorporated in the BVI with limited liability on 27 December 2018, one of our Controlling Shareholders
“Wulian Shenbiao”	Wulian Shenbiao Electronic Technology Partnership (Limited Partnership) (五蓮深標電子科技合夥企業(有限合夥)), a limited partnership established in the PRC on 2 May 2017 which is 89% beneficially owned by Ms. Li
“Wulian Siguo”	Wulian Siguo Electronic Technology Partnership (Limited Partnership) (五蓮思果電子科技合夥企業(有限合夥)), a limited partnership established in the PRC on 3 May 2017 which is 63.75% owned by Ms. Chang and 36.25% owned by Ms. Li
“Xinyu Investment”	Xinyu Mihe Yuehua Investment Management Co., Ltd (新余米和月華投資管理有限公司), a company established in the PRC on 19 January 2016 and is wholly owned by Independent Third Parties

In this prospectus, the terms “associate”, “close associate”, “connected person”, “core connected person”, “connected transaction”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

The English names of the PRC nationals, enterprises, departments, facilities, certificates, regulations, titles and the like are translation and/or transliterations of their Chinese names and are included for identification purposes only. In the event of inconsistency between the Chinese names and their English translations and/or transliterations, the Chinese names shall prevail.

Unless otherwise specified, all references to any shareholdings in our Company following the completion of the Global Offering assume that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued pursuant to the Post-IPO Share Option Scheme.

GLOSSARY OF TECHNICAL TERMS

This glossary contains definitions of certain terms used in this prospectus in connection with our Company and our business. Some of these may not correspond to standard industry definitions.

“ad campaign”	advertising campaigns for advertisers
“ad inventory”	traffic available on online media for advertising
“ad creative”	the specific rendering of the ad content
“ad format”	the specific rendering of the ad format
“AdTensor”	our proprietary ad optimisation and management platform
“agent”	second tier advertising agent of a media publisher
“AI”	artificial intelligence
“AMs”	advertisers managers
“API”	application programming interface, a set of routines, protocols, and tools for building software applications
“app”	a computer programme designed to run on a mobile device
“CAGR”	compound annual growth rate
“China Export Partner” or “CEP”	a class of second tier advertising agent recognised by Facebook
“CPA”	cost per action, a performance-based pricing model where advertising is paid on the basis of each action of the mobile device user such as download, installation or registration. CPI is typically referred to as CPA
“CPC”	cost per click, a non-performance-based pricing model where advertisers are charged on the basis of each click of the ad
“CPI”	cost per install, a performance-based pricing model where advertisers are charged on the basis of each installation of the app
“CPM”	cost per mille, a non-performance-based pricing model where advertisers are charged on the basis of thousand impressions
“click-through(s)”	the number of clicks on the ad, represents the action device users click on the ad during a certain period of time
“click-through rate” or “CTR”	the ratio of the number of clicks on the ad to the number of total impression of the ad

GLOSSARY OF TECHNICAL TERMS

“conversion rate”	the ratio of users who take a desired action by the advertisers such as signing up a new account or making a purchase, to the total number of users who viewed or clicked the ad
“DAU”	daily active user
“device ID”	a unique device-specific identifier used to accurately measure actions taken by a specific device
“ERP”	enterprise resource planning, business process management software that allows an organisation to use a system of integrated applications to manage the business and automate many back office functions related to technology, services and human resources
“Google AdWords Reseller Programme”	the advertising programme currently offered by Google to resellers
“impression(s)”	the number of ad views, represents the total number of times our ad is viewed by a user or displayed on a web page during a certain period of time
“ISP”	internet service provider
“KPI”	key performance indicator, which means, in the context of mobile advertising, the indicator reflecting the effectiveness and performance of the ad campaign such as the number of new installations, sign-ups or sales
“long-tail media publishers”	ad networks or other small-sized media publishers
“MAU”	monthly active user, representing the total number of DAUs in a month
“OCP”	optical character recognition, an electronic conversion technology for converting images of typed, handwritten or printed text into machine-coded text
“reseller”	first tier advertising agent of a media publisher
“ROI”	return on investment
“SDK”	software development kit, a set of software development tools that allows the creation of applications for a certain software package
“traffic”	in terms of traffic in mobile advertising, the flow of ad audience on mobile media
“WAP”	wireless application protocols

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that state our intentions, beliefs, expectations or predictions for the future that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include all statements in this prospectus that are not historical fact, including, without limitation, statements relating to:

- our ability to maintain and grow our advertiser and media publisher base;
- our ability to enhance the offerings of our AdTensor platform;
- our ability to maintain and enhance our technology capabilities and IT infrastructure;
- our ability to control costs, including staff and server costs;
- our ability to attract, retain and develop qualified and skilled employees;
- our strategies, business plans, objectives, prospects and goals;
- the future growth, developments, trends and conditions in the online advertising industry;
- the future competition in the online advertising industry and markets in which we operate;
- our future collaborations;
- the future regulatory environment in China and other jurisdictions in which we may operate and our ability to comply with applicable regulations in the future;
- our future dividends and our dividend policy;
- our future capital needs, capital expenditure plans and ability to obtain funding;
- prospective financial matters regarding our business;
- the general political and economic environment in China and the overseas markets we may expand into; and
- all other risks and uncertainties described in “Risk Factors” in this prospectus.

When used in this prospectus, the words “aim”, “anticipate”, “believe”, “could”, “estimate”, “expect”, “going forward”, “intend”, “may”, “plan”, “seek”, “will”, “would” and similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. Such statements reflect the current views of our management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove to be incorrect, our results of operations and financial condition may be adversely affected and may vary materially from those described herein as anticipated, believed or expected. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on such forward-looking information. Moreover, the inclusion of forward-looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realised.

RISK FACTORS

An investment in our Shares involves various risks. You should carefully consider the following information about risks, together with the other information contained in this prospectus, including our financial statements and related notes, before you decide to purchase our Shares. If any of the circumstances or events described below actually arises or occurs, our business, results of operations, financial condition, and prospects would likely suffer. In any such case, the market price of our Shares could decline, and you may lose all or part of your investment. This prospectus also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks described below and elsewhere in this prospectus.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We have a short operating history and are subject to risks and uncertainties associated with a rapidly developing and evolving industry. Our limited operating history makes it difficult to evaluate our financial condition, business and prospects.

We established our business in 2015 and have subsequently expanded our operations. We expect to continue to expand as we grow our advertiser and media publisher bases and explore new market opportunities. However, due to our limited operating history, our historical growth rate may not be indicative of our future performance, which may be more susceptible to certain risks than a company with a longer operating history in a different industry. Many of the factors discussed below could adversely affect our financial condition, business and prospects and future performance, including:

- the continued growth and development of the online advertising industry;
- advertisers' choice to conduct marketing campaigns and media publishers' choice to monetise their ad inventories;
- our ability to maintain, expand and further develop our relationships with advertisers and media publishers and meet their increasing demands;
- our continuous expansion of operations in overseas countries where we have limited or no operating experience;
- our ability to introduce and manage the development of new services;
- our ability to update existing technology or develop new technology in time to stay ahead or abreast of market advances;
- our ability to compete effectively with our competitors in the online advertising industry; and
- our ability to attract and retain qualified and skilled employees.

RISK FACTORS

You should consider our financial condition, business and prospects in light of the risks and uncertainties we face as an early-stage growing company operating in a rapidly developing and evolving market. We may not be successful in addressing the risks and uncertainties listed above, among others, which may materially and adversely affect our business and prospects and future performance.

If we fail to retain existing advertisers and media publishers, deepen or expand our relationships with advertisers and media publishers, or attract new advertisers and media publishers, our financial condition, results of operations and prospects may be materially and adversely affected.

Our business model revolves around relations not only with advertisers, but also with media publishers and their designated resellers for providing us with ad inventories on those media publishers' platforms. In order to retain and attract new advertisers, we need to continue to provide increasingly precise and targeted advertising services that maximise our advertisers' return on advertising investment and meet the pre-determined KPIs. In order to retain and attract new media publishers and resellers who provide us with ad inventories, we need to continue to improve the monetisation efficiency for our media publishers.

We cannot assure you that we will successfully meet the KPIs for every ad campaign, retain existing advertisers, deepen or expand our relationships with our existing advertisers or attract new advertisers in the future. If our advertisers determine that their expenditures on our online advertising platform do not generate sufficient returns, they may reduce their advertising budgets or terminate advertising arrangements with us. We typically enter into agreements with advertisers for a term of one year and our advertisers are generally not bound by long-term contracts with us. Failure to retain existing advertisers or attract new advertisers to advertise through our platform may materially and adversely affect our business, financial condition, results of operations and prospects.

In addition, our success also depends on our ability to retain existing media publishers, deepen or expand our relationships with our media publishers and their designated resellers who provide us with ad inventories and attract new media publishers in the future. If our media publishers are no longer satisfied with the monetisation efficiency generated by using our platform, they may reduce or discontinue their cooperation with us and we would lose a portion or all of the ad inventories through which we can deliver ads, as we typically enter into agreements with media publishers' designated resellers for a term of one year and our media publishers and their resellers are generally not bound by long-term contracts with us. Resellers with the supply of ad inventories may not always work in our favour. For example, media publishers may place restrictions on the use of their ad inventories through these resellers, including prohibiting the placement of ads on behalf of specific advertisers. In the event that we lose media publishers or access to their ad inventories, we may not be able to complete the ad delivery for advertisers in a timely manner or at all, and may incur significant costs in finding new media publishers or new ad inventories, which may adversely affect our business, financial condition, results of operations and prospects.

RISK FACTORS

We rely heavily on our top customers; if we fail to maintain our relationships with our top customers, our financial condition, results of operations and prospects may be materially and adversely affected.

Our revenue generated from our top five customers was RMB93.4 million, RMB123.0 million and RMB99.0 million for each of the years ended 31 December 2017, 2018 and 2019, respectively, accounting for 80.2%, 70.7% and 51.9% of our total revenue for the respective period.

As we have been, and are expected to continue to be, heavily reliant on our top customers we are highly susceptible to factors discussed above which could adversely affect our relationships or business conditions with them. Many of these factors are beyond our control. We do not enter into long-term contracts with our customers. Our framework agreement is effective until such time that it is terminated by one party's prior notice to the other party. If we are unable to maintain our business relationships with these top customers, or if there are any unfavourable changes to the terms of our existing arrangements, our revenue and profitability may decline, and any such decline could be material.

We rely significantly on a limited number of top media publishers, including Facebook, Google, Snapchat, Twitter and Yahoo for our online advertising services; if we fail to maintain our relationships with these top media publishers, it could materially harm our business.

We have strategically focused on covering top media publishers, including Facebook, Google, Snapchat, Twitter and Yahoo. We help match our media publishers' available ad inventories, to appropriate ad campaigns that maximise their monetisation potential. Through our relationships with these top media publishers, we are able to assist advertisers in gaining premium user traffic at significant scale. We rely significantly on ad inventories purchased on these top media publishers' platforms. During the Track Record Period, substantially all of our user traffic was purchased in connection with the ad inventories on Facebook, Google and Snapchat, with approximately 80% of our user traffic was purchased in connection with Facebook and Google's ad inventories. We generally connect advertisers with top media publishers' platforms through third party resellers. On the other hand, we contract directly with TikTok as its reseller and we connect with Google both through its designated resellers and directly as a reseller ourselves to place advertisers' ads.

In order to retain top media publishers for ad traffic, we are required to constantly improve and deliver efficient monetisation services to our media publishers and maintain relationships with those designated resellers who supply us with ad inventories. Although we are Google's partner in the Google AdWords Reseller Programme and Facebook's CEP, we cannot assure you that we will successfully maintain our partnership status with any top media publisher or retain them and their designated resellers for providing us with constant ad inventories in the future. If we are unable to maintain good relationships with these top media publishers or their designated resellers, or if any top media decides to terminate our partnership as their online advertising agents or their designated resellers refuse to provide us with ad inventories on these platforms, our ability to obtain premium user-traffic will be materially and adversely affected and our ability to maintain and expand our user base may be impaired as a result. Any of the above may materially and adversely affect our business, financial condition, results of operations and prospects.

RISK FACTORS

If the monetisation policies, including their data access policy for their agents, of our media publishers, in particular Facebook and Google, shift away from monetisation through online advertising to other ways of monetisation, our business and results of operations may be materially and adversely affected.

Our monetisation services help match our media publishers' available ad inventories to appropriate ad campaigns in order to help our media publishers achieve better monetisation results. We rely significantly on ad inventories from these top media publishers' platforms that help our advertisers achieve their advertising targets. During the Track Record Period, approximately 80% of our user traffic was purchased in connection with Facebook and Google's ad inventories. Facebook and Google may adjust their monetisation policies, including their data access policy for their agents, from time to time to yield most profitable results from their monetisation budgets, and such change is beyond our control. There is no assurance that our media publishers will continue to allocate monetisation budget to online advertising. If our media publishers, in particular Facebook and Google, decide to shift their monetisation focus away from online advertising to other ways of monetisation such as paid subscription services or branded contents with business partners, our business and results of operations could be materially and adversely affected.

If we fail to introduce new or enhance services to keep up with the technological developments or new business models of the online advertising industry, or the changing requirements of advertisers and media publishers, our business, financial condition and results of operations may be materially and adversely affected.

The Internet and the online advertising industries are rapidly evolving and are subject to continuous technological developments and changing demands from our advertisers and media publishers. We believe our future success depends in part upon our ability to enhance and to introduce new, competitively priced services with features that meet the evolving technological developments and requirements of advertisers and media publishers, all in a timely and cost-effective manner. We must also develop and promote new services to address the emerging online market in order to maintain our competitive position. If we do not adapt our services to such changes in an effective and timely manner, we may lose advertisers and media publishers who currently use our services.

Furthermore, changes in technologies or new business models may require substantial investments in product development, IT infrastructure and other aspects of our operations. Our investments may not be successful due to a variety of reasons such as technical hurdles, inaccurate predictions of market demand or a lack of necessary resources. Failure to keep up with technological development or new business models of the online advertising industry or the changing requirements of advertiser and media publishers may result in our services being less attractive to existing or potential advertisers and media publishers, which in turn, may materially and adversely affect our business, results of operations and prospects.

If we are unable to successfully react to such technological development or business model, our business, results of operations and prospects may be materially and adversely affected.

A number of factors could have a negative impact on our ability to introduce new or enhanced services:

- delays or difficulties in developing, integrating or customising new services;

RISK FACTORS

- our competitors' introduction of new services ahead of us, or their introduction of superior or cheaper services;
- the development of in-house services that could eliminate the need for our services;
- failure to anticipate changes in user acquisition and monetisation demands;
- failure to adapt to other technological developments; and
- failure to react in a timely manner to greater adoption of new advertising pricing models.

There can be no assurance that we will be able to introduce the necessary services to keep up with the technological developments or new business models of the online advertising industry, or the changing requirements of advertisers and media publishers.

If our advertisers decide to place ads with other third-party online advertising platforms who are resellers of certain media publishers or, in certain cases, directly with media publishers, our profitability and prospects may be materially and adversely affected.

We generally act as an agent that connects advertisers to top media publishers through placing advertisers' ads in ad inventories from other third-party online advertising platforms who are resellers of such media publishers. In other circumstances, we place advertisers' ads directly with media publishers as their designated resellers. For example, we connect with Facebook as a CEP, a type of authorised agent. On the other hand, we contract directly with TikTok as its reseller and we connect with Google both through its designated resellers and directly as a reseller ourselves to place advertisers' ads. Our business and prospect depend to a large extent on our ability to develop customer acquisition and ad optimisation capabilities in order to attract new advertisers and retain advertisers to place their ads through us as well as maintain partnerships with media publishers and their designated resellers so that we can have access to premium user traffic. However, as competition in the online advertising market continues to intensify, media publishers may partner with more and more online advertising agents in China as their direct resellers. There is no assurance that advertisers will continue to place ads through our platform as they may decide to place ads with other resellers. Certain media publishers may also allow advertisers to open accounts and place ads directly on their platforms, and we cannot assure you that advertisers will place ads using our platform instead of placing ads directly with media publishers if we are unable to maintain a competitive percentage of returned rebates to attract new advertisers and retain existing advertisers for our online advertising service. Such decisions may be beyond our control. Our business, results of operations and prospects will be materially and adversely affected if advertisers decide to place ads with other third-party online advertising platforms who are resellers of certain media publishers or, in certain cases, with media publishers directly.

RISK FACTORS

If the online advertising industry fails to continue to develop and grow, or if the online advertising market develops or grows more slowly than expected, our profitability and prospects may be materially and adversely affected.

Our business and prospects depend on the continuing development of the online advertising industry as we derive substantially all of our revenue from our online advertising services. Our profitability and prospects depend on the continuing development and growth of the online advertising industry and may be affected by a number of factors, many of which are beyond our control, including:

- technological innovation or new business models of the online advertising industry or the changing requirements of app developers;
- acceptance of online advertising as an effective marketing channel and the emergence of other alternative marketing channels;
- changes in government regulations or policies affecting the online advertising industry; and
- the growth of the world Internet industry in general.

There can be no assurance as to the development and growth of the online advertising industry.

If we do not effectively manage our growth, our operating performance will deteriorate and we may lose advertisers and media publishers.

We have experienced rapid growth in the number of our advertisers and our operations. We may experience continued growth in our business through internal growth and acquisitions or strategic alliances. Our expansion has placed, and will continue to place, substantial demands on our managerial, operational, technological and other resources. Our planned expansion will also require us to maintain the consistency of our service offerings to ensure that our market reputation does not suffer as a result of any deviations, whether actual or perceived, in the quality of our service offerings. Our future results of operations depend to a large extent on our ability to manage this expansion and growth successfully. In particular, continued growth may subject us to the following additional challenges:

- recruiting, training and retaining highly skilled personnel, including sales and marketing, IT and R&D, customer service and online advertising specialists for our growing international operations;
- challenge in successfully improving our online advertising platform to accommodate online development, new advertising pricing models and new user acquisition and monetisation demands;
- challenge in successfully improving our in-house optimisation capabilities via AdTensor platform to accommodate demands from advertisers;
- challenge in maintaining effective operational, financial and management controls across multiple jurisdictions, including increased challenges in consolidating financial results for subsidiaries and operations across different countries and regions; and

RISK FACTORS

- challenge in responding to evolving industry standards and government regulation that impact our growing international business, particularly in the areas of data protection and privacy.

There can be no assurance that our current platform, technology, procedures, resources and controls will be adequate to support our contemplated growth. If we fail to manage our growth effectively, our business, results of operations and prospects may be materially and adversely affected.

We expect to continue to experience intense competition. If we fail to compete effectively against other online advertising companies, we could lose advertisers or media publishers, and our revenue and profits may decline.

As demand for online advertising services continues to increase, we expect new competitors to enter these markets and existing competitors to allocate additional resources to these markets. In addition, our advertisers may potentially appoint more than one reseller or agent to help them conduct online ad campaigns at the same time. As a result, we expect competition in the online advertising industry to intensify. Our direct competitors are other resellers or agents in the online advertising business and they are primarily based in China. Our ability to compete depends on many factors, some of which are beyond our control, including:

- the popularity, usefulness, ease-of-use, performance and reliability of our services compared to those of our competitors;
- price, return on advertising expenditures and our ability to increase the revenue and profit margin;
- our ability to compete with our competitors for advertisers, business partners and agency relationship with media publishers;
- availability of quality ad inventories;
- our ability to identify and capture new market opportunities in advance of our competitors;
- our reputation and brand strength relative to our competitors;
- the effectiveness of our technologies;
- regulations or government policies in the markets where we operate;
- our ability to attract, retain, and motivate talented employees; and
- our ability to manage and grow our operations cost-effectively.

Certain of our existing and future competitors may have longer operating histories, broader reach and significantly greater financial, technical and marketing resources than we do. These competitors may engage in more extensive research and development, marketing campaigns and sales efforts than we can and develop or promote services that are similar to or better than ours. Furthermore, according to iResearch, China's overseas online advertising market is currently very scattered with a large number of online advertising agents connecting advertisers to designated resellers of media publishers or the

RISK FACTORS

media publishers themselves directly. If big players invest into China's online advertising market and dominate significant portions of the market size, it may result in a change in competitive landscape that affects our market position and demand for our online advertising services. New and increased competition is likely to result in price reductions, reduced margins or a loss of our market leading position, any of which could cause us to lose advertisers or media publishers, or decrease the advertising spending on our platform in a manner that causes our revenue to decline, which may materially and adversely affect our business, results of operations, profitability and financial conditions.

Our monetisation services and collection of data is currently limited to using API connections with media platforms, and we may be placed in a disadvantaged position against other online advertising platforms that use SDK integration.

We currently provide our monetisation services for media publishers by connecting through their API to our AdTensor platform, or manually. In addition, we do not collect our own user data and rely on the data provided by media publishers via API connection. At present, some online advertising platforms have shifted to using SDK integration to connect to media publishers and collect data. SDK can collect more types of data than API, such as data about the user's device environment information, types of apps installed on users' mobile devices, geographical location and impression data. In order to plan and optimise ad campaigns and effectively provide monetisation services, we need to access and analyse such information. Through SDK integration, there will also be a better and more precise audience targeting outcome. However, the installation of SDK requires higher cost, more technical capability and more time spent for coding, debugging and testing for connection with platforms. After listing and as our services expand, we may seek to connect with additional medium- and long-tail media publishers through SDK integration, which requires media publishers to install in order to provide us further comprehensive data.

If we continue to rely solely on API connections and fail to develop capabilities to integrate SDK or other forms of connection that may become available in the future, we may lose our competitive positioning and our business will be adversely affected.

Challenges to our right to collect and use data collected from third parties could significantly diminish the value of our technologies and services and cause us to lose advertisers and media publishers, and harm our business and results of operations.

We currently depend on media publishers' user data for our ad optimisation and monetisation services via our platform. Certain media publishers may prohibit or limit our collection or use of their data. Operating systems or certain user-end apps may also pose technical restrictions on media publishers' ability to legally collect device-specific data. Interruptions, failures or defects in their data collection systems, as well as privacy concerns regarding the collection of device-specific data, could also limit our ability to analyse such device-specific data. In addition, there is no assurance that the government will not adopt legislation that prohibits or limits collection of device-specific data on the Internet and the use of such data, or that third parties will not bring lawsuits against our media publishers relating to Internet privacy and data collection, which would in turn affect our usage of data. Due to the recent development of laws and regulations on data protection and privacy, other companies will be subject to more stringent requirements on data sharing with third-party, which may limit our ability to collect data from them. If any of the above happens, we may be unable to provide effective services, lose advertisers and media publishers, and our business, financial condition and results of

RISK FACTORS

operations would be adversely affected. Lawsuits or administrative inquiries could also be costly and divert management resources, and the outcome of such lawsuits or inquiries may be uncertain and may harm our business.

Misappropriation or misuse of privacy information could result in claims, changes to our business practices, monetary penalties, increased cost of operations, or a decline in advertisers, media publishers or user base, or otherwise harm our business.

We collect device-specific data, which include data in relation to user's demographics (such as gender, age and language), behaviour (such as travel), interest (such as shopping, gaming, food and beverages) and region (such as place of residence) from our media publishers' platforms. We currently do not collect or store any personal data such as the audience's legal name and personal ID number. As such, our targeting is technically device-based and is not associated with the real person who is the actual user of such device. We currently retain our data in secure database servers operated and maintained by three external cloud computing service providers. Although we observe security measures throughout our operations and limit access to such information, we cannot assure you that we will be able to prevent unauthorised individuals from gaining access to these database servers. Any unauthorised access to our servers, or abuse by our employees, could result in the theft or loss of privacy information. If privacy information is misappropriated, misused or lost, we could lose advertisers or media publishers, or become subject to liability or litigation and our reputation could be harmed, any of which could materially and adversely affect our business and results of operations.

Our business is subject to complex and evolving laws and regulations, in particular with respect to data privacy. Many of these laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to our business practices, monetary penalties, increased cost of operations, or declines in user growth or engagement, or otherwise harm our business.

We are subject to a variety of laws and regulations that involve matters central to our business, including privacy, data protection and personal information, rights of publicity, content, intellectual property, advertising, marketing, distribution, data security, data retention and deletion, electronic contracts and other communications, competition, protection of minors, consumer protection, telecommunications or taxation. The introduction of new services, or other actions that we may take may subject us to additional laws, regulations, or other government scrutiny.

In particular, proposed or new legislation and regulations on data privacy and data protection could significantly affect our business. For example, the European General Data Protection Regulation, or the GDPR, took effect in May 2018 and apply to all of our services that are provided in Europe. The GDPR will include operational requirements for companies that receive or process personal data of residents of the European Union that are different than those currently in place in the European Union. Failure to comply with the GDPR may result in substantial fines and other administrative penalties. The GDPR may increase our responsibility and liability in relation to device-specific data that we process and we may be required to put in place additional mechanisms ensuring compliance with the GDPR. This may be onerous and if our efforts to comply with the GDPR or other applicable European Union laws and regulations are not successful, it could adversely affect our business in the European Union.

RISK FACTORS

In addition, some countries are considering or have passed legislation implementing data protection requirements or requiring local storage and processing of data or similar requirements that could increase the cost and complexity of delivering our services. These laws and regulations, as well as any associated inquiries or investigations or any other government actions, may be costly to comply with and may delay or impede the development of new products, result in negative publicity, increase our operating costs, require significant management time and attention, and subject us to remedies that may harm our business, including fines or demands or orders that we modify or cease existing business practices.

If there is an increase in the portion of rebates returned to advertisers under the CPC/CPM pricing model, our financial results and results of operations may be materially and adversely affected.

Our revenue under the CPC/CPM pricing model primarily consists of rebates from our media publishers that are based on contractually stipulated percentages of advertisers' actual spending once certain spending thresholds are achieved. We may return a portion of these rebates to our advertisers to incentivise them and recognise net rebates as our revenue. As such, any increase in the portion of rebates received from media publishers returned to advertisers, whether due to requests from advertisers or our initiatives to retain our advertisers, as incentives to such advertisers will decrease our revenue and gross profits. Our rebates returned to CPC/CPM customers increased in 2018 compared to 2017 causing a decrease in revenue under the CPC/CPM pricing model in 2018. Our rebates returned to CPC/CPM customers decreased in 2019 compared to 2018 resulting in an increase in revenue under the CPC/CPM pricing model in the corresponding year. There can be no assurance that we will be able to control or maintain the portion of returned rebates. Further, new competitors and existing competitors may increase portion of returned rebates to attract new advertisers and retain existing advertisers. Increases in the portion of rebates returned to advertisers under the CPC/CPM pricing model may materially and adversely affect our financial results and results of operations.

If we fail to effectively manage and control our traffic acquisition costs, our gross profit, and financial results will be materially and adversely affected.

A substantial portion of our revenue is generated under the CPA pricing model under which we charge our advertisers only if users have performed a specified action such as an installation as a result of the advertisements. We pay our media publishers traffic acquisition costs for placing advertisements in their ad inventories.

We seek to ensure that our traffic acquisition costs will not exceed the service fees we receive from the advertiser. However, we rely on historical data to conduct analysis and set ad placement strategies; if our ad placement strategies do not lead to expected advertising targets, we may incur more costs than predicted, which will affect our gross profit, and if we cannot effectively manage such costs, our profitability and financial results will be adversely affected.

In addition, although we, through a third party tracking system, monitor user traffic and pay close attention to unusual traffic, there is no assurance that there will not be illegitimate or fraud clicks on advertisements, which would lower the return on our advertisers' investment and hence their willingness to use our services would be adversely affected. Any of these events will impair the performance of our online advertising business, reduce customer satisfaction, and lead to loss of customers, which could harm our reputation and adversely affect our business, financial condition, results of operations and prospects. Moreover, we depend on the accuracy and genuineness of data

RISK FACTORS

provided by media publishers in evaluating the effectiveness of our advertisers' ad campaigns and determining the advertising fees that we receive from advertisers and the traffic acquisition costs that we pay to our media publishers. If the advertising performance data or other data provided by media publishers is inaccurate or fraudulent, we will not be able to improve user targeting precision and achieve better performance for our advertisers' advertisements and greater monetisation efficiency for our media publishers.

If we fail to comply with legal or regulatory requirements or obtain the requisite approvals, licences or permits applicable to our business, it may have a material adverse effect on our business and results of operations.

The laws and regulations on the online advertising and Internet-related businesses, and the licensing and permit requirements pertaining to, companies in the Internet and online advertising industries, are relatively new and evolving. The interpretation and enforcement of these laws and regulations also involve significant uncertainties. As a result, in certain circumstances it may be difficult to determine what may be deemed to be in violation of applicable laws and regulations. There can be no assurance you that we have obtained all the permits or licences required for conducting our business in the jurisdictions where we operate or will be able to maintain our existing licences or obtain new ones.

If any government considers that we were operating without the proper approvals, licences or permits or promulgates new laws and regulations that require additional approvals or licences or imposes additional restrictions on the operation of any part of our business, it has the power, among other things, to levy fines, confiscate our income, revoke our business licences, and require us to discontinue our relevant business or impose restrictions on the affected portion of our business. Any of these actions by such government may have a material adverse effect on our business and results of operations.

If we fail to provide up-to-standard ad content to our media publishers or quality ad inventories to our advertisers, it could harm our brand and reputation and negatively impact our business, financial conditions and operating results.

We provide advertisers' ad content to media publishers' platforms, and we also provide ad inventories to our advertisers that enable them to reach a wide audience through media publishers. Both advertisers and media publishers are concerned about being associated with contents they consider inappropriate or inconsistent with their brands, or illegal. Additionally, advertisers may seek to display ad campaigns in jurisdictions that do not permit such advertising. There is no assurance that we will be able to effectively monitor issues related to ad creatives or to block fraudulent inventories. Despite our efforts, we may provide access to ad inventories that is objectionable to our advertisers or we may serve ad content that contains malware or objectionable content to our media publishers. If we fail to provide services that our advertisers and media publishers trust, it could harm our or our clients' brand and reputation, and negatively impact our business, financial conditions and operating results.

RISK FACTORS

Our technology for predicting target audience for advertisements may be or may become flawed or ineffective, and we may fail to improve the marketing results for advertisers.

Our ability to attract advertisers to, and build trust in, our online advertising services depends significantly on our ability to effectively assess and predict audience interest in relevant marketing content. We utilise our proprietary algorithms and AdTensor to optimise the placement of advertisements and increase ROI for advertisers. Please refer to “Business — AdTensor — Our Ad Optimisation and Management Platform” in this prospectus for further details.

The data we have access to may not be relevant to all industries, and for certain industries, we may not have sufficient user data to ensure that our algorithms and data engines would work effectively. Further, we do not generally verify the data we gather, which may be subject to fraud or are otherwise inaccurate. Even if such data are accurate, they may become irrelevant or outdated and as a result, may not reflect a user’s genuine interest or accurately predict his or her interaction with a given marketing message despite our ability to generate reports for our advertisers on a real-time or specified time basis to manage user traffic. For example, following the time we obtain the relevant data, a user’s interest and behavioural pattern may change or he or she may have already completed a transaction and is no longer interested in the marketing message.

In addition, we anticipate significant growth in the amount of data we process as we continue to develop new services and features to meet evolving and growing advertisers’ demands. As the amount of data and variables we process increases, our algorithms and AdTensor platform process increasingly complex calculations and as a result, the likelihood of defects and errors increases. To the extent our proprietary algorithms and AdTensor fail to accurately assess or predict a user’s interest in and interaction with relevant marketing content, or experience significant errors or defects, advertisers may not achieve their marketing goals in a cost-effective manner or at all, which could make our platform less attractive to them, result in damages to our reputation and a decline in our market share and adversely affect our business and results of operations.

Any breaches to our security measures, including unauthorised access to AdTensor, computer viruses and hacking, may adversely affect our database and our AdTensor platform, reduce use of our services and damage our reputation and brand names.

The volume of data that we process makes us or third party service providers who host our servers an attractive target and potentially vulnerable to cyber attacks, computer viruses, physical or electronic break-ins or similar disruptions. Any accidental or wilful security breaches or other unauthorised access to our AdTensor platform or the systems of third-party cloud service providers that store our data could cause confidential information to be stolen and used for illegal purposes. Security breaches or unauthorised access to confidential information could also expose us to liability related to the loss of the information, time-consuming and expensive litigation and negative publicity. If security measures are breached because of third party action, employee error, malfeasance or otherwise, or if design flaws in our technology infrastructure are exposed and exploited, our relationships with our advertisers and media publishers could be severely damaged, we could incur significant liability and our business and operations could be adversely affected. While we have adopted measures to comply with the applicable laws, regulations and standards, there can be no assurance that such measures will be effective. If we were found by any regulatory authorities to have failed to comply with applicable data security laws and regulations, we would be subject to warnings, fines, confiscation of illegal gains, revocation of licences, cancellation of filings, shutdown of our platform or even criminal liability and our business, financial condition and results of operations would be adversely affected.

RISK FACTORS

If AdTensor or any additional platforms that we may develop in the future or our IT infrastructure is interrupted or contains undetected errors, our business could be adversely affected.

Our operations, including our connectivity with media publishers' platforms, as well as our capability in analysing data and optimising advertisements, primarily rely on AdTensor and our IT infrastructure. Our technology and IT infrastructure depend on the ability of our AdTensor platform's softwares to retrieve, process and manage immense amount of data. We may develop additional platforms or IT infrastructure in the future for our business. The software on which AdTensor and we rely may now or in the future contain undetected errors or bugs which may lead to failure or non-performance of key functions of AdTensor which are key to our operations. Errors or other design defects within the softwares on which we rely may result in a negative experience for our advertisers and media publishers, delay introductions of new features or enhancements, result in errors or compromise our ability to protect data or our intellectual property. Any errors, bugs or defects discovered in the software on which we rely could result in harm to our reputation including the reputation of our AdTensor platform, loss of advertisers and media publishers or liability for damages. In addition, since we rely on the performance of our media publishers to deliver the advertisements, any interruption or failure of their information technology and communications systems which result in the disconnection of API between the media publisher and our AdTensor may undermine the effectiveness of our advertising services and cause us to lose advertisers. Any of these incidents could adversely affect our business, results of operations and financial conditions.

Seasonal fluctuations in advertising activity could have a material impact on our revenue, cash flow and operating results.

Our revenue, cash flow, operating results and other key operating and performance indicators are subject to seasonal fluctuations of our advertisers' advertising spending on ad campaigns. For example, many advertisers allocate the largest portion of their budgets during festive seasons when increased consumer spending is expected. Moreover, ad inventories in holiday seasons may be more expensive due to increased demand for ad inventories. We expect our revenue to continue to fluctuate based on seasonal factors that affect the online advertising industry as a whole. Our historical revenue growth has masked the impact of seasonality, but if our growth rate declines or seasonal advertising spending becomes more pronounced, seasonality could have a material impact on our revenue, cash flow and operating results from period to period.

We plan to expand our operations in overseas jurisdictions where we have limited or no operating experience, and this may subject us to increased business and economic risks that could affect our financial results.

As part of our business strategy, we plan to enhance our local service capabilities by setting up subsidiaries in key overseas markets to expand our global coverage and increase the scope and depth of our global cooperation with advertisers and publishers. We may enter into new international markets where we have limited or no experience in mobile advertising or other services we may intend to provide. If we fail to deploy, manage, or oversee our international operations successfully, our business may suffer. In addition, we are subject to a variety of risks inherent in doing business internationally, including:

- political, social, or economic instability;

RISK FACTORS

- foreign exchange controls and tax and other regulations and orders that might limit our ability to move cash freely, and impede our ability to invest such cash efficiently;
- risks related to legal, regulatory, and other government scrutiny applicable to us with our provision of services and operations in foreign jurisdictions, including with respect to data privacy, tax, law enforcement, content, trade compliance, intellectual property, and terrestrial infrastructure matters;
- potential damage to our brand and reputation due to compliance with local laws, including potential censorship or requirements to provide user information to local authorities;
- fluctuations in currency exchange rates and compliance with currency controls;
- higher levels of credit risk and payment fraud;
- enhanced difficulties of integrating any foreign acquisitions;
- difficulties in staffing, managing, and overseeing global operations and the increased travel, infrastructure, and legal compliance costs associated with multiple international locations;
- difficulties in gaining an in-depth understanding of local markets and cultures;
- risks related to our ability to establish cooperation relationships with international partners, including local banks who provide us with support for international settlement and credit facilities; and
- compliance with statutory equity requirements and management of tax consequences.

If we are unable to manage the complexity of our global operations and expand our global reach successfully, our financial results could be adversely affected.

We face potential liability and harm to our business based on the nature of our business and the content on our platform.

Though we contractually require advertisers to represent to us that they ensure their advertisements comply with applicable laws and regulations, we do not conduct a thorough verification of the content of such advertisements. If any of these representations are untrue, we may be exposed to potential liability and our reputation may be damaged. While our advertisers are typically obligated to indemnify us, such indemnification may not fully cover us, or we may not be able to collect. In addition to settlement costs, we may be responsible for our own litigations costs, which can be expensive.

Under the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》) (the “**Advertising Law**”), and the Interim Measures for Administration of Internet Advertising (《互聯網廣告暫行辦法》), the advertiser shall be responsible for the veracity of the content of the advertisement, and where an advertising operator provides advertising design, production or agency services with respect to an advertisement when it knows or should have known that the advertisement is fraudulent, misleading, or otherwise illegal, the competent PRC authority may confiscate the advertising operator's advertising revenue from such services, impose penalties, order it to cease dissemination of such false,

RISK FACTORS

fraudulent, misleading or otherwise illegal advertisement or correct such advertisement, or suspend or revoke its business licences under certain serious circumstances. Under the Advertising Law, “advertising operators” include any natural person, legal person or other organisation that provides advertising design, production, or agency services to advertisers for their advertising activities. As our advertising services include provision of design services and ad optimisation services to advertisers, we are deemed as an “advertising operator” under the Advertising Law. We cannot ensure (i) that each advertisement we place on media publishers’ platforms complies with all PRC laws and regulations relevant to advertising activities; (ii) that supporting documentation provided by our customers is authentic or complete; or (iii) that we are able to identify and rectify all related non-compliances in a timely manner.

Any negative publicity with respect to us, the online advertising industry in general or our partners may materially and adversely affect our reputation, business and results of operations.

Complaints, litigation, regulatory actions or other negative publicity that arise about the online advertising industry in general or our company in particular, including on the quality, effectiveness and reliability of our online advertising solutions, our proprietary platform, privacy, security practices, marketing content, even if groundless, could adversely affect our reputation and advertisers’ confidence in us. Damage to our reputation and advertisers’ confidence can also arise for many other reasons, including employee misconduct, misconduct of media publishers or their resellers whom we partner with or other counterparties, failure by these persons or entities to meet minimum quality standards or otherwise fulfil their contractual obligations or to comply with applicable laws and regulations. Additionally, negative publicity with respect to our data, AdTensor, or media publishers could also affect our business and operations to the extent that our business and operations rely on these partners. Moreover, we are vulnerable to adverse market perception as we operate in an industry where integrity, customer trust, and confidence are critical. Litigation and disputes, misconduct of our personnel, changes in senior personnel, customer complaints, and outcome of regulatory investigations or penalties on us may harm our reputation. Any damage to our reputation may cause our existing and potential advertisers to be reluctant to procure services from us in the future and therefore may have a material adverse impact on our business, results of operations, financial conditions and prospects.

We are exposed to foreign exchange risks arising from our business operations.

During the Track Record Period, we generated a majority of our revenue in USD and the remaining portion of our revenue in RMB. We paid traffic acquisition costs to our media publishers mainly in USD, and a significant portion of our operating expenses were denominated in RMB. The value of RMB against USD or other currencies, may fluctuate and is affected by, among other things, changes in global political and economic conditions, which are out of our control. Therefore, any fluctuations in the exchange rate of RMB against other currencies may expose us to exchange rate risks, and our results of operations may be adversely affected.

We did not hedge our foreign exchange risk during the Track Record Period. Please refer to Note 28 of the Accountants’ Report set out in Appendix I to this prospectus for a sensitivity analysis on our profit after tax during the Track Record Period.

RISK FACTORS

A severe or prolonged downturn in the domestic or global economy could materially and adversely affect our business and financial condition.

We generate revenue from advertisers that place their ads through us on media publishers globally. Consequently, our business is subject to the domestic and global economic conditions. The global macroeconomic environment is facing challenges. For example, the Chinese economy has shown slower growth compared to the previous decade and the trend may continue. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China. There have been concerns over unrest and terrorist threats in the Middle East, Europe and Africa, which have resulted in market volatility. There have been concerns on the relationship between China and other countries, including the surrounding Asian countries, which may potentially have economic effects. There have also been concerns on the potential trade war initiated by the United States against China and other countries. Economic conditions in markets where we operate are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate. Any severe or prolonged slowdown in the global or the markets where we operate may materially and adversely affect our business, results of operations and financial condition. A severe or prolonged downturn in the domestic or global economy could materially and adversely affect our business and financial condition.

We may not be able to prevent others from making unauthorised use of our intellectual property.

We regard our trademarks, copyrights, domain names, know-how, proprietary technologies and similar intellectual property as critical to our success, and we rely on a combination of intellectual property laws and contractual arrangements, including confidentiality and non-compete agreements with our employees and others to protect our proprietary rights. Please refer to “Business — Intellectual Property” in this prospectus for further details. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages.

It may be difficult to maintain and enforce intellectual property rights in China. Statutory laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently. Confidentiality, invention assignment and non-compete provisions may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights in all jurisdictions. Preventing any unauthorised use of our intellectual property is difficult and costly and the steps we take may be inadequate to prevent the misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources. We can provide no assurance that we will prevail in such litigation. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. To the extent that our employees use intellectual property owned by others in their work for us, disputes may arise as to the rights in related know-how and inventions. Any failure in protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

RISK FACTORS

We may be subject to intellectual property infringement claims, which may be time consuming and costly to defend.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, patents, copyrights, know-how or other intellectual property rights held by third parties. We may be from time to time in the future subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be third-party trademarks, patents, copyrights, know-how or other intellectual property rights that are infringed by our products, services or other aspects of our business without our awareness. Holders of such intellectual property rights may seek to enforce such intellectual property rights against us in various jurisdictions. If any third party infringement claims are brought against us, we may be forced to divert management's time and other resources from our business and operations to defend against these claims, regardless of their merits.

Additionally, the application and interpretation of intellectual property right laws and the procedures and standards for granting trademarks, patents, copyrights, know-how or other intellectual property rights are evolving and may be uncertain, and we cannot assure you that courts or regulatory authorities would agree with our analysis. If we were found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. As a result, our business and financial performance may be materially and adversely affected.

We may be subject to legal proceedings in the ordinary course of our business. If the outcomes of these proceedings are against us, it could have a material adverse effect on our business, results of operations and financial condition.

We may be subject to legal proceedings from time to time in the ordinary course of our business, which could have a material adverse effect on our business, results of operations and financial condition. We may receive formal and/or informal inquiries from government authorities and regulators regarding our compliance with laws and regulations, many of which are evolving and subject to interpretation. Claims arising out of actual or alleged violations of law could be asserted against us by advertisers, by media publishers, by competitors, or by governmental entities in civil or criminal investigations and proceedings or by other entities. These claims could be asserted under a variety of laws and regulations in different jurisdictions, including but not limited to advertising laws, Internet information services laws, intellectual property laws, unfair competition laws, data protection and privacy laws, labour and employment laws, tort laws, contract laws, property laws and employee benefit laws. We may also be subject to lawsuits due to actions by our media publishers or advertisers.

There is no guarantee that we will be successful in defending ourselves in legal and administrative actions or in asserting our rights under various laws. Even if we are successful in our attempt to defend ourselves in legal and administrative actions or to assert our rights under various laws, enforcing our rights against various parties involved may be expensive, time-consuming and ultimately futile. These actions could expose us to negative publicity and to substantial monetary damages and legal defence costs, injunctive relief and criminal and civil fines and penalties, including but not limited to suspension or revocation of licences to conduct business.

RISK FACTORS

Non-compliance with the IRO could lead to imposition of penalties or additional tax.

HongKong AdTiger did not timely file its profits tax returns for the financial years 2016/17 and 2017/18 in accordance with the requirements under section 51(2) of the IRO. According to the tax assessment by the IRD, the total income tax payable by HongKong AdTiger for the tax years of 2016/17, 2017/18 and 2018/19 in aggregate shall be HK\$7,057,886. No surcharge was imposed by the IRD in its tax assessment. We had fully paid the tax payable by HongKong AdTiger for the tax years of 2016/17, 2017/18 and 2018/19 as of 4 June 2020. Please refer to “Business — Legal Proceedings and Compliance — Non-compliance Incident” in this prospectus for further details.

As of the Latest Practicable Date, we had not received any notices, inquiries, investigations, field audits, prosecutions or penalties from the IRD regarding HongKong AdTiger’s late filing of its profits tax returns for the financial years of 2016/17 and 2017/18. Under the IRO, the maximum financial penalty for HongKong AdTiger in respect of its late filing is treble the tax amount undercharged and a maximum additional fine of HK\$10,000 in the case where prosecution is initiated. We are advised by the Legal Counsel that, based on the available documents provided to him and in consideration of the circumstances in relation to the incident, the maximum penalty is highly unlikely to be imposed or levied against HongKong AdTiger. As of the Latest Practicable Date, we had not received any notices, inquiries, investigations, field audits, prosecutions or penalties from the IRD regarding HongKong AdTiger’s late notification of its chargeability for 2016/17 and 2017/18 profits tax. We have also taken remedial actions set out in detail in “Business — Legal Proceedings and Compliance — Non-compliance Incident” in this prospectus. However, there is no assurance that the IRD will not take any action against HongKong AdTiger that could result in penalties or even maximum penalty.

Non-compliance on the part of third parties with whom we conduct business could adversely affect our business.

Our business partners such as our media publishers and advertisers, as well as other third parties online advertising platforms who entered into business relationships with our business partners, may be subject to regulatory penalties or punishments because of their regulatory non-compliance, which may, directly or indirectly, disrupt our business. We cannot be certain whether such third party has infringed or will infringe on any other parties’ legal rights or violate any regulatory requirements. We cannot rule out the possibility of incurring liabilities or suffering losses due to any non-compliance by third parties.

We cannot assure you that we will be able to identify irregularities or non-compliances in the business practices of our business partners or other third parties, or that such irregularities or non-compliance will be corrected in a prompt and proper manner, or at all. The legal liabilities and regulatory actions on our business partners may affect our business activities and reputation, and may in turn affect our results of operations.

We depend on our senior management and other key employees, and our business and growth prospects may be severely disrupted if we lose their services or are unable to attract new employees to replace these key personnel

Our business operations depend on the continued services of our senior management and other key employees. In particular, we rely on the expertise, experience and leadership ability of our core senior management members who have been critical to the strategic direction and overall management of our Company. Furthermore, most of our major customers were introduced to us through our Founders’ relationships with the customers during the Track Record Period.

RISK FACTORS

While we have provided incentives to our management, we cannot assure you that we can continue to retain their services. If one or more of our key personnel are unable or unwilling to continue in their present positions within our Company, we may not be able to replace them easily or at all, which may cause a significant disruption to our business operations, strategic plan and strategy implementation, and materially and adversely affect our financial condition and results of operations. In addition, although we have entered into confidentiality and non-competition agreements with our management, there is no assurance that any member of our management team will not join our competitors or form a competing business. If any dispute arises between our current or former officers and us, we may have to incur substantial costs and expenses in order to enforce such agreements or we may not be able to enforce them at all.

Furthermore, since the demand and competition for talent is intense in our industry, we may need to offer higher compensation and other benefits in order to attract and retain key personnel in the future, which could increase our compensation expenses.

Misconduct of our personnel could harm our reputation and business

Misconduct of our personnel could result in violation of laws by us, regulatory sanctions against us, and material reputational or financial damage. Such misconduct includes conducting unauthorised or unsuccessful activities resulting in unknown and unmanaged risks or losses, improperly using or disclosing confidential information, engaging in fraudulent acts, or otherwise not complying with laws or our internal control procedures. We cannot assure you that there will not be any misconduct of our personnel, and the precautions we take to prevent and to detect such activity may not be effective in all cases. We could also suffer from adverse publicity, reputational damage, or litigation losses that may arise from the misconduct by our personnel, which may have a material adverse effect on our business, financial condition, and results of operations.

Our risk management and internal controls also depend on their effective implementation by our employees. We cannot assure you that such implementation will not involve any human errors or mistakes, which may materially and adversely affect our business and results of operations. As we are likely to offer a broader and more diverse range of services and solutions in the future, the diversification of our service offerings will require us to continue to enhance our risk management capabilities. If we fail to timely adapt our risk management policies and procedures to our changing business, our business, results of operations, and financial condition could be materially and adversely affected.

In addition, we have expended significant resources to grow our business in recent years by enhancing our technology capabilities and IT infrastructure and growing our number of employees, specially in-house optimisers and designers. We anticipate continued expansion that could require substantial financial and other resources to, among other things:

- invest in our IT infrastructure including, but not limited to, investment in SDK integration, to improve the capability of our AdTensor platform;
- invest in our in-house optimisers and designers in an effort to enhance our advertising services;
- invest in our IT team to innovate and improve our IT services;

RISK FACTORS

- expand our global reach in an effort to increase our advertiser and media publisher base internationally; and
- explore strategic acquisitions.

Our expenditures may not yield the anticipated returns or benefits to our business, and if we fail to effectively manage our costs, we may not be able to sustain profitability.

We may face certain risks in collecting our trade receivables, and the failure to collect could have a material adverse effect on our business, financial condition and results of operation.

As of 31 December 2019, our trade receivables were RMB140.7 million. Our trade receivables turnover days were 35.0 days in 2019. We recorded impairment losses on trade receivables of RMB0.5 million, RMB0.1 million and RMB0.8 million for the years ended 31 December 2017, 2018 and 2019, respectively. As our business continues to scale, our trade receivable balance may continue to grow, which may increase our risks for uncollectible receivables. Our credit period is generally one month, extending up to three months for major customers. We generally do not require collateral or other credit enhancement over our trade receivables. If we are unable to collect our trade receivables from our customers in a timely manner, our business, financial condition and results of operation may be materially and adversely affected.

If our customers delay in settlement of our invoices or if we fail to collect trade receivables from related parties, our credit risk will increase and our business, financial conditions and results of operations may be materially and adversely affected.

We are exposed to credit risk in relation to our trade receivables from customers and from related parties. Our trade receivables amounted to RMB88.6 million, RMB82.4 million and RMB140.7 million as of 31 December 2017, 2018 and 2019, respectively. Our trade receivables include amounts due from our related parties of RMB11.5 million, RMB3.0 million and RMB2.1 million as of 31 December 2017 and 2018 and 2019, respectively, which are repayable on credit terms from one to 12 months. As of 31 December 2017, 2018 and 2019, the balance of our trade receivables turnover days were 47.9 days, 36.8 days, and 35.0 days, respectively. Please refer to “Financial Information — Selected Balance Sheet Items — Trade Receivables” in the prospectus for a detailed discussion on the measures we adopted to strengthen our credit control. Our business operations and cash flow are subject to the risk of delay in settlement from our customers. Our customers’ settlement date may be affected by their internal policies and we cannot assure you that our debtors/customers will settle in a timely manner. Our effort in strengthening our trade receivable collection and management may not be effective and we cannot assure you that we will be able to fully recover the outstanding amounts due from our customers, including debtors/customers, if at all, or that our customers or related parties will settle the amounts in a timely manner.

There is no assurance that our intra-group transactions will not be subject to tax adjustments by competent authorities.

During the Track Record Period, we provided online advertising services through HongKong AdTiger and Beijing AdTiger. The intra-group transactions between HongKong AdTiger and Beijing AdTiger involved the provision of ad design, optimisation services, communications with customers and related administrative support by Beijing AdTiger to HongKong AdTiger. Through the advertising agency relationship HongKong AdTiger has with our overseas media publishers, HongKong AdTiger

RISK FACTORS

settled with our overseas media publishes for purchase of ad inventories and entered into service contracts directly with overseas customers. We have in place a service agreement between HongKong AdTiger and Beijing AdTiger to regulate the intra-group transactions. The Legal Counsel has confirmed that the intra-group transactions between HongKong AdTiger and Beijing AdTiger during the Track Record Period satisfies the arm's length principle and is consistent with the analytic approach recommended under Organisation for Economic Cooperation and Development (OECD) Rules mentioned in the IRO. Our PRC Legal Adviser has also confirmed that the terms of the service agreement between HongKong AdTiger and Beijing AdTiger, including the terms of service scope, service fee, pricing basis and tax liability, do not violate any mandatory provisions of applicable PRC laws and regulations. Our Directors, after consultation with RSM Tax Advisory (Hong Kong) Limited (the "**Tax Adviser**"), are of the view that the intra-group transactions were conducted on an arm's length basis in accordance with the relevant applicable laws and regulations in Hong Kong and the PRC. As of the Latest Practicable Date, our Directors were not aware of any outstanding enquiry, audit, investigation or a demand or challenge for additional tax payment by any tax authorities with respect to our intra-group transactions.

There is no assurance that the relevant tax authorities would not subsequently challenge the appropriateness of our intra-group transactions arrangement or that the relevant regulations or standards governing such arrangement will not be subject to future changes. If the relevant tax authorities later find that the pricing policy and the terms that we applied are not appropriate, such authorities may require us to re-assess our pricing policy and re-allocate the income or adjust the taxable income. Any such reallocation or adjustment could result in a higher tax liability for us and may adversely affect our business, financial condition and results of operation.

Our limited insurance coverage could expose us to significant losses and business disruption.

We do not maintain any insurance policies covering potential losses or damages in respect of our operations. Any uninsured occurrence of including, among others, business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could have a material adverse effect on our results of operations. The insurance industry in China is still at an early stage of development, and insurance companies in China currently offer limited business-related insurance products. As such, we may not be able to insure against certain risks related to our assets or business even if we desire to. If we were to incur substantial losses or liabilities due to fire, explosions, flood, or other natural disasters, disruption in our network infrastructure or business operations, or any material litigation, our results of operations could be materially and adversely affected. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Our Controlling Shareholders have significant influence over our Company and their interests may not be aligned with the interests of other Shareholders.

Immediately following the Capitalisation and the Global Offering, our Controlling Shareholders will hold in aggregate approximately 60% of our Shares, assuming the Over-allotment Option is not exercised. Our Controlling Shareholders will, through their voting power at the shareholders meetings and his delegates on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional shares or other equity securities, timing and amount of dividend payments, and our management. Our Controlling Shareholders may not act in the best interests of our minority

RISK FACTORS

Shareholders. In addition, without the consent of our Controlling Shareholders, we could be prevented from entering into transactions that could be beneficial to us. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company.

We face risks related to natural disasters, health epidemics, and other public safety concerns.

Our business could be materially and adversely affected by natural disasters, health epidemics or pandemic of infections diseases (including without limitation, COVID-19) or other public safety concerns. Natural disasters may give rise to server interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to operate our platform and provide solutions. Our business could also be adversely affected if our employees are affected by health epidemics. In addition, our results of operations could be adversely affected to the extent that any health epidemic harms the national economy in general. The outbreak of COVID-19 in the early 2019 in Wuhan and other areas of China has resulted in numerous confirmed cases and deaths. Any future outbreak of COVID-19, avian flu or other similar adverse epidemics may, among others, significantly disrupt our business. If there is any disruption to transportation or even our office is forced to close during our usual operating hours, our normal business operation including ad optimisation and ad placement may be delayed to the extent that the ad campaigns are not managed by automatic rules operated by AdTensor. The frequency and magnitude of effect brought by these risks are beyond our control and we could not guarantee that our IT infrastructure that allow for remote access of computer systems could adequately support our business operations. Also, the outbreak may severely affect and restrict the level of economic activity as the government may impose regulatory or administrative measures quarantining affected areas or other measures to control or contain the outbreak of the infectious disease, which in turn may have a material and adverse effect on our business, financial position and results of operations. There is also no assurance that the COVID-19 outbreak will not further escalate or have a material adverse effect on our results of operations. To minimise the impact of the COVID-19 outbreak, we have also implemented company-wide self protection policies for employees to either work remotely or onsite with protective measures. Please refer to “Summary — Recent Development and Outbreak of COVID-19” in this prospectus for further details. Currently, most of our management and employees reside in Beijing. Consequently, if any natural disasters, health epidemics or other public safety concerns were to affect Beijing or in our other office in Hong Kong, our operations may experience material disruptions, which may materially and adversely affect our business, financial conditions and results of operations.

RISK FACTORS

RISKS RELATING TO CONDUCTING BUSINESS IN CHINA

Changes in China's economic, political, and social conditions, as well as government policies may have an adverse effect on us.

We place advertisements globally for our advertisers while the majority of our operations are conducted in China. Accordingly, PRC economic, political, and social conditions, as well as government policies significantly affect our business, financial condition, results of operations, and prospects. The Chinese economy differs from the economies of most developed countries in many respects, including the structure, degree of government involvement, level of development, growth rate, control of foreign exchange, and allocation of resources. While the Chinese economy has experienced significant growth in the past decades, growth has been uneven both geographically and across different sectors.

The PRC government exercises significant control over China's economic growth through strategically allocating resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Although the Chinese economy has grown significantly in the past decade, that growth may not continue and any slowdown may have a negative effect on our business. Any adverse change in the economic, political and social conditions as well as government policies in the PRC laws, regulations and policies could materially and adversely affect China overall economic growth, and such impact could adversely affect our businesses, leading to a reduction in demand from advertisers, which could adversely affect our competitive position.

The legal system of China is not fully developed, and inherent uncertainties may affect the protection afforded to our business and our Shareholders.

The legal system in China is a civil law system based on written statutes and PRC laws and regulations are interpreted by the Standing Committee of the National People's Congress. Unlike common law systems, it is a system in which decided legal cases have little precedential value. The legal system in China evolves rapidly, and the interpretations of many laws, regulations and rules may contain inconsistencies. In addition, PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms. Therefore, it is difficult to evaluate the outcome of administrative and court proceedings and the actual level of legal protection we enjoy. These uncertainties may affect our judgement on the relevance of legal requirements and our decisions on the measures and actions to be taken to comply therewith, and may affect our ability to realise our rights under laws in connection with contract or tort. Further, we cannot predict the effect of future legal developments in China, particularly with regard to internet-related industries, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-exemption of local regulations by national laws. We cannot therefore assure that we will enjoy the same level of legal protection in the future, nor such new laws and regulations will not affect our operations, causing adverse effects on our financial condition and results.

PRC Governmental control of currency conversion may limit our ability to utilise our revenue effectively and affect the value of your investment.

The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of money out of China. Shortages in the availability of foreign currency may restrict the ability of Beijing AdTiger to remit sufficient foreign currency to pay

RISK FACTORS

dividends or other payments to our Company, or otherwise satisfy the foreign currency-denominated obligations. Approval or registration from SAFE or its local branch is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders.

The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. Under existing PRC foreign exchange regulations, payment of certain current account items can be made in foreign currencies without prior approval from the local branch of the SAFE by complying with certain procedural requirements. However, approval from appropriate government authorities is required where Renminbi is to be converted into foreign currencies and remitted out of China to pay capital expenses. The PRC government may also exercise its discretion to restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our shareholders.

Fluctuations in the value of the Renminbi may materially and adversely affect your investment.

The conversion of Renminbi into foreign currencies, including Hong Kong dollar and U.S. dollars, is based on rates set by the People's Bank of China. On 30 November 2015, the Executive Board of the International Monetary Fund completed the regular five-year review of the basket of currencies that make up the Special Drawing Right (the "SDR") and decided that with effect from 1 October 2016, Renminbi is determined to be a freely usable currency and will be included in the SDR basket as a fifth currency, along with the U.S. dollar, the Euro, the Japanese yen, and the British pound. With the development of the foreign exchange market and progress toward interest rate liberalisation and Renminbi internationalisation, the PRC government may in the future announce further changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the Hong Kong dollar or the U.S. dollar in the future.

The net proceeds from the Global Offering are expected to be deposited overseas in currencies other than Renminbi. In case we decide to use a portion of the proceeds in China, we need to obtain necessary approvals and filings from relevant PRC regulatory authorities to convert these proceeds into onshore Renminbi. If the net proceeds cannot be converted into onshore Renminbi in a timely manner, our ability to deploy these proceeds efficiently may be affected, as we will not be able to invest these proceeds on RMB-denominated assets onshore or deploy them in uses onshore where Renminbi is required, which may adversely affect our business, results of operation and financial condition.

It may be difficult to effect service of process upon us, our Directors or our executive officers who reside in China or to enforce against them or us in China any judgements obtained from non-PRC courts.

The majority of our Directors and senior management reside in China and their assets may also be substantially located in China. Accordingly, it may not be possible for investors to effect service of process from outside China upon us or these persons or to enforce against us or them in China any judgements obtained from non-PRC courts. China does not have treaties providing for the reciprocal recognition and enforcement of judgements of courts with the Cayman Islands, the United States, the United Kingdom, Japan, and many other countries or jurisdictions. Therefore, the recognition and enforcement in China of judgements of a court in any of these jurisdictions may be difficult or even impossible.

RISK FACTORS

The Supreme People's Court of the PRC and the Government of Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院互相認可和執行當事人協議管轄的民商事案件判決的安排》) (the “**2006 Arrangement**”) on 14 July 2006, and further signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “**2019 Arrangement**”). The 2019 Arrangement establishes a bilateral legal mechanism with greater clarity and certainty for reciprocal recognition and enforcement of judgements between Hong Kong and the PRC in civil and commercial matters under both Hong Kong and PRC law. The 2019 Arrangement will only take effect on a date to be announced by Hong Kong and China, after both places have completed the necessary procedures to enable implementation and will apply to judgements made by the courts of Hong Kong and China on or after the commencement date of the 2019 Arrangement. Upon effective date of the 2019 Arrangement, the 2006 Arrangement will be superseded. However, the 2006 Arrangement will remain applicable to a “choice of court agreement in writing” within the meaning of 2006 Arrangement which is made before the effective date of 2019 Arrangement. Although the 2019 Arrangement has been signed, it remains unclear as to its effective date and uncertain as to the outcome and effectiveness of any action brought under the 2019 Arrangement.

We may be classified as a PRC resident enterprise for PRC income tax purposes, which could result in unfavourable tax consequences to us and our non-PRC shareholders.

Under the PRC EIT Law, and its implementation rules, an enterprise established outside of the PRC with a “de facto management body” within the PRC is considered a resident enterprise and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control over and overall management of the business, productions, personnel, accounts and properties of an enterprise. In 22 April 2009, the SAT issued the Circular of the State Administration of Taxation on Issues Concerning the Identification of Chinese-Controlled Overseas Registered Enterprises as Resident Enterprises in Accordance With the Actual Standards of Organisational Management (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) implemented from 1 January 2008 (the “**SAT Circular 82**”), which provides certain specific criteria for recognising the “de facto management body” when all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organisations or personnel in China; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in China; and (iv) at least 50% of voting board members or senior executives habitually reside in China. Further to Circular 82, the SAT issued Chinese-Controlled Offshore Incorporated Resident Enterprises Income Tax Regulation (《境外註冊中資控股居民企業所得稅管理辦法(試行)》) (the “**Bulletin 45**”), which took effect on 1 September 2011, to clarify the reporting and filing obligations of such “Chinese-controlled offshore incorporated resident enterprises.”

Circular 82 and Bulletin 45 may reflect SAT's criteria for determining the tax residence of foreign enterprises in general, however, these rules apply only to offshore enterprises controlled by PRC enterprise, not those invested in or controlled by PRC individuals, like our type. Currently there are no further detailed rules or precedents applicable to us. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the

RISK FACTORS

interpretation of the term “de facto management body.” As substantially all of our management members are based in China, it remains unclear how the tax residency rule will apply to our case. If the PRC tax authorities determine that any of our subsidiaries outside of China is a PRC resident enterprise for PRC enterprise income tax purposes, then such subsidiary could be subject to PRC tax at a rate of 25% on its world-wide income, which could materially reduce our net income. In addition, we will also be subject to PRC enterprise income tax reporting obligations.

Substantial uncertainties exist with respect to the interpretation and implementation of the PRC Foreign Investment Law and how it may impact our business operations.

The Ministry of Commerce, or MOFCOM, published a discussion draft of the proposed Foreign Investment Law in January 2015 aiming to, upon its enactment, replace the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law (《中外合資經營企業法》), the Sino-foreign Cooperative Joint Venture Enterprise Law (《中外合作經營企業法》) and the Wholly Foreign-invested Enterprise Law (《外資企業法》) (collectively, the “**Previous Foreign Investment Laws**”). On 15 March 2019, the Foreign Investment Law (《外商投資法》) was promulgated by the thirteenth National People’s Congress and will take effect on 1 January 2020. The Foreign Investment Law will replace the Previous Foreign Investment Laws, and become the fundamental law for foreign investment in the PRC. The Foreign Investment Law defines foreign investment as any investment activity directly or indirectly carried out in China by one or more foreign natural persons, enterprises or other organisations (the “**Foreign Investors**”), and specifically stipulates four forms of investment activities as foreign investment, namely, (a) establishment of a foreign invested enterprise in China by a Foreign Investor, either individually or collectively with any other investor, (b) obtaining shares, equities, assets interests or any other similar rights or interests of an enterprise in China by a Foreign Investor, (c) investment in any new construction project in China by a Foreign Investor, either individually or collectively with any other investor, and (d) investment in any other manners stipulated under laws, administrative regulations or provisions prescribed by the State Council. As the interpretation and implementation of the Foreign Investment Law has not been officially promulgated, there are uncertainties as to whether it will impact the viability of our current corporate structure, corporate governance and business operations.

Laws and regulations governing the internet industry and related businesses in China are evolving and may involve significant uncertainty.

The PRC government extensively regulates the internet industry, including the foreign ownership of, and the licensing and permit requirements pertaining to, companies in the Internet industry. These internet-related laws and regulations are relatively new and evolving, and their interpretation and enforcement involve significant uncertainty. In addition, risks and uncertainties relating to PRC regulation of internet businesses include new laws, regulations or policies may be promulgated or announced that will regulate internet activities, including online advertising businesses. If these new laws, regulations or policies are promulgated, additional licences may be required for our operations. If our operations do not comply with these new regulations after they become effective, or if we fail to obtain any licences required under these new laws and regulations, we could be subject to penalties and our business operations may be disrupted.

RISK FACTORS

Enforcement of stricter labour laws and regulations may adversely affect our business and our profitability.

As of 31 December 2019, we had a total number of 48 employees and substantially all of them were located in our offices in China. We have been subject to stricter regulatory requirements in terms of entering into labour contracts with our employees and paying various statutory employee benefits, including pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees.

Pursuant to the PRC Labour Contract Law and its implementation rules, employers are subject to stricter requirements in terms of signing labour contracts, minimum wages, paying remuneration, determining the term of employees' probation and unilaterally terminating labour contracts. In the event that we decide to terminate some of our employees or otherwise change our employment or labour practices, the PRC Labour Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations. According to the PRC Social Insurance Law, employees must participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance and maternity insurance and the employers must, together with their employees or separately, pay the social insurance premiums for such employees.

As the interpretation and implementation of labour-related laws and regulations are still evolving, we cannot assure you that our employment practices do not and will not violate labour-related laws and regulations in China, which may subject us to labour disputes or government investigations. We cannot assure you that we have complied or will be able to comply with all labour-related law and regulations regarding including those relating to obligations to make social insurance payments and contribute to the housing provident fund. If we are deemed to have violated relevant labour laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations will be adversely affected.

Gains on the sale of Shares and dividends on the Shares may be subject to withholding PRC income taxes.

If we are classified as a PRC resident enterprise by the PRC tax authorities for enterprise income tax purposes, shareholders that are “non-PRC residents” may be subject to withholding PRC income taxes on their gains realised on the sale or other disposition or the dividends payable of our share, at a rate of 10% in the case of non-PRC enterprises under the EIT Law or 20% in the case of non-PRC individuals under Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) implemented from 1 January 2019 (in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws), if such gain is regarded as income derived from sources within China.

We are a holding company incorporated in the Cayman Islands and a substantive portion of our operations are in China. There is uncertainty whether we will be considered a “PRC tax resident enterprise” for the purpose of the EIT Law. As a result, it is unclear whether dividends paid on our Shares, or any gain realised from the transfer of our Shares, would be treated as income derived from sources within China and would as a result be subject to PRC income tax. If we are considered a “PRC tax resident enterprise”, then any dividends paid to our Shareholders that are “non-PRC residents” and any gains realised by them from the transfer of our Shares may be regarded as income derived from PRC sources and would be subject to PRC income tax, unless otherwise reduced or exempted. It is also

RISK FACTORS

unclear whether our Shareholders would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or regions. If dividends payable to our non-PRC residents Shareholders or gains from the transfer of our Shares are subject to PRC tax, the value of such non-PRC Shareholders' investment in our Shares may be materially and adversely affected.

We rely on future dividends to be paid by our subsidiaries for our cash needs, and limitations under the PRC laws on the ability of our PRC subsidiaries to distribute dividends to us could adversely affect our ability to utilise such funds.

Our Company is a holding company incorporated in the Cayman Islands and a significant portion of our operations is conducted through our subsidiaries in Beijing and Hong Kong. Therefore, the availability of funds to pay dividends to our Shareholders and to service any of our indebtedness depends on dividends received from these subsidiaries. If our subsidiaries incur any debt or losses, such indebtedness or loss may impair their ability to pay dividends or other distributions to us. As a result, our ability to pay dividends or other distributions and to service our indebtedness will be restricted.

PRC law requires that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including HKFRS. PRC law also requires foreign invested enterprises, such as our subsidiaries in China, to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends.

If we receive dividends from our subsidiaries in the PRC, such dividends may be subject to PRC withholding tax, which could materially and adversely affect the amount of dividends, if any, we may pay our shareholders.

We are a holding company incorporated under the laws of Cayman Islands and have subsidiaries in the PRC, from which we may receive dividends. Pursuant to the EIT Law, unless the jurisdiction of the foreign investor's tax residence has a tax treaty with China that provides for preferential tax treatment, a withholding tax rate of 10% currently applies to dividends paid by a "PRC tax resident enterprises" to a foreign enterprise. Pursuant to the Double Tax Avoidance Arrangement, a preferential withholding tax rate of five per cent may apply if the PRC enterprise is at least 25 per cent held by the Hong Kong enterprise for at least 12 consecutive months prior to distribution of the dividends and certain other conditions, e.g., the beneficial ownership requirement, are met. Moreover, the applicant for the preferential withholding rate is required to make a recordal with its in-charge tax authority and submit all the requisite application materials. No government approval for the application is required, although the relevant tax authorities may challenge the applicability of the preferential withholding rate later on. Please refer to "Regulatory Overview — Laws and Regulations in the PRC — Laws and Regulations on Taxation — Enterprises Income Tax" in this prospectus for further details. We cannot assure you that our determination regarding our qualification to enjoy the preferential tax treatment will not be challenged by the relevant PRC tax authority or we will be able to complete the necessary filings with the relevant PRC tax authority and enjoy the preferential withholding tax rate under the Double Taxation Arrangement with respect to dividends to be paid by our PRC subsidiaries to Hong Kong shareholders.

RISK FACTORS

PRC regulations on loans to and direct investments in PRC entities by offshore holding companies may delay or prevent us from making loans or additional capital contributions to our PRC entities.

As an offshore holding company of our PRC subsidiaries, we may make loans to our PRC subsidiaries, or we may make additional capital contributions to our PRC subsidiaries. Such loans to our subsidiaries in China and capital contributions are subject to PRC regulations and approvals. For example, loans by us to our subsidiaries cannot exceed statutory limits and must be registered with SAFE or its local branch. Capital contributions to our PRC subsidiaries must be approved by or filed with the PRC Ministry of Commerce or its local counterpart. In addition, the PRC government also restricts the convertibility of foreign currencies into Renminbi and use of the proceeds in case we use a portion of the proceeds in China. We cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans by us to our PRC subsidiaries or with respect to future capital contributions by us to our PRC subsidiaries. Violations of the applicable circulars and rules may result in severe penalties, including substantial fines as set forth in the PRC Foreign Exchange Administration Regulations (《中華人民共和國外匯管理條例》). If we fail to complete such registrations or obtain such approvals, our ability to contribute additional capital to fund our PRC operations may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for the Shares and an active trading market may not develop.

Prior to completion of the Global Offering, there has been no public market for our Shares. There can be no guarantee that an active trading market for our Shares will develop or be sustained after completion of the Global Offering. The Offer Price is the result of negotiations between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), which may not be indicative of the price at which our Shares will be traded following completion of the Global Offering. The market price of our Shares may drop below the Offer Price at any time after completion of the Global Offering.

The trading price of our Shares may be volatile, which could result in substantial losses to you.

The trading price of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong may affect the volatility in the price of and trading volumes for our Shares. A number of PRC-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards PRC-based companies listed in Hong Kong and consequently may impact the trading performance of our Shares. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

RISK FACTORS

Investors will experience immediate dilution.

As the Offer Price of our Shares is higher than the consolidated net tangible assets per share immediately prior to the Global Offering, purchasers of our Shares in the Global Offering will experience an immediate dilution. Our existing Shareholders will receive an increase in the pro forma adjusted consolidated net tangible asset value per share of their shares. In addition, holders of our Shares may experience further dilution of their interest if the Underwriters exercise the Over-allotment Option or if we issue additional shares in the future to raise additional capital.

Future issues, offers, or sale of our Shares may adversely affect the prevailing market price of our Shares and our ability to raise future capital at a favourable time and price.

The market price of our Shares could decline as a result of substantial future sales of our Shares or other securities relating to Shares in the public market. Such a decline could also occur with the issuance of new Shares or other securities relating to our Shares, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our Shares could materially adversely affect the prevailing market price of our Shares and our ability to raise future capital at a favourable time and price. Our shareholders would experience a dilution in their holdings upon the issuance or sale of additional securities for any purpose.

The market price of our Shares when trading begins could be lower than the Offer Price as a result of, among other things, adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins.

The Offer Price will be determined on the Price Determination Date. However, the Offer Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be on 10 July 2020. As a result, investors may not be able to sell or otherwise deal in the Offer Shares during that period. Accordingly, holders of the Offer Shares are subject to the risk that the price of the Offer Shares when trading begins could be lower than the Offer Price as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our Shares, the market price and trading volume of our Shares may decline.

The trading market for our Shares will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of the analysts who cover us downgrade our Shares, the price of our Shares would likely decline. If one or more of these analysts cease coverage of our Company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

We may be unable to declare dividends on our Shares in the future.

We currently do not have any pre-determined dividend payout ratio. Our Company has not paid or declared any dividend since its date of incorporation. For each of the years ended 31 December 2017, 2018 and 2019, a subsidiary of our Company declared dividends to its then shareholders of US\$1.0 million, US\$3.0 million and nil, respectively. The amount of dividends actually distributed to our

RISK FACTORS

Shareholders will depend on our earnings and financial condition, operating requirements, capital requirements, and any other conditions that our Directors may deem relevant and will be subject to approval of our Shareholders. Our Board has the absolute discretion to recommend any dividends.

Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors. The amount of dividends actually distributed to our Shareholders will depend upon our earnings and financial position, operating requirements, capital requirements, and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders. Our future payments of dividends will be at the absolute discretion of our Board. We cannot assure you when or whether we will pay dividends in the future.

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications, market data providers and other independent third party sources, including the industry expert reports, contained in this prospectus.

Certain facts, statistics, and data in this document are derived from various sources including various official government sources that we believe to be reliable and appropriate for such information. However, we cannot guarantee the quality or reliability of such source materials. 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. While our Directors have taken reasonable care in extracting and reproducing the information, they have not been prepared or independently verified by us or any of the Relevant Persons. Therefore none of them makes any representation as to the accuracy or completeness of such facts, statistics, and data. Due to possibly flawed or ineffective collection methods or discrepancies between published information, market practice, and other problems, the statistics in this document may be inaccurate or may not be comparable to statistics produced for other publications or purposes and you should not place undue reliance on them. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such information or statistics.

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

There may be, subsequent to the date of this document but prior to the completion of the Global Offering, press and media coverage regarding us and the Global Offering, which may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We have not authorised the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. 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. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this document only and should not rely on any other information.

RISK FACTORS

You should rely solely upon the information contained in this document, the Global Offering and any formal announcements made by us in Hong Kong in making your investment decision regarding our Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the Global Offering or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication. Accordingly, prospective investors should not rely on any such information, reports or publications in making their decisions as to whether to invest in our Global Offering. By applying to purchase our Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this document and the Global Offering.

Investors may experience difficulties in enforcing Shareholder rights.

Our Company is an exempted company incorporated in the Cayman Islands with limited liability and the laws of the Cayman Islands differ in some respects from those of Hong Kong or other jurisdictions where investors may be located. The corporate affairs of our Company are governed by the Memorandum and the Articles, the Companies Law and the common law of the Cayman Islands. The rights of Shareholders to take legal action against our Company and/or our Directors, actions by minority Shareholders and the fiduciary duties of our Directors to our Company under Cayman Islands laws are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. Shareholders may have different remedies in exercising their rights in the face of actions taken by the management of our Company, Directors or major Shareholders than they would as shareholders of a Hong Kong company or company incorporated in other jurisdictions.

We have significant discretion as to how we will use the net proceeds of the Global Offering, and you may not necessarily agree with how we use them.

Our management may spend the net proceeds from the Global Offering in ways you may not agree with or that do not yield a favourable return. For details of our intended use of proceeds, please refer to “Future Plans and Use of Proceeds” in this prospectus. However, our management will have discretion as to the actual application of our net proceeds. You are entrusting your funds to our management, upon whose judgement you must depend, for the specific uses we will make of the net proceeds from the Global Offering. We will make appropriate announcement and comply with all applicable requirements under the Listing Rules in the event that we change the use of proceeds as disclosed in this prospectus.

We have a similar company name with a German company.

Our Company has a similar company name with a German Internet marketing service provider. As the general public may not be able to differentiate between companies with similar names, complaints, litigation, regulatory actions or other negative publicity in relation to the German company that has a similar name with ours could be mistakenly perceived as relating to our Group and adversely affect our reputation and market recognition. In addition, as part of our expansion plan, we may set up subsidiaries in Europe. We may face difficulty in registering trademarks or applying for other intellectual property rights under our company name in jurisdictions where the German company has registered the relevant intellectual property rights under its company name. Further, we may face potential disputes or legal proceedings by the German company in connection with our registration of intellectual properties associated with using a similar name.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the Global Offering, we have sought and have been granted the following waivers from strict compliance with the relevant provisions of the Listing Rules:

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, a company must have sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. Since our headquarters and business operations are primarily based, managed and conducted in the PRC, we do not, and in the foreseeable future, will not, have executive Directors who are ordinarily residents in Hong Kong, for the purposes of satisfying the requirements under Rule 8.12 of the Listing Rules. Currently, all of our executive Directors reside in the PRC.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. We have made the following arrangements to maintain effective channel of communication between the Stock Exchange and us:

- (i) Pursuant to Rule 3.05 of the Listing Rules, our Company has designated Ms. CHANG Sufang and Ms. LAM Shi Ping as its authorised representatives, who will act at all times as our principal channel of communication with the Stock Exchange. The authorised representatives have provided their usual contact details to the Stock Exchange and have confirmed that she will be readily contactable by the Stock Exchange and will be able to meet with the Stock Exchange on reasonable notice upon request of the Stock Exchange, if necessary.
- (ii) Each of our authorised representatives will have means to contact all the Directors (including the non-executive Director and the independent non-executive Directors) and senior management promptly at all times as and when the Stock Exchange wishes to contact the Directors on any matters. Each of our Directors, through the authorised representatives, can be reached by telephone, facsimile, email and correspondence address.
- (iii) To facilitate communication with the Stock Exchange, our Company has provided its authorised representatives and the Stock Exchange with the contact details of each Director, including mobile phone numbers, office phone numbers, residential phone numbers, e-mail addresses and fax numbers. This ensures that our authorised representatives and the Stock Exchange will have the means to contact all the Directors (including the non-executive Director and the independent non-executive Directors) promptly as and when required. In the event that any Director expects to travel and or otherwise be out of office, he or she will provide the phone number of the place of his or her accommodation to the authorised representatives of our Company. To the best of our Company's knowledge and information, each Director possesses or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period upon request of the Stock Exchange.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (iv) Our Company has appointed Halcyon Capital Limited as its compliance adviser (the “**Compliance Adviser**”) in compliance with Rule 3A.19 of the Listing Rules. The Compliance Adviser will, among other things, advise on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after the Listing, and in addition to the Company’s authorised representatives, act as an additional channel of communication of the Company with the Stock Exchange and be available to answer enquiries from the Stock Exchange at least for the period commencing from the Listing Date and ending on the date on which the Company dispatches its annual report in respect of its first full financial year pursuant to Rule 13.46 of the Listing Rules.

WAIVER IN RELATION TO JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, company secretary of our Company must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Exchange, capable of discharging the functions of a company secretary.

We have appointed Ms. ZHAO Xiaojuan and Ms. LAM Shi Ping as our joint company secretaries. Please refer to “Directors and Senior Management” in this prospectus for further information regarding the qualifications of Ms. Zhao and Ms. Lam.

Ms. Zhao is currently the chief financial officer of our Company and is responsible for overseeing the accounting and financial management. Ms. Zhao has over 8 years of working experience in accounting and finance. She is a certified accountant in the PRC and has obtained the practitioner qualification from the Asset Management Association of China. Whilst Ms. Zhao does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied for, and the Stock Exchange has granted a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules for an initial period of three years from the Listing Date such that Ms. Zhao may be appointed as a joint company secretary of our Company on the condition that Ms. Lam is engaged as a joint company secretary and providing assistance to Ms. Zhao during this period. If Ms. Lam ceases to render assistance to Ms. Zhao during this period, the waiver will be immediately revoked.

Ms. Lam is currently the authorised representative of our Company and is responsible for maintaining constant contact with the Directors and senior management of the Company. Ms. Lam has over 8 years of experience in the company secretarial field. She is an associate member of the Hong Kong Institute of Chartered Secretaries, and therefore meets the qualification requirements under Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Ms. Lam will work closely with Ms. Zhao to jointly discharge the duties and responsibilities as joint company secretaries with reference to their past experience and education background and Ms. Lam will assist Ms. Zhao to acquire the relevant experience as required under Rules 3.28 and 8.17 of the Listing Rules. In addition, we will ensure Ms. Zhao has access to relevant training and support to familiarise herself with the Listing Rules and other relevant rules and regulations in Hong Kong. Further, Ms. Zhao undertakes to take no less than 15 hours of relevant training courses on the Listing Rules, corporate governance, information disclosure, investor's relation as well as the functions and duties of the company secretary of a Hong Kong listed issuer during each financial year as required under Rule 3.29 of the Listing Rules. Both Ms. Zhao and Ms. Lam will be assisted by a legal advisor as to Hong Kong law and the Company's compliance adviser when required.

At the end of the three-year period, the qualifications and experience of Ms. Zhao and the need for on-going assistance from Ms. Lam will be evaluated by our Company. The expectation is that our Company and Ms. Zhao would then endeavour to demonstrate to the Stock Exchange's satisfaction that Ms. Zhao having had the benefit of Ms. Lam's assistance, would then have acquired the "relevant experience" within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary. Our Company understands that the Stock Exchange may revoke the waiver if Ms. Lam ceases to render assistance to Ms. Zhao during the initial three-year period from the Listing.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong (as amended or supplemented from time to time)), the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong (as amended or supplemented from time to time)) and the Listing Rules for the purpose of giving information with regard to the Group. The 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, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

INFORMATION ABOUT THIS PROSPECTUS

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Global Offering or to make any representation not contained in this prospectus and the relevant Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorised by the Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Offer Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the Company's affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

SELLING RESTRICTIONS

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and on the relevant Application Forms.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances 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 the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, including the Offer Shares and any Shares which may be issued pursuant to the exercise of the Over-allotment Option.

Save as disclosed in this prospectus, no part of the Company's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Shares on the Stock Exchange is 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 the Company by or on behalf of the Stock Exchange.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants in the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

The Listing is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement. The International Underwriting Agreement relating to the International Offering is expected to be entered into on or around the Price Determination Date, subject to agreement on the Offer Price between the Joint Global Coordinators (on behalf of the Underwriters) and us. The Global Offering is managed by the Joint Global Coordinators.

If, for any reason, the Offer Price is not agreed, the Global Offering will not proceed and will lapse. For further information about the Underwriters and the underwriting arrangements, please refer to "Underwriting" in this prospectus.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in "Structure of the Global Offering" in this prospectus.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The application procedures for the Hong Kong Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus and on the relevant Application Forms.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Main Board of the Stock Exchange are expected to commence on Friday, 10 July 2020. The Shares will be treated on the Main Board of the Stock Exchange in board lots of 2,500 Shares each. The stock code of the Shares will be 1163.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we 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 Listing Rules) 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. Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

REGISTERS AND HONG KONG STAMP DUTY

The Company's principal register of members will be maintained by the Company's principal registrar, Harneys Fiduciary (Cayman) Limited, in the Cayman Islands and the Company's Hong Kong register of members will be maintained by the Hong Kong Share Registrar, Boardroom Share Registrars (HK) Limited (寶德隆證券登記有限公司), in Hong Kong.

All Offer Shares will be registered on the Hong Kong register of members of the Company in Hong Kong. Dealings in the Shares registered on the Hong Kong register of members will be subject to Hong Kong stamp duty.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering 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, and dealing in the Offer Shares (or exercising rights attached to them). None of us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of the Company's or their respective directors, agents, employees or advisers or any other party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to, the Shares.

EXCHANGE RATE CONVERSION

Unless otherwise specified, this prospectus contains certain translations for the convenience of the reader at the following rates:

RMB0.9002 to HK\$1

These translations are provided for reference and convenience only, and no representation is made, and no representation should be construed as being made, that any amounts in RMB, US\$ or HK\$ can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

ROUNDING

Unless otherwise stated, all the numerical figures are rounded to one decimal place. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

TRANSLATION

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Translated English names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities included in this prospectus for which no official English translation exists are unofficial translation for reference only.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
Executive Directors		
CHANG Sufang (常素芳)	Room 1812, Block 415 Wangjingxiyuan Area No. 4 Chaoyang District Beijing, PRC	Chinese
LI Hui (李慧)	Room 404, Unit 1, Block 201 Wangjingxiyuan Area No. 2 Chaoyang District Beijing, PRC	Chinese
Non-executive Director		
HSIA Timothy Chunhon	104 Taragreen Lane Norwich, NY 13815 USA	American
Independent non-executive Directors		
YAO Yaping (姚亞平)	Room 602, Unit 5 No. 6 Huishengyuan Chaoyang District Beijing, PRC	Chinese
CHAN Foon (陳歡)	Flat F, 10/F, Tower 5 1 Yuk Tai Street Sausalito, Ma On Shan NT, Hong Kong	Chinese
ZHANG Yaoliang (張耀亮)	Room 403, Block 107 Huizhong Beili Chaoyang District Beijing, PRC	Chinese

Please refer to “Directors and Senior Management” in this prospectus for further details.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor

CEB International Capital Corporation Limited
22/F, AIA Central
1 Connaught Road Central
Hong Kong

Joint Global Coordinators

CEB International Capital Corporation Limited
22/F, AIA Central
1 Connaught Road Central
Hong Kong

SBI China Capital Financial Services Limited
4/F, Henley Building
No. 5 Queen's Road Central
Hong Kong

Joint Bookrunners

CEB International Capital Corporation Limited
22/F, AIA Central
1 Connaught Road Central
Hong Kong

SBI China Capital Financial Services Limited
4/F, Henley Building
No. 5 Queen's Road Central
Hong Kong

ABCI Securities Company Limited
10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

BOCOM International Securities Limited
9/F, Man Yee Building
68 Des Voeux Road Central
Hong Kong

CMBC Securities Company Limited
45/F., One Exchange Square
8 Connaught Place Central
Hong Kong

Fortune (HK) Securities Limited
43/F, COSCO Tower
183 Queen's Road Central
Hong Kong

Alpha International Securities (HONG KONG)
Limited
Unit 2301, 23/F, Far East Consortium Building
121 Des Voeux Road Central
Hong Kong

Chuenman Securities Limited
Office A, 10/F, Sang Woo Building
227-228 Gloucester Road
Wan Chai
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Lead Managers

CEB International Capital Corporation Limited
22/F, AIA Central
1 Connaught Road Central
Hong Kong

SBI China Capital Financial Services Limited
4/F, Henley Building
No. 5 Queen's Road Central
Hong Kong

ABCI Securities Company Limited
10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

BOCOM International Securities Limited
9/F, Man Yee Building
68 Des Voeux Road Central
Hong Kong

CMBC Securities Company Limited
45/F., One Exchange Square
8 Connaught Place Central
Hong Kong

Fortune (HK) Securities Limited
43/F, COSCO Tower
183 Queen's Road Central
Hong Kong

Alpha International Securities (HONG KONG)
Limited
Unit 2301, 23/F, Far East Consortium Building
121 Des Voeux Road Central
Hong Kong

Chuenman Securities Limited
Office A, 10/F, Sang Woo Building
227-228 Gloucester Road
Wan Chai
Hong Kong

Livermore Holdings Limited
Unit 1214A, 12/F, Tower II Cheung Sha Wan Plaza
833 Cheung Sha Wan Road
Kowloon
Hong Kong

Vision Finance International Company Limited
Unit 1001, 10/F., Central Tower
28 Queen's Road Central
Central, Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Legal Advisers to our Company

as to Hong Kong law:
King & Wood Mallesons
13/F Gloucester Tower, The Landmark
15 Queen's Road Central
Central
Hong Kong

as to PRC law:
Commerce & Finance Law Offices
6/F., NCI Tower
A12 Jianguomenwai Avenue
Beijing 100022 China

as to Cayman Islands law:
Harney Westwood & Riegels
3501 The Center
99 Queen's Road Central
Hong Kong

Legal Advisers to the Sole Sponsor and the Underwriters

as to Hong Kong law:
Ashurst Hong Kong
11/F Jardine House
One Connaught Place
Central
Hong Kong

as to PRC law:
Jingtian & Gongcheng
34/F., Tower 3, China Central Place
77 Jianguo Road
Beijing China

Auditors and Reporting Accountants

Ernst & Young
Certified Public Accountant
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

Industry Consultant

Shanghai iResearch Co., Ltd
R701, Tower B
Zhongxin International
Caoxi North No. 333
Xuhui District, Shanghai
China

Receiving Bank

Industrial and Commercial Bank of
China (Asia) Limited
33/F, ICBC Tower
3 Garden Road, Central
Hong Kong

CORPORATE INFORMATION

Registered Office	4th Floor, Harbour Place, 103 South Church Street, George Town, P.O. Box 10240, Grand Cayman KY1-1002 Cayman Islands
Headquarters	Room 1004-1005, Tower 5 Laiguangying Chengying Centre (來廣營誠盈中心) Chaoyang District, Beijing, PRC
Principal Place of Business in Hong Kong	31/F., 148 Electric Road, North Point, Hong Kong
Company's Website	www.adtiger.hk <i>(The contents of this website do not form part of this prospectus)</i>
Joint Company Secretaries	ZHAO Xiaojuan (趙曉娟) Room 601, Unit 2, Block 7, Area 23 Sunhe Kangying Town, Chaoyang District Beijing, PRC LAM Shi Ping (林仕萍) (ACIS, ACS) 31/F., 148 Electric Road, North Point, Hong Kong
Authorised Representatives	CHANG Sufang (常素芳) Room 1812, Block 415, Wangjingxiyuan Area No. 4 Chaoyang District, Beijing, PRC LAM Shi Ping (林仕萍) (ACIS, ACS) 31/F., 148 Electric Road, North Point, Hong Kong
Audit Committee	CHAN Foon (陳歡) (<i>Chairperson</i>) ZHANG Yaoliang (張耀亮) HSIA Timothy Chunhon
Remuneration Committee	ZHANG Yaoliang (張耀亮) (<i>Chairperson</i>) CHANG Sufang (常素芳) YAO Yaping (姚亞平)
Nomination Committee	CHANG Sufang (常素芳) (<i>Chairperson</i>) YAO Yaping (姚亞平) CHAN Foon (陳歡)
Cayman Islands Principal Share Registrar and Transfer Office	Harneys Fiduciary (Cayman) Limited 4th Floor, Harbour Place, 103 South Church Street, George Town P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands

CORPORATE INFORMATION

Hong Kong Branch Share Registrar

Boardroom Share Registrars (HK) Limited
(寶德隆證券登記有限公司)
2103B, 21/F,
148 Electric Road,
North Point, Hong Kong

Compliance Advisor

Halcyon Capital Limited (鎧盛資本有限公司)
11th Floor,
8 Wyndham St,
Central, Hong Kong

Principal Bankers

The HongKong and Shanghai Banking Corporation
Limited
HSBC Main Building
1 Queen's Road Central, Hong Kong

Citibank, N.A., Hong Kong Branch
21/F., Citi Tower, One Bay East
83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong

China Merchants Bank, Wangjing branch
1/F., No. 1, Block 15
South Hunan Road
Chaoyang District, Beijing, PRC

INDUSTRY OVERVIEW

The information presented in this section, unless otherwise indicated, is derived from various official government publications and other publications and from the market research report prepared by iResearch, which was commissioned by us. We believe that the information has been derived from appropriate sources and we have taken reasonable care in extracting and reproducing the information. We have no reason to believe that the information is false or misleading in any material respect or that any fact has been omitted that would render the information false or misleading in any material respect. The information has not been independently verified by us, the Sole Sponsor or any of our or their respective directors, officers or representatives or any other person involved in the Global Offering nor is any representation given as to its accuracy or completeness. The information and statistics contained in this section may not be consistent with other information and statistics compiled elsewhere.

SOURCE OF INFORMATION

Founded in 2002, iResearch is the leading provider of online user data and consumer insights in China. Headquartered in Beijing and Shanghai, iResearch has over 400 employees worldwide and has accumulated extensive experience in researching and monitoring the development of the online advertising industry, comprising of personal computer (“PC”) and mobile advertising, in China.

We have agreed to pay a commission fee of approximately RMB550,000 for the report titled “A Market Study for Overseas Online Advertising Industry in China” (the “**iResearch Report**”). Data for the iResearch Report on market size and online users is mainly obtained through interviews with industry participants, marketing surveys, secondary sources and other research methods.

iResearch has prepared the iResearch Report on the assumptions that (i) the social, economic and political environments globally and in China will remain stable during the forecast period, which will ensure a sustainable and steady development of online advertising industry; (ii) related key industry drivers are likely to propel the growth in China’s online advertising market, and these drivers include but are not limited to the growth of the global online advertising industry and the increasing demand from Chinese advertisers; and (iii) the revenue-sharing arrangements among the market participants follow market standards and there is no extreme force majeure or new set of industry regulations that will affect the market either dramatically or fundamentally.

After making reasonable inquiries, our Directors confirm that there has been no material adverse change in the market information presented in the iResearch Report since the date of its issuance which may qualify, contradict or impact the information in this section.

GLOBAL ADVERTISING INDUSTRY

The Online Advertising Industry Development

According to the iResearch Report, due to the rapid development of Internet technology and increase in the types of Internet access devices, the number of Internet users worldwide increased from 3.2 billion in 2015 with a penetration rate of 42.9% to 4.1 billion in 2019, representing a penetration rate of 53.7%. In 2024, the number of Internet users worldwide is forecasted to reach 5.3 billion with a penetration rate of 65.2%.

The development of the global online advertising market, in particular the global mobile advertising market, has been substantially driven by the improvement of mobile Internet technology, optimisation of mobile content and increase in mobile traffic. In the early stages of the mobile advertising market, traffic on mobile devices was low and advertising was typically in the form of text and multimedia messages. Starting in 2004, the advent of mobile wireless application protocols (“WAP”) had accumulated certain amount of traffic and mobile WAP advertisement came out accordingly. Since 2009, mobile Internet traffic worldwide has grown at a fast pace due to mobile device upgrades, which benefited the increase in WAP advertising scale. Subsequently, the increase of smartphone shipments and improvement of hardware performance since 2011 have led to a significant increase in the number of apps, driving the rapid growth of the mobile advertising market. However, the online advertising market was still dominated by PC at that time. Mobile advertising started displaying in thousands of apps, presenting in numerous ways. Meanwhile, app developers experienced an increasing demand in promotion and monetisation of apps that boosted the development of mobile advertising. Starting from 2012, programmatic purchase has been used in mobile advertising industry, using system that automates the processes and transactions involved with purchasing and dynamically

INDUSTRY OVERVIEW

placing advertisements on websites or apps. At the same time, competition among Internet service providers (“ISPs”) reduced the cost for data transfer and resulted in a boom in mobile traffic, attracting audiences’ attention at a reasonable cost.

According to the iResearch Report, the number of mobile Internet users worldwide increased from 2.5 billion in 2015 to 3.8 billion in 2019, and is expected to increase to 4.7 billion in 2024. This is due to the dropping cost of mobile data, the increase in smartphone popularity and the continuously improving performance of mobile phones. Specifically, although almost all regions witnessed a high increase in mobile Internet users during the past five years, developed markets such as North America and Europe are estimated to grow at a relatively slower rate after 2018. On the contrary, China and Southeast Asia are rising in terms of penetration rate of mobile Internet users, which resulted in a larger mobile Internet user base and indicated that mobile Internet in these emerging economies will continue to develop significantly. Meanwhile, the global mobile penetration rate increased from 33.9% in 2015 to 48.7% in 2019 and is predicted to increase to 57.8% in 2024. As mobile device infrastructure is improving and cost of mobile data is decreasing, the daily average online time of mobile Internet users worldwide increased from 3.0 hours in 2015 to 4.1 hours in 2019, and is predicted to reach 4.5 hours in 2024, offering more opportunities for mobile advertising. Specifically, though North America and Europe had higher mobile internet users penetration rate, Asian regions ranked top in terms of daily average time that mobile users spent online. The Southeast Asian region as a developing Asian region is experiencing similar development of mobile Internet.

With the development of the industry, technology and growing demands from advertisers, online advertising now comes in various forms. In the early stage of development, banner advertisements were quite popular because they could effectively increase user awareness. Along with the development of advertising, video and native advertisements are growing fast on mobile devices, which fit the look and feel of non-advertising content units to attract more users. All of the developments in advertising are dedicated to improving user experience in using apps, enriching of ads while targeting users more accurately and not creating frustrating interruptions. Compared with traditional advertising, online advertising has distinct features and advantages. For advertisers, higher coverage of online advertising enables them to reach a large number of users and effectively gather the value of their traffic. For media publishers, the monetisation ability from online advertising is strong as ad formats can be continuously optimised, which can bring incremental advertising revenue to media publishers. For users, the improved user experience of online advertising and rich forms of mobile ads make marketing content tailored to users’ diversified needs, which in turn increases the users’ click-through rate and interaction rate. Online advertising is able to collect data based on device attributes and interactive behaviour data, resulting in richer data dimensions. Combined with user portrait, online advertising is able to bring more comprehensive data insight in the future.

Advertisement Optimisation Services

Advertisement optimisation refers to services that maximise advertisers’ ROI. The optimisation outcome can be measured by metrics depending on what advertisers value the most, such as click through rate and conversion rate. There are different types of optimisation which yield different results depending on what stage an ad campaign is at:

- during the pre-ad placement stage, optimisation services include precise audience targeting based on customer tags, solutions on ad particulars such as graphic design, drafting ad content, selection of ad placement positions, setting keyword searches, and testing and adjustment of advertising strategy based on prediction;
- during the mid-ad placement stage, optimisation services involve 24/7 monitoring services which provide visualised performance feedback and conduct automatic real-time adjustment of advertising strategy based on pre-set targets; and
- during the post-ad placement stage, optimisation services involve producing integration reports and using machine-learning powered adjustments to create advertising strategy based on end-user data.

According to the iResearch Report, advertisers are increasingly relying on third-party professional optimisers to enhance performance output. Due to the undesirable costs of hiring in-house optimisation strategists and limited access to sophisticated data, advertisers are often not equipped with the necessary technology and expertise to improve their ROI performance. Moreover, media publishers themselves lack motivation to improve ROI for advertisers, have limited optimisation capabilities enabled by in-house developed algorithms and have access to data limited only to their platforms. On

INDUSTRY OVERVIEW

the other hand, third party professional optimisers have access to full-time strategists and a rich data base provided by agency client resources to their own platforms. Therefore, it is in the interest of advertisers to rely on third party professional optimisers in order to improve their ROI.

CPA Pricing Model vs CPC/CPM Pricing Model

Advertisers set specific metrics based on each ad campaign's requirements, and are charged after completing each ad campaign based on the volume delivered by the online advertising platform. They have demands for promoting their products and services and reach targeted customers through various online marketing channels at relatively low costs. Advertisers are mainly divided into display-driven advertisers and performance-driven advertisers. Display-driven advertisers are mainly leading companies in traditional sectors, culture-related industries or official media (e.g. China Central Television and local tourist bureau). They typically target large user coverage and conduct large-scale marketing to accumulate users in the long-run. Performance-driven advertisers are mainly apps, including games, utility, content and e-commerce apps. They typically aim for developing vertical customers based on product characteristics and need precise advertising focused on target group and specific ROI metric.

There are two major categories of pricing models of global online advertising: (i) CPA (i.e. cost per action), whereby advertisers are charged by actions (e.g., a sale or an installation) the audience of the advertisements perform as a result of the ad campaign, and (ii) CPC/CPM (i.e. cost per click/cost per mille), whereby advertisers are charged by actual delivery of the advertisements, regardless of the performance of such advertisements.

The choice of pricing model differs depending on the type of industries our advertisers are from and whether they are display-driven or performance-driven. For display-driven advertisers, they are keen to achieve a larger user coverage and pay by CPC/CPM, while performance-driven advertisers put emphasis on performance indicators such as the number of downloads or installs, retention rate or purchasing behaviours and normally pay by CPA. The chart below illustrates the categorisation of different advertisers:

Performance-driven advertisers		Advertisers Categories		Display-driven advertisers
<ul style="list-style-type: none"> Performance indicators include number of download/installation, retention rate, purchasing behaviour (amount and frequency), etc. Performance-driven advertisers display ads on both large media and long-tail media to precisely target their potential users. Performance-driven advertisers normally pay by CPA (cost per action). 	▶	Gaming	▶	<ul style="list-style-type: none"> Display-driven advertisers are mainly leading companies in traditional sectors or culture-related industries. The main purposes for display-driven advertisers are to build brand recognition and maintain and increase brand awareness. Display-driven advertisers prefer large media that have wide coverage to reach more internet users. Display-driven advertisers normally pay by CPC or cost per thousand (CPM).
	▶	E-commerce	▶	
	▶	Tourism & Online Booking	▶	
	▶	Other Performance		
		Branding & Others	▶	

Source: iResearch Report

Note: Advertisers categories are in accordance with Facebook's classification. "Other Performance" primarily includes various types of apps other than gaming apps.

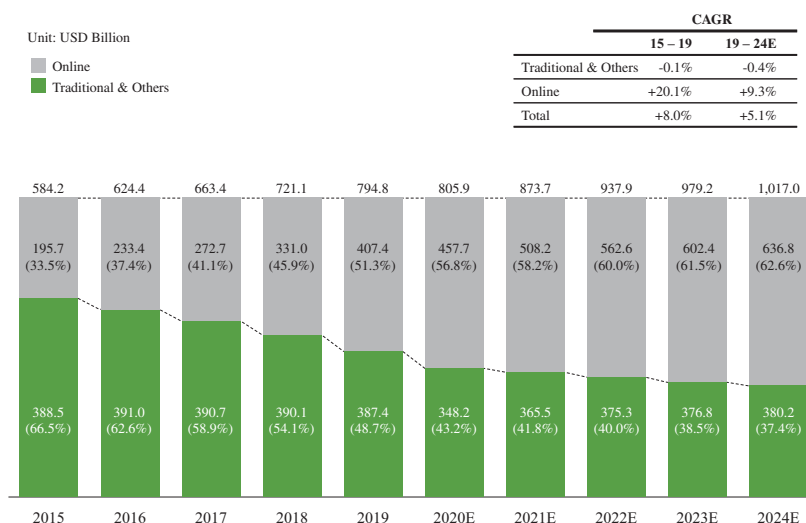
Scale of Online Advertising Market

As a general trend, the total media advertising spending has been experiencing a shift in terms of market share of different media. The proportion of advertising spending on traditional media such as print, radio and television out of total media advertising spending followed a downward trend from 2015 to 2019 and is expected to continue to fall in the next five years. At the same time, online advertising spending, including PC and mobile advertising, as a percentage of total advertising spending is rapidly increasing in line with overall time spent on mobile devices by users. According to the iResearch Report, the global online advertising spending contributed 33.5% of total advertising spending in 2015 and increased to a 51.3% contribution in 2019. The amount of total advertising spending increased from US\$195.7 billion in 2015 to US\$407.4 billion in 2019 at a CAGR of 20.1%,

INDUSTRY OVERVIEW

expected to increase to US\$636.8 billion in 2024 at a CAGR of 9.3%, representing 62.6% of total advertising spending. The following chart sets out the total global advertising spending by media type for the periods indicated:

Total Media Advertising Spending by Media Type, worldwide, 2015–2024E

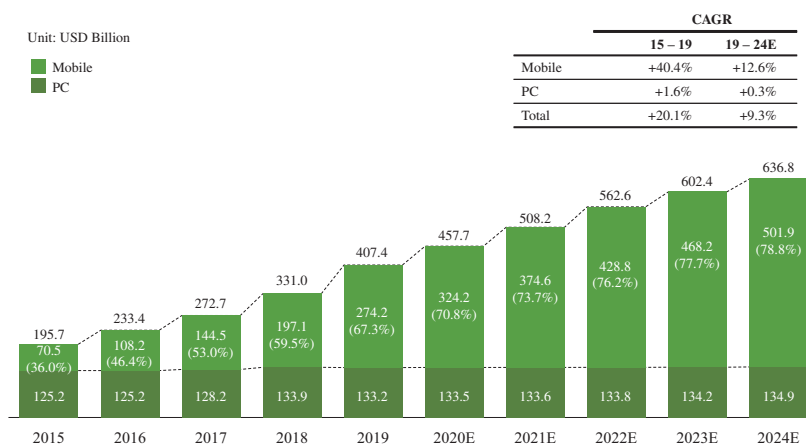


Source: iResearch Report

Note: “Online” includes mobile and PC; “Traditional” includes radio, print, television; and “Others” include directories and out-of-home.

The development of online advertising primarily comprised of the increasing use of mobile advertising. According to the iResearch Report, due to the proliferation of smartphones and growth in daily time spent on mobile devices, the proportion of mobile advertising spending over total online advertising spending saw an increase from 36.0% in 2015 to 67.3% in 2019 at a CAGR of 40.4% and is estimated to reach 78.8% in 2024 at a CAGR of 12.6%. The mobile advertising market has demonstrated tremendous growth potential with significant advantages in terms of accessibility and portability. In light of the growing mobile audience base and continuous innovation in mobile technology, advertising service providers that can help advertisers better plan, create, manage and evaluate their advertising through mobile channels are more likely to capture greater market shares. The following chart sets out the trend of online advertising spending by mobile and PC advertising for the periods indicated:

Online Advertising Spending by Media, worldwide, 2015–2024E



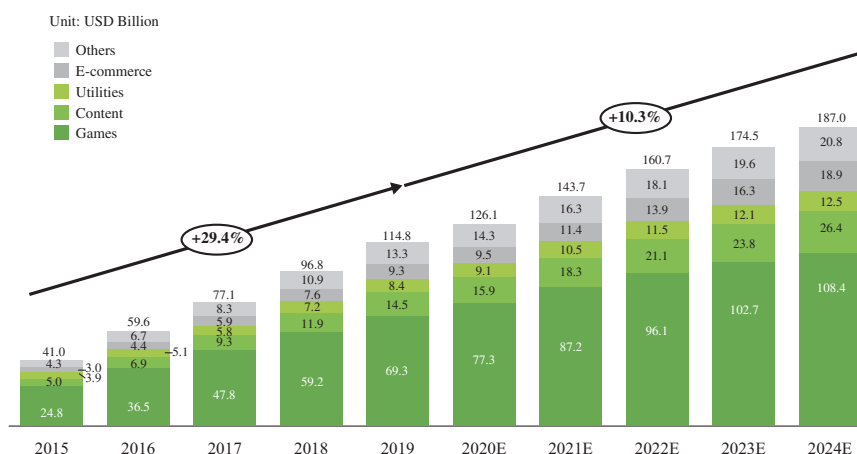
Source: iResearch Report

INDUSTRY OVERVIEW

Types and Geography of Online Advertisers

According to the iResearch Report, mobile advertising accounted for 12.1% of total advertising spending in 2015 and increased to 34.5% in 2019. Currently, mobile app developers are dominating mobile advertising spending due to their strong demand for user acquisition to boost downloads. According to the iResearch Report, global advertising spending by mobile app advertisers increased from US\$41.0 billion in 2015 to US\$114.8 billion in 2019 at a CAGR of 29.4% and is projected to further increase to US\$187.0 billion in 2024 at a CAGR of 10.3%. According to the iResearch Report, mobile advertising spending on games account for the highest share of mobile advertising spending, primarily due to their high demand for rapid user acquisition. Meanwhile, mobile advertising spending on e-commerce is expected to grow due to the globalisation of leading e-commerce platforms and the development of mobile payment services in less established countries. Advertising spending by other types of apps is also projected to grow. The following chart provides a breakdown of mobile advertising spending by app category for the periods indicated:

Ad Spending by Mobile Apps Developers by App Categories, World, 2015–2024E



Source: iResearch Report

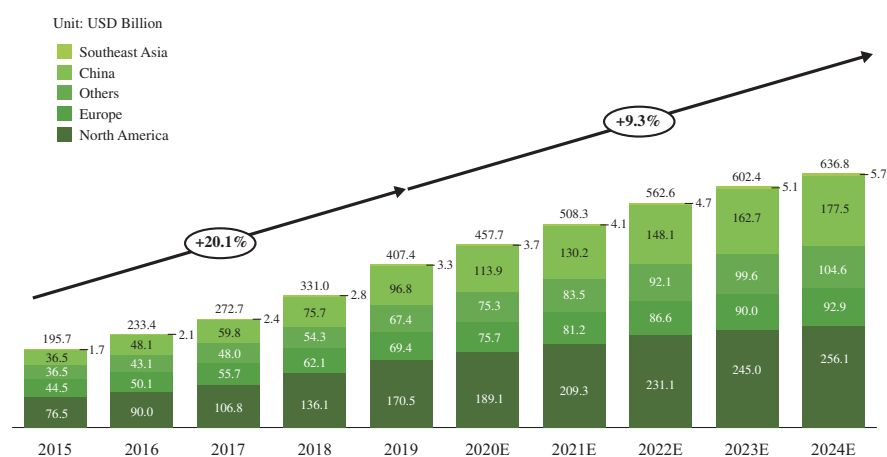
Note: “Games” consist of all gaming apps including game action, game casino, game board card, etc. “Content” consists of News Aggregation, Music & Video etc. “Utility” consists of tools such as maps and navigation, productivity such as calendar, wallpapers weather. “E-commerce” consists of online shopping platforms such as Amazon, eBay, Tmall and JD. “Others” include mobile payments, education, finance, medical and other apps.

In terms of downloads by app category, games saw the most remarkable growth among all categories, which accounted for the largest demand for mobile advertising. On the other hand, e-commerce apps started with relatively low number of downloads, but this category grew rapidly and is forecasted to grow at a faster rate than others in terms of downloads globally. While total downloads of utility apps started to decrease in 2016, there is a steady growing trend in terms of downloads of content apps such as news aggregation and music and video due to the prevalence of short videos.

In terms of online advertising spending worldwide, North America reached US\$170.5 billion in 2019, holding a leading position of 41.9% market share, according to the iResearch Report. Other regions show significant growth potential. Most significantly, Southeast Asia’s online advertising spending was US\$1.7 billion in 2015 and is estimated to increase to US\$5.7 billion in 2024. With its large population base and infrastructure development for a considerable period of time, Southeast Asia is experiencing a market explosion. China spends the second largest amount in terms of online advertising spending in the world and distinctly outgrew Europe since 2017. By 2024, China’s online advertising spending is predicted to account for over one-fourth of the global advertising spending, indicating huge growth potential of the Chinese online advertising market. The following chart sets out a breakdown of online advertising spending by region for the periods indicated:

INDUSTRY OVERVIEW

Online Advertising Spending by Region, 2015–2024E



Source: iResearch Report

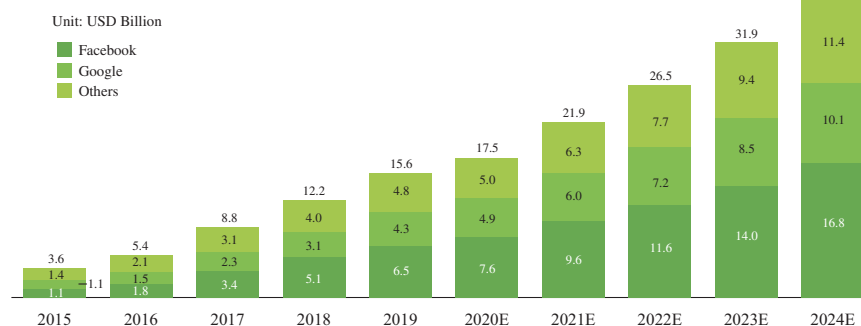
Note: Geographic division is based on the locations of advertisers.

CHINA OVERSEAS ONLINE ADVERTISING INDUSTRY

The Development of Overseas Online Advertising Industry in China

Overseas online advertising refers to the marketing strategy of advertisers that aims to target overseas potential users by placing advertisements on the Internet. According to the iResearch Report, the scale of China's overseas online advertising spending has increased from US\$3.6 billion in 2015 to US\$15.6 billion in 2019 at a CAGR of 44.6% and is estimated to reach US\$38.3 billion in 2024 at a CAGR of 19.6%. The chart below sets out the growth of China's overseas total online advertising spending breakdown by major media publishers for the periods specified:

Overseas Total Online Advertising Spending, China, 2015–2024E



Source: iResearch Report

The impact of the outbreak of COVID-19 on overseas online advertising industry

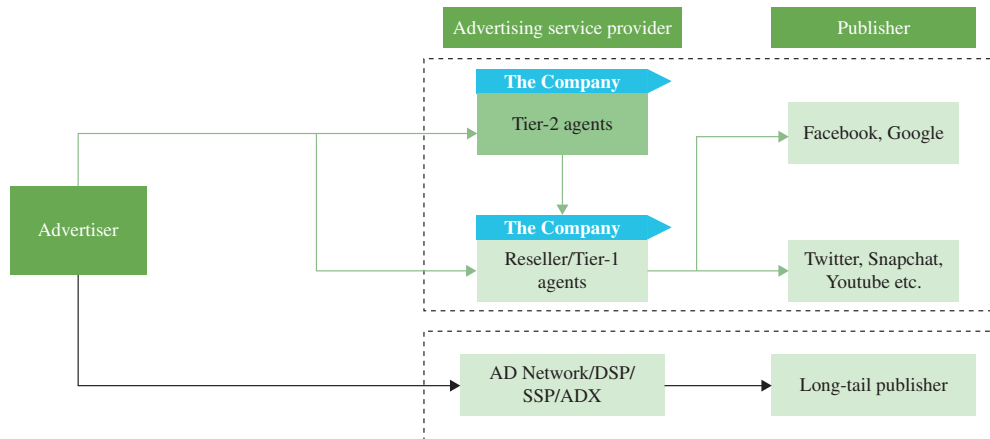
COVID-19 has already demonstrated its large impact on global economy and it may pose substantial uncertainty to China's overseas online advertising industry. The impact on advertisers in online education, gaming, online video and other online activity sectors is the mildest among other advertisers. Advertisers in e-commerce sector may be negatively affected by the slowdown of global trade. Small-to-medium businesses may suffer from liquidity issue and is likely to cut budget on advertising. However, all the negative effects are believed to be short-term only.

INDUSTRY OVERVIEW

Overseas Online Advertising Participants

The three key participants in the overseas online advertising market are advertisers, advertising service providers and media publishers. In addition, advertisement trackers can record and provide real-time traffic data to enable advertisers and advertising service providers to analyse and optimise the performance of the advertisements. The following diagram sets out the type of participants in the overseas online advertising industry:

The participants in overseas online advertising industry



Source: iResearch Report

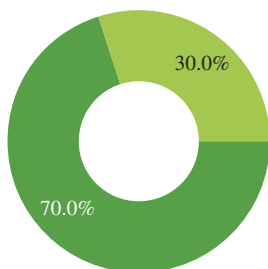
In the early stages, the main advertisers were the Chinese leading enterprises in the traditional sections or culture-related sectors and Internet giants that intended to replicate their successes in domestic markets to overseas markets. Since 2015, there have been some small-and medium-enterprises that positioned themselves in overseas market and achieved success in localisation. Further, various types of apps, such as utility, gaming and content apps that have expanded globally at a significant pace. Since 2016, pan-entertainment apps from China developed rapidly overseas. As the demand for overseas mobile advertising by Chinese companies continues to increase, overseas online advertising industry is expected to experience rapid growth.

Media publishers, ranging from top media publishers to long-tail media publishers, supply user traffic and achieve monetisation through online advertising. Advertisers often place multiple forms of advertisements on a variety of media publishers' platforms to reach global users. Top media publishers such as Facebook and Google primarily offer ad inventories through resellers to improve monetisation efficiency and scale. In contrast, most long-tail media publishers do not have the resources to establish proprietary mobile advertising platforms to offer their own ad inventories. Therefore, advertisers normally purchase small traffic sources on ad networks that typically act as intermediaries aggregating long-tail media publishers. In 2019, leading media publishers such as Facebook and Google took the dominant share of approximately 70% of the total global user traffic with the remaining 30% taken up by top media publishers such as Snapchat and Twitter, as well as ad Network which focuses on helping medium-sized apps increase monetisation performance and long-tail traffic that integrates with ad networks through SDK. In addition, according to Facebook's and Google's respective annual reports, mobile advertising revenue took a substantial share of Facebook's and Google's advertising revenue. In 2015, mobile advertising revenue accounted for approximately 45.0% of Google's total advertising revenue. Driven by the high penetration rate of smartphones and the use of Google search on mobile devices, its share of mobile advertising revenue has reached approximately 71.0% in 2019. Similarly, mobile advertising revenue accounted for 77.0% of Facebook's total advertising revenue in 2015, but has since reached 93.0% in 2019. The following diagrams illustrate the distribution of global user traffic by media type in 2019 and Google's and Facebook's respective mobile advertising revenue as a percentage of their total revenue in 2015 and 2019:

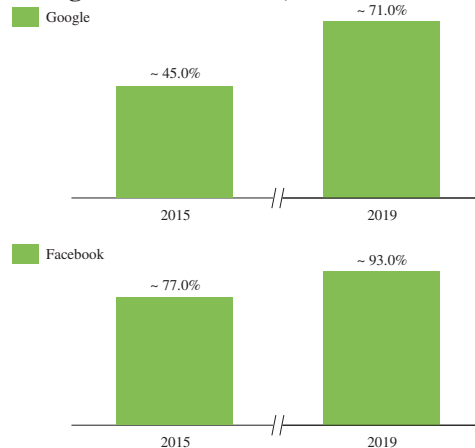
INDUSTRY OVERVIEW

Distribution of global user traffic by media publisher's type, 2019

■ Top, Medium- and Long-Tail Traffic, and Ad Network
■ Leading Media



Mobile advertising revenue as a percentage of total revenue, Google and Facebook, 2015 and 2019



Source: iResearch Report

Third-party online advertising service providers connect advertisers and media publishers and provide marketing solutions for Chinese advertisers to target potential overseas users while advertisers place overseas mobile advertisements to expand user bases and gather traffic. These third-party online advertising service providers offer advertisers innovative and cost-effective ways to optimise their online ad campaigns and achieve their performance-based user acquisition. Compared to advertisers' own in-house teams, third-party online advertising service providers have comprehensive media exposure, deeper understanding of advertising and can provide advertisers with advanced technology and comprehensive data in audience targeting accuracy and advertising quality. Their integrated data-driven services help advertisers discover, engage and activate potential users, monitor and measure the results of marketing campaigns, and create content catering to potential users across different content distribution channels. They also get better deals from top media platforms and are able to help ease advertisers' cash flow burden, as advertisers are sometimes allowed to settle payment after advertising. Third-party online advertising service providers offer advertisers with the following solutions:

- **Opening account:** assist advertisers in opening a personal and/or business account depending on advertising demands and risk profile and provide account management services and backstage operation guidance to advertisers. Such accounts are typically more stable and less likely to be blocked;
- **Ad design and formatting:** provide support and localisation advices on ad content and select suitable types of ad formats ranging from video, photo, carousel and slideshows. Third-party online advertising service providers can also integrate marketing strategy through ad design;
- **Optimisation:** includes (i) setting goals to attract visitors, increase app installs and increase website conversion rates; (ii) defining target group and interest of the target audience; and (iii) setting a budget and choosing appropriate bidding strategy and cost model. Third-party online advertising service providers can accurately reach overseas users based on a large number of user information, behavioural patterns, and through a variety of crowd positioning methods; and
- **Monitoring effectiveness:** use the media publisher's measurement tools to understand how audience responds to advertisements, reach target audience and achieve performance metrics such as CTR and conversion rate. Third-party online advertising service providers also provide data visualisation, deep mining services and optimisation suggestions to timely adjust advertising strategies and improve advertising effectiveness.

INDUSTRY OVERVIEW

Drivers of Overseas Online Advertising Market in China

According to the iResearch Report, drivers for the China overseas online advertising market include:

- *Government Encouragement.* The Chinese government strongly supports and encourages Internet enterprises with competitive advantages to expand overseas and reach global users. Therefore, government encouragement will continuously drive China's overseas online advertising industry.
- *Continuous Growth of Internet Users Globally.* Differentiated global markets will attract more Chinese advertisers to explore emerging markets such as Southeast Asia and Africa. The global online advertising market is in various forms of demand structure and growth rate. For example, in developed regions such as Europe and the United States, Internet penetration is approximately 90%, which approaches saturation. In contrast, India is the second largest market of Internet users with a total population of 1.4 billion, while its Internet penetration rate is only 35%. Therefore, there is still a huge market for Chinese enterprises to explore overseas traffic market with advanced technologies and rich experiences.
- *Tremendous Growth Potential of Globalisation of Chinese Enterprises.* With the increasing scale of Chinese enterprises' overseas expansion, the demand for global online advertising has experienced a tremendous increase. China's leading enterprises have begun to implement the globalisation strategy and activate businesses in overseas regions. Apps advertisers, including some small- and medium-sized app developers, have also begun to explore new business growth. There are 5.6 million and 6.0 million apps launched on the iOS platforms in 2017 and 2018, respectively.

Future Trends of Overseas Online Advertising Market in China

According to the iResearch Report, future trends of the China overseas online advertising market include:

- *Increasingly Concentrated Traffic.* With the significant growth of global online advertising traffic in recent years, leading media publishers such as Facebook and Google have occupied approximately 70% of market share in terms of global online advertising spending. Currently, the trend is that global media traffic continues to be more concentrated, and there will be an increasing number of global advertisers intending to cooperate with major media due to their leading market position.
- *Big Data Intelligent Advertising.* Previous advertising content procurement has been unsatisfactory in fulfilling the demands of different users, which is being replaced by big data intelligent advertising analysis. By integrating and analysing a large amount of accumulated data, big data intelligent advertising by online advertising providers can quickly generate a large number of different marketing campaign strategies based on active content in a short time, effectively identifying scenarios and thereby providing users with tailored content and services.
- *Advertising Budget Shifting Towards Emerging Markets.* Although regions such as North America and Europe are attractive to advertisers because of their mature markets and well-educated users, the fierce competition in these regions has led to high costs for advertisers. Improvement in the global Internet infrastructure as well as increases in penetration rate of Internet and mobile Internet users in emerging markets have laid a solid foundation for Chinese advertisers to acquire users in less developed areas. Emerging markets, especially Southeast Asia that has similar cultures to China, became appealing to Chinese advertisers for their less competitive market landscape and huge growth potential.
- *The Upgrading Demand Level of Advertisers.* Since 2018, Chinese enterprises' overseas expansion has been experiencing a process of upgrading. The categories of advertisers are expanding with various app developers such as 3C, e-commerce, tourism, online booking and traditional industries enhancing the intensity of their overseas online advertising in recent years. At the same time, advertisers are pursuing more cost-effective solutions to optimise their online ad campaigns through increasing exposure of their brand name and higher conversion rate.

INDUSTRY OVERVIEW

Entry Barriers of Overseas Online Advertising Market in China

According to the iResearch Report, barriers to entry for advertising platforms entering the China overseas online advertising market include:

- *Scale Effect.* Third-party advertising service providers that serve both advertisers and media publishers have network effects. These platforms can also accumulate huge amounts of user data and device data to optimise their ad trading algorithms and AI models.
- *Technology Barriers.* Proprietary technologies, including AI and big data analysis, are essential for programmatic advertising platforms. In addition, reliable technology infrastructure serves as the foundation for establishing a large-scale advertising platform that can achieve precise targeting and ad delivery in various native and interactive formats in real time.
- *Data Barriers.* Big data that online advertising service providers have accumulated can help them achieve better profiling and precise targeting and can also serve as the foundation for new types of data-based services.
- *Capital Barriers.* Online advertising service providers need to establish localised teams or branches in key markets, build proprietary technology platforms and recruit talents, all of which require large capital investments.

Challenges of Overseas Online Advertising Market in China

According to the iResearch Report, challenges for the China overseas online advertising market include:

- *Data Protection and Privacy.* Laws and regulations on data protection and privacy differ in each region, but such laws and regulations around the world have been strengthened in recent years. The General Data Protection Regulation (GDPR), the rules safeguarding the protection of personal data inside and outside the EU, has been published in 2018 and is considered as a solid common standards for internet data protection.
- *Cultural Conflicts.* Online advertisements are placed all over the world and are targeted at audience from diverse cultural backgrounds. As the cultural backgrounds, local policies and lifestyles of where the advertisements are placed may be differ greatly from those of China, localisation will be a challenge for overseas advertising.
- *Continuously Increasing User Acquisition Costs.* Increasing demands for market research and technology investment have driven up advertising costs. In terms of CPI, the total cost for global online advertising is increasing with the average CPI of China overseas online advertising reaching US\$1.9 in 2017. As a result of the increase in user acquisition costs, some small- and medium-sized advertisers are likely to reallocate their advertising budgets to acquire users in a more cost-efficient way.

COMPETITIVE LANDSCAPE

According to iResearch, China's overseas online advertising market is currently very scattered with a large number of online advertising agents connecting advertisers to designated resellers of media publishers or the media publishers themselves directly. According to iResearch, a substantial majority of advertising agents each account for less than 1% of the total market share of overseas online advertising market in China. We accounted for approximately 1% of the total market share of overseas online advertising market in China in 2019, according to iResearch. If big players invest into China's online advertising market and dominate significant portions of the market size, the competitive landscape may change significantly. According to iResearch, it is expected that the overseas online advertising market in China will become less scattered in the future.

According to the iResearch Report, leading media for online advertising, comprising primarily of Facebook and Google, occupied the largest market shares that accounted for about 42% and 28% of China's overseas mobile advertising market in terms of media revenue in 2019, respectively. Meanwhile, other media accounted for about 30% of the rest of the China's overseas online advertising market in 2019. The effect of Facebook's large number of online audiences and precision marketing strategies based on audience's interests has increased conversion rates and has attracted more customers.

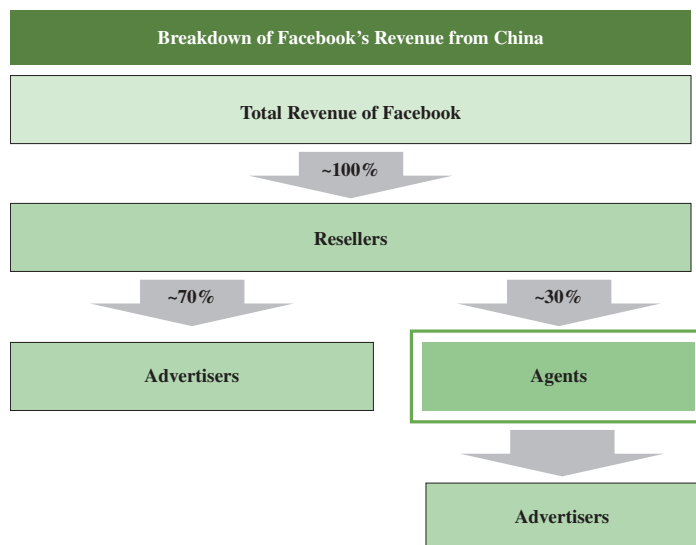
INDUSTRY OVERVIEW

According to the iResearch Report, there are two major types of partnership — (i) resellers; and (ii) agents. In general, resellers and agents have different roles to play in the online advertising market. Resellers generally focus on achieving KPIs in terms of traffic consumption set by media publishers, whereas agents generally have expertise in certain industries and have stronger customer acquisition capabilities compared to resellers. Moreover, agents focus more on medium-and small-sized advertisers and can provide customised advertising solutions to optimise advertisers' ROI.

According to iResearch, resellers are typically more established and have bigger operations, including providing a wider range of services other than purely acting as resellers for media publishers. As such, resellers are generally more equipped with technological capabilities and make more capital investments compared to agents.

In the context of Facebook, resellers mainly dedicate their services to Facebook and provide integrated Facebook advertising services. Within the agents category, there are recognised China Export Partners (CEPs) by Facebook and other agents unrecognised by Facebook. CEPs have experience in specific industries and are required to meet Facebook's marketing knowledge and service quality requirements. CEPs are able to open accounts for advertisers and acquire traffic from resellers and provide solutions based on the needs of advertisers. There are various types of CEPs providing different lines of business services for advertisers publishing advertisements on Facebook. This includes advertising agency, marketing software as a service (SaaS), data monitoring and others such as website development, e-commerce training and cross-border payment companies.

According to the iResearch Report, the total revenue of Facebook generated from Chinese advertisers in 2019 reached approximately US\$6.5 billion, of which 70% of the traffic was consumed by advertisers directly engaged with resellers, while 30% of the traffic was consumed by advertisers who used services provided by agents. The following chart shows a breakdown of Facebook's revenue between resellers and agents:



Source: iResearch Report

In 2019, Facebook had a total of nine resellers in China. Among Facebook's other agents in China, 23 were CEPs in 2019 and there were approximately 100 to 200 unrecognised agents.

INDUSTRY OVERVIEW

The following chart sets out rankings for resellers in terms of the amount of advertising spending for Facebook's ad inventories in 2019:

Reseller of Facebook in China		
	Company	advertising spending for Facebook's ad inventories in 2019 in terms of dollar value
Tier 1	Reseller A [△]	~USD1.8 billion
	Reseller B	~USD1.7 billion
Tier 2	Reseller C [△]	~USD0.8 billion
	Reseller D [△]	~USD0.5 billion
	Reseller E	~USD0.4 billion
Tier 3	Reseller F	~USD1.3 billion in total
	Reseller G	
	Reseller H	
	Reseller I	

Source: iResearch Report

Note: The amount of advertising spending from resellers is recognised on a gross basis (i.e., inclusive of the advertisers' actual advertising spending on Facebook directly). Tier level is classified by the amount of advertising spending incurred by a company for Facebook's ad inventories. For resellers, tier 1 represents advertising spending for Facebook's ad inventories of more than US\$1 billion; tier 2 represents advertising spending for Facebook's ad inventories of between US\$0.4 billion and US\$1 billion; and tier 3 represents advertising spending for Facebook's ad inventories of less than US\$0.4 billion.

△ Reseller A represents Company L; Reseller C represents Company N; and Reseller D represents Group E under "Business — Top Customers and Top Suppliers" in this prospectus.

Amongst the nine resellers of Facebook, tier 1 participants alone incurred approximately US\$3.5 billion of advertising spending for Facebook's ad inventories in 2019, while tier 2 and tier 3 participants incurred approximately US\$1.7 billion and US\$1.3 billion of advertising spending for Facebook's ad inventories in 2019, respectively.

The following chart sets out the rankings for CEPs in terms of the amount of advertising spending for Facebook's ad inventories in 2019:

China Export Partner		
	Company	advertising spending for Facebook's ad inventories in 2019 in terms of dollar value
Tier 1	AdTiger	~USD100 million
Tier 2	CEP A	~USD30 million
	CEP B	~USD8 million
	CEP C	~USD7 million
Tier 3	*CEP	<USD7 million
	D, E, F, G, H, I, J, K,	
	L, M, N, O, P, Q, R, S,	
	T, U, V	

Source: iResearch Report

Note: The amount of advertising spending from CEPs is recognised on a gross basis (i.e., inclusive of the advertisers' actual advertising spending through Facebook's resellers). Tier level is classified by the amount of advertising spending incurred by a company for Facebook's ad inventories. For CEP, tier 1 represents advertising spending for Facebook's ad inventories of more than US\$50 million; tier 2 represents advertising spending for Facebook's ad inventories of between US\$7 million and US\$50 million; and tier 3 represents advertising spending for Facebook's ad inventories of less than US\$7 million.

* Each tier 3 CEP's advertising spending for Facebook's ad inventories in 2019 is less than US\$7 million.

INDUSTRY OVERVIEW

According to iResearch, we ranked first amongst Facebook's 23 CEPs in terms of advertising spending for Facebook's ad inventories in 2019. We incurred advertising spending for Facebook's ad inventories of approximately US\$100 million in 2019 and is classified as the only tier 1 CEP in the industry that connected directly with four designated resellers of Facebook in 2019 for Facebook's ad inventories. We accounted for approximately 1.5% of Facebook's online advertising market share in China in 2019, measured by the total advertising spending through our platform on Facebook's traffic in 2019.

REGULATORY OVERVIEW

LAWS AND REGULATIONS IN THE PRC

Laws and Regulations on Company Establishment and Foreign Investment

Company Establishment

The incorporation, operation and management of corporate entities in China are governed by the PRC Company Law (《中華人民共和國公司法》), which was promulgated by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會) (the “NPC”) on 29 December 1993 and became effective on 1 July 1994, and was last amended on 26 October 2018. Under the PRC Company Law, companies are generally classified into two categories, i.e., limited liability companies and joint stock limited companies. The PRC Company Law also applies to limited liability companies and joint stock limited companies invested by foreign investors. Where there are otherwise different provisions in any law on foreign investment, such provisions shall prevail. Additionally, The registration for a PRC Company's establishment, modification, and termination shall comply with the Provisions of Regulation of the People's Republic of China on the Administration of Company Registration (《中華人民共和國公司登記管理條例》) which was promulgated by the State Council on 24 June 1994 and was last revised on 6 February 2016.

The Law of the PRC on Sino-foreign Equity Joint Ventures (《中華人民共和國中外合資經營企業法》) was promulgated by the NPC and came into force on 8 July 1979, and was last amended on 3 September 2016 and became effective on 1 October 2016. The Regulations on the Implementation of the Law of the PRC on Sino-foreign Equity Joint Ventures (《中華人民共和國中外合資經營企業法實施條例》) were promulgated by the State Council and became effective on 20 September 1983, and was last amended on 2 March 2019. The above-mentioned laws and regulations form the legal framework for the PRC Government to regulate Sino-foreign Equity Joint Ventures (the “JVs”), which regulate the establishment, modification, including changes to registered capital, shareholders, corporate form, merger and split, dissolution and termination of JVs. The establishment procedures, approval procedures, registered capital requirement, foreign exchange, accounting practices, taxation and labour matters of a wholly foreign-owned enterprise are regulated by the Wholly Foreign-owned Enterprise Law of the PRC (《中華人民共和國外資企業法》), which was promulgated by the NPC on 12 April 1986 and amended on 3 September 2016, and the Implementation Regulations of the Wholly Foreign-owned Enterprise Law of the PRC (《中華人民共和國外資企業法實施細則》) promulgated by the State Council on 12 December 1990 and was last amended on 19 February 2014.

On 15 March 2019, the NPC approved the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the “**Foreign Investment Law**”), which came into effect on 1 January 2020. The Foreign Investment Law is the fundamental law for foreign investment in PRC, which will replace the Law on Sino-Foreign Equity Joint Ventures (《中外合資經營企業法》), the Law on Sino-Foreign Contractual Joint Ventures (《中外合作經營企業法》) and the Law on Foreign-Capital Enterprises (《外資企業法》) as the general law applicable for the foreign investment within the PRC. The Foreign Investment Law sets forth principles and measures to promote foreign investment in the PRC and specifically provides that the PRC legally protects Foreign Investors' investment, earnings and other legitimate rights and interests in the PRC. The Foreign Investment Law further provides that foreign-invested enterprises established before the Foreign Investment Law coming into effect may retain their original form of organisations within five years after the Foreign Investment Law comes into effect. The specific implementing measures will be prescribed by the State Council.

Foreign Investment Policy

On 28 June 2018, the NDRC and the MOFCOM issued the Special Administrative Measures for Access of Foreign Investment (Negative List) (Edition 2018) (《外商投資准入特別管理措施(負面清單)(2018年版)》) which was further replaced by the Special Administrative Measures for the Access of Foreign Investment (Negative List) (Edition 2019) (《外商投資准入特別管理措施(負面清單)(2019年版)》) (the “**Negative List**”) promulgated by the NDRC and the MOFCOM on 30 June 2019 and became effective on 30 July 2019. The Negative List enumerates ownership requirements, requirements for senior executives, and other special management measures in the aspect of the access of foreign investment for the industries that falls within the Negative List. At the same time, the Negative List enumerates transitional periods for access restrictions to be cancelled or relaxed, at the expiry of which such restrictions shall be cancelled or relaxed. Any field not on the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment.

Our PRC Legal Advisor is of the view that, pursuant to the latest Negative List, the online advertising business that our Group currently engages in does not fall within the scope of the Negative List or constitute any industries in the Negative List that are subject to restriction or prohibition on foreign investment on the following basis.

REGULATORY OVERVIEW

A. *Foreign Investment Policy on Advertising industry*

Our Group is currently engaged in the advertising business and mainly provides design and production service, serving as an agent for online advertisement, and such advertising business is not listed in the Negative List. Although according to the Administrative Regulations on Foreign-Invested Advertising Enterprise (《外商投資廣告企業管理規定》) promulgated by the State Administration for Industry and Commerce and Ministry of Commerce on 22 August 2008 which took effect on 1 October 2008, foreign investors were required to have at least three years' prior experience in advertising business, such restriction policy has been repealed by the 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 promulgated on 29 June 2015. Therefore, our Group's advertising business is within the permitted industry catalogue and is not restricted or prohibited from foreign investment.

B. *Foreign Investment Policy on value-added telecommunication service*

According to the Negative List, foreign investment in value-added telecommunication services (except for e-commerce, domestic multi-party communication, store-and-forward, and call center) is restricted. As advised by our PRC Legal Advisor, our business model does not involve provision of any type of value-added telecommunications services under the Catalogue of Telecommunications Business (2015 Edition) (《電信業務分類目錄(2015年版)》).

As defined under Telecommunications Regulations of the PRC (《中華人民共和國電信條例》), which issued by the State Council on 6 February 2016, the value-added telecommunications services refer to telecommunications and information services provided through public network infrastructures and are subject to licenses prior to commencement of operations. The Catalogue of Telecommunications Business (2015 Edition) (《電信業務分類目錄(2015年版)》) attached to the Telecommunications Regulations of the PRC further divides the value-added telecommunication service into two general catalogues and ten detailed categories. Among these categories, online data processing and transaction processing services (在線數據處理與交易處理業務) numbered B21 refer to providing online data processing and transaction processing services to users through public communication networks or the Internet by using various data and transaction processing application platforms connected to public communication networks or the Internet, and the information service business (信息服務業務) numbered B25 refers to the business of providing information services to users through public communication networks or the Internet by way of the information collection, development, processing and construction of information platforms.

We currently offer advertising service through our ad optimisation and management platform AdTensor (Please refer to "Business-AdTensor — Our Ad Optimisation and Management Platform" in this prospectus for further details). AdTensor solely serves as a software platform which is different from public communication networks or the Internet services. We only use this platform internally rather than opening up to any Internet users or advertisers through public communication networks or the Internet for profit, and neither of the two domain names registered by our PRC subsidiary is providing profitable information service by charging fees from Internet users. We believe our Group's business does not involve online data processing and transaction processing services or information service business, or constitute any other type of value-added telecommunication services. As such, our Group's business does not fall within the scope of providing value-added telecommunication service and is not subject to restriction of foreign investment from this regard.

Laws and Regulations on Advertising Business

The Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), or the Advertising Law, was promulgated by the NPC on 27 October 1994 and amended on 24 April 2015 and 26 October 2018. The Advertising Law regulates contents of advertisements, codes of conduct for advertising, and the supervision and administration of advertising industry. It stipulates that advertisers, advertising operators, and advertisement publishers shall abide by the Advertising Law and other applicable laws and regulations, be honest and trustworthy, and compete in a fair manner in advertising business. Advertiser, advertising agents, and advertisement publishers shall, in accordance with the law, enter into written contracts among them in their advertising activities. According to the Advertising Law, an advertiser shall be responsible for the veracity of contents of advertisement, advertising operators and advertisement publishers shall examine the relevant certification documents pursuant to applicable laws and regulations, and check advertisement contents. For advertisements with contents which are inconsistent with the proof documents or the proof documents are incomplete, advertising publishers shall not publish such advertisement. In addition, where false advertisements for products or services relating to the life and health of consumers cause damage to the consumers, the advertising operators for such advertisements shall bear joint and several liabilities with the advertisers concerned. Where false advertisements for products or services other than the above cause damage to the consumers, in the case that the advertising operators for such advertisements still design, produce,

REGULATORY OVERVIEW

provide agency, publish or make endorsements or testimonials for the advertisements even though they are aware or should be aware the advertisements are false, they shall bear joint and several liabilities with the advertisers concerned and might be subject to penalties, including confiscation of revenue and fines, and the competent PRC authority may suspend or revoke their business licences.

On 4 July 2016, the State Administration for Industry and Commerce promulgated the Interim Measures for the Administration of Internet Advertising (《互聯網廣告管理暫行辦法》) (the “**Internet Advertising Measures**”), which took effect on 1 September 2016, to regulate advertising activities conducted over the internet. According to the Internet Advertising Measures, internet advertisers, advertising agents and advertisement publishers shall, in accordance with the law, enter into written contracts among them in their internet advertising activities. Advertisements published or distributed via the internet shall not interfere with users’ normal use of the internet. For example, advertisements published on web page pop-up window or in other forms shall be clearly marked with a “close” sign to ensure a “Click to Close”. No entity or individual may induce users to click on the contents of an advertisement through deception. An internet advertisement publisher or advertising operator, shall establish and maintain an acceptable registration, examination and file management system for its advertisers; examine, verify and record the identity information of each advertiser. The Internet Advertising Measures also require an internet advertiser to be responsible for the veracity of contents of advertisements, and internet advertisement publishers and advertising operators shall examine related supporting documents, check the contents of the advertisement and prohibits them from designing, producing, providing services or publishing any advertisement if the content and the supporting documents do not match with each other or the documentary evidence thereof are insufficient, otherwise it will lead to correction order or subject to a fine of not more than RMB50,000 by the local branch of State Administration for Industry and Commerce of the People’s Republic of China (the “SAIC”).

Laws and Regulations on Information Services

On 25 September 2000, the State Council promulgated the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) (the “**Internet Measures**”), which was later amended on 8 January 2011. Under the Internet Measures, internet information services are divided into profitable services and non-profitable services, and a filing requirement shall be satisfied before conducting non-profitable internet information service.

Meanwhile, the content of the internet information is highly regulated pursuant to the Internet Measures, for internet information providers who provide non-profitable internet information services, the PRC government may shut down the websites of the internet information providers if they produce, reproduce, disseminate or broadcast internet content that contains content that is prohibited by law or administrative regulations. Internet information services providers are also required to monitor their websites. They may not post or disseminate any content that falls within the prohibited categories, and must remove any such content from their websites, save the relevant records and make a report to the relevant governmental authorities. Additionally, as the internet information service providers, under the PRC Tort Liability Law (《中華人民共和國侵權責任法》) promulgated by the NPC on 26 December 2009 and became effective on 1 July 2010, they shall bear tortious liabilities in the event they infringe upon other person’s rights and interests due to providing wrong or inaccurate contents through the internet. Where an internet service provider conducts tortious acts through internet services, the infringed person has the right to request the internet service provider take necessary actions such as deleting contents, screening and de-linking. Failing to take necessary actions after being informed, the internet service provider will be subject to liabilities with regard to the additional damages incurred. Where an internet service provider knows that an internet user is infringing upon other persons’ rights and interests through its internet service but fails to take necessary actions, it is jointly and severally liable with the internet user.

Laws and Regulations on Information Security and Personal Information Protection

Internet content in China is regulated and restricted from a state security standpoint. On 28 December 2000, the NPC enacted the Decisions on Maintaining Internet Security (《全國人民代表大會關於維護互聯網安全的決定》), later amended on 27 August 2009, which subject violators to criminal punishment in China for any effort to: (i) use the internet to market fake and substandard products or carry out false publicity for any commodity or service; (ii) use the internet for the purpose of damaging the commercial goodwill and commodity reputation of any other person; (iii) use the internet for the purpose of infringing on the intellectual property of any person; (iv) use the internet for the purpose of fabricating and spreading false information that affects the trading of securities and futures or otherwise jeopardises the financial order; or (v) create any pornographic website or webpage on the internet, provide links to pornographic websites, or disseminate pornographic books and magazines, movies, audio-visual products, or images. Pursuant to Administrative Measures for the Security Protection of Computer Information Networks Linked to the Internet (《計算機信息網絡國際聯網安全保護管理辦法》) which was approved by the State Council on 11 December 1997 and revised by the State Council

REGULATORY OVERVIEW

on 8 January 2011, the Internet is prohibited to be used in ways which, among other things, would result in a leakage of state secrets or a spread of socially destabilising content. On 13 December 2005, the Ministry of Public Security promulgated Provisions on the Technical Measures for the Protection of the Security of the Internet (《互聯網安全保護技術措施規定》) which took effect on 1 March 2006, it requires internet service providers to take proper measures including anti-virus, data back-up and other related measures, to keep records of certain information about its users (including user registration information, log-in and log-out time, IP address, content and time of posts by users) for at least 60 days, and to detect illegal information, stop transmission of such information, and keep relevant records. If an internet information service provider violates these measures, the Ministry of Public Security and the local security bureaus may revoke its operating licence (if any) and shut down its websites. On 7 November 2016, the NPC promulgated the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》), which became effective on 1 June 2017, pursuant to which, network operators shall comply with laws and regulations and fulfil their obligations to safeguard security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures pursuant to laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data.

PRC governmental authorities have enacted laws and regulations on internet use to protect personal information from any unauthorised disclosure. On 28 December 2012, the NPC promulgated and enforced the Decision on Strengthening Network Information Protection (《關於加強網絡信息保護的決定》) to enhance the legal protection of information security and privacy on the internet. On 29 December 2011, the Ministry of Industry and Information Technology (the “MIIT”) promulgated the Several Provisions on Regulation of the Order of Internet Information Service Market (《規範互聯網信息服務市場秩序若干規定》), which became effective on 15 March 2012, to regulate that without the consent of users, Internet information service providers shall not collect information relevant to the users that can lead to the recognition of the identity of the users independently or in combination with other information. On 16 July 2013, the MIIT promulgated the Provisions on Protection of Personal Information of Telecommunication and Internet Users (《電信和互聯網用戶個人信息保護規定》), which became effective on 1 September 2013, to regulate the collection and use of users’ personal information in the provision of telecommunication services and internet information services in China. Telecommunication business operators and internet service providers are required to establish its own rules for collecting and use of users’ information and cannot collect or use users’ information without users’ consent, and are prohibited from disclosing, tampering with, damaging, selling or illegally providing others with, collected personal information. The Cyber Security Law also sets several rules to regulate personal information protection by network operators, which requires network operators to perform certain functions related to cyber security protection and the strengthening of network information management. On 8 May 2017, for the purpose of punishing the criminal activities of infringing upon citizens’ personal information, the Supreme People’s Court and Supreme People’s Procuratorate issued The Interpretation on Several Issues concerning the Application of Law in the Handling of Criminal Cases of Infringing on Citizens’ Personal Information (《最高人民法院，最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》), which stipulates any network service provider that refuses to perform the information network security management obligation as prescribed in any law or regulation and refuses to take corrective actions after being ordered by the regulatory authority to take correction measures, causing the divulgement of any citizen’s personal information and other serious circumstances shall be convicted and punished for the crime of refusing to perform the information network security management obligation in accordance with the provisions of the Criminal Law.

Laws and Regulations on Intellectual Property

Copyright

The Copyright Law of the People’s Republic of China (《中華人民共和國著作權法》) (the “**Copyright Law**”), adopted by the NPC on 7 September 1990 and was last amended on 26 February 2010, as well as the Implementation Regulation of the PRC Copyright Law (《中華人民共和國著作權法實施條例》) adopted by the State Council on 2 August 2002 and amended on 30 January 2013, provide that Chinese citizens, legal persons, or other organisations shall, whether published or not, enjoy copyright in their works, which includes, among others, works of literature, art, natural science, social science, engineering technology and computer software. A copyright shall subsist on the date when a work is created. In terms of the work created in the course of employment, the copyright shall belong to the individual author except for where (i) the work is created primarily with the use of material and technical conditions of the employer and for which the employer bears responsibility of the work, or (ii) the copyright of the work belongs to the employer pursuant to the provisions of laws and regulations or contractual agreement. Under such circumstances, the individual author shall be entitled to the right of authorship on the work, while copyright other than right of authorship shall belong to the

REGULATORY OVERVIEW

employer, and the employer may reward the individual author who create or develop the work. In addition, there is a voluntary registration system administered by the China Copyright Protection Center, a work registration certificate shall be issued by the Centre after successful registration.

The Regulations on Computer Software Protection of the PRC (《中華人民共和國計算機軟件保護條例》) promulgated by the State Council, last amended on 30 January 2013 and became effective on 1 March 2013, protects the rights and interests of the computer software copyright holders and encourages the development of software industry and information economy. In the PRC, software developed by PRC citizens, legal persons or other organisations is automatically protected immediately after its development, without an application or approval. Software copyright may be registered with the designated agency and if registered, the certificate of registration issued by the software registration agency will be the preliminary evidence for the ownership of the copyright and other registered matters. On 20 February 2002, the NCA issued the Measures on Computer Software Copyright Registration (《計算機軟件著作權登記辦法》), which outlines the operational procedures for registration of software copyright, as well as registration of software copyright licence and transfer contracts.

Trademarks

Trademarks are protected by the PRC Trademark Law (《中華人民共和國商標法》) adopted by the NPC on 23 August 1982 and subsequently revised on 22 February 1993, 27 October 2001, 30 August 2013, and 23 April 2019, as well as the Implementation Regulation of the PRC Trademark Law (《中華人民共和國商標法實施條例》) adopted by the State Council on 3 August 2002 and amended on 29 April 2014. The Trademark Office under the SAIC handles trademark registrations and grants a term of ten years to registered trademarks and another ten years if requested upon expiry of the first or any renewed ten-year term. Trademark licence agreements must be filed with the Trademark Office for record.

Domain Names

Internet domain name registration and related matters are primarily regulated by the Measures on Administration of Domain Names for the Chinese Internet (《中國互聯網絡域名管理辦法》), issued by MIIT on 5 November 2004 and effective as of 20 December 2004, which was replaced by the Measures on Administration of Internet Domain Names (《互聯網域名管理辦法》) issued by MIIT as of 1 November 2017, and the Implementing Rules on Registration of Domain Names (《中國互聯網絡信息中心域名註冊實施細則》) issued by China Internet Network Information Center (the “CINIC”) and became effective on 29 May 2012. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration. The CINIC Measures on Domain Name Dispute Resolution (《中國互聯網絡信息中心域名爭議解決辦法》), which was promulgated by the CINIC and became effective on 1 September 2014, requires domain name disputes to be submitted to institutions authorised by the CINIC for resolution.

Patents

On 12 March 1984, the NPC promulgated the Patent Law (《中華人民共和國專利法》), which was amended on 4 September 1992, 25 August 2000 and 27 December 2008. On 15 June 2001, the State Council promulgated the Implementation Regulations for the Patent Law (《中華人民共和國專利法實施細則》) and was amended on 9 January 2010. According to these laws and regulations, the State Intellectual Property Office is responsible for administering patents in the PRC. The Chinese patent system adopts a “first to file” principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who filed the application first. To be patentable, invention or utility models must meet three conditions: novelty, inventiveness and practical applicability. A patent is valid for 20 years in the case of an invention and 10 years in the case of utility models and designs. A third-party user must obtain consent or a proper licence from the patent owner to use the patent. Otherwise, third-party use constitutes an infringement of patent rights.

Laws and Regulations on Labour

Labour

Pursuant to the PRC Labour Law (《中華人民共和國勞動法》) promulgated by the NPC on 5 July 1994 with effect from 1 January 1995, and revised on 27 August 2009 and 29 December 2018, as well as the PRC Labour Contract Law (《中華人民共和國勞動合同法》) promulgated by the NPC on 29 June 2007 and revised on 28 December 2012, if an employment relationship is established between an entity and its employees, written labour contracts shall be executed between them. The relevant laws stipulate the maximum number of working hours per day and per week, respectively. Furthermore, the relevant laws also set forth the minimum wage. The entities shall establish and develop systems for occupational safety and sanitation, implement the rules and standards of the PRC government on occupational safety and sanitation, educate employees on occupational safety and sanitation, prevent accidents at work and reduce occupational hazards.

REGULATORY OVERVIEW

Social Insurance

The Law on Social Insurance of the PRC (《中華人民共和國社會保險法》), which was promulgated by the NPC on 28 October 2010 and amended on 29 December 2018, has established social insurance systems of basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance (the “**five social insurance**”), and has elaborated in detail the legal obligations and liabilities of employers who do not comply with relevant laws and regulations on social insurance.

According to the Reform Plan of the State Tax and Local Tax Collection Administration System (《國稅地稅徵管體制改革方案》), which was issued by the General Office of the Communist Party of China and the General Office of the State Council of the PRC on 20 July 2018, from 1 January 2019, all the social insurance premiums including the five social insurance will be collected by the tax authorities. Furthermore, according to the Notice by the General Office of the State Administration of Taxation on Conducting the Relevant Work Concerning the Administration of Collection of Social Insurance Premiums in a Steady, Orderly and Effective Manner (《國家稅務總局辦公廳關於穩妥有序做好社會保險費徵管有關工作的通知》) issued on 13 September 2018 and the Urgent Notice of the General Office of the MOHRSS on Implementing the Spirit of the Executive Meeting of the State Council in Stabilising the Collection of Social Security Contributions (《人力資源和社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) issued on 21 September 2018, all the local authorities responsible for the collection of social insurance are strictly forbidden to conduct self-collection of historical unpaid social insurance contributions from enterprises. Notice of the State Administration of Taxation on Implementing Measures to Further Support and Serve the Development of Private Economy (《國家稅務總局關於實施進一步支援和服務民營經濟發展若干措施的通知》) issued on 16 November 2018 repeated that tax authorities at all levels may not organise self-collection of arrears of taxpayers including private enterprises in the previous years.

Housing Provident Fund

Pursuant to the Administrative Regulations on the Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council, which was effective from 3 April 1999, and subsequently amended on 24 March 2002 and 24 March 2019, housing provident fund paid and deposited both by employee themselves and their employer, shall be owned by the employees. An employer shall undertake registration of payment and deposit of the housing provident fund in the Housing Provident Fund Management Centre, and upon verification by the Housing Provident Fund Management Centre, open a housing provident fund account on behalf of its employees in a commissioned bank. Employers shall timely pay and deposit housing provident fund contributions in full amount and late or insufficient payments shall be prohibited. With respect to employers who violate the above regulations and fail to complete housing provident fund payment and deposit registrations or open housing provident fund accounts for their employees, such employers shall be ordered by the Housing Provident Fund Management Centre to complete such procedures within a designated period. Those who fail to complete their registrations within the designated period shall be subject to a fine from RMB10,000 to RMB50,000. When employers are in breach of these regulations and fail to pay deposit housing provident fund contributions in full amount as they fall due, the Housing Provident Fund Management Centre shall order such unit employers to pay within a prescribed time period, failing which an application may be made to a people’s court for compulsory enforcement.

Laws and Regulations on Taxation

Enterprise Income Tax (“EIT”)

Under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), or the EIT Law, promulgated by the NPC and became effective on 1 January 2008 and was last amended on 29 December 2018, as well as its implementing rules (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on 6 December 2007 and amended on 23 April 2019, enterprises are classified as resident enterprises and non-resident enterprises. Enterprises that are set up in the PRC under the PRC laws, or that are set up in accordance with the law of the foreign country (region) whose actual administration institution is in PRC, shall be considered as “resident enterprises”.

PRC resident enterprises typically pay an EIT at the rate of 25% while non-PRC resident enterprises without any branches in the PRC shall pay an EIT in connection with their income from the PRC at the tax rate of 10%. An enterprise established outside of the PRC with its “de facto management bodies (實際管理機構)” located within the PRC is considered a “resident enterprise”, meaning that it can be treated in a manner similar to a PRC domestic enterprise for EIT purposes. The implementing rules of the EIT Law define a de facto management body as a managing body that in practice exercises “substantial and overall management and control over the production and operations, personnel, accounting, and properties” of the enterprise.

REGULATORY OVERVIEW

The EIT Law and the implementation rules provide that an income tax rate of 10% should normally be applicable to dividends payable to investors that are “non-resident enterprises”, and gains derived by such investors, which (a) do not have an establishment or place of business in the PRC or (b) have an establishment or place of business in the PRC, but the relevant income is not effectively connected with the establishment or place of business to the extent such dividends and gains are derived from sources within the PRC. Such income tax on the dividends may be reduced pursuant to a tax treaty between China and other jurisdictions. Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation 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》), which was signed on 21 August 2006 and effective in the mainland China from 1 January 2007, or the Double Tax Avoidance Arrangement, and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5% upon receiving approval from in-charge tax authority. Furthermore, under the Announcement of the State Administration of Taxation on Promulgating the Administrative Measures for Tax Convention Treatment for Non-resident Taxpayers 《國家稅務總局關於發佈〈非居民納稅人享受稅收協定待遇管理辦法〉的公告》, which was issued on 27 August 2015 and further revised by Announcement of the State Administration of Taxation on Amending Certain Taxation Regulatory Documents (《國家稅務總局關於修改部分稅收規範性文件的公告》) on 15 June 2018, the applicant for the preferential withholding rate is required to make a recordal with its in-charge tax authority and submit all the requisite application materials. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《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》) issued on 20 February 2009 by the State Administration of Taxation (the “SAT”), if the relevant PRC tax authorities determine, at their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment; and based on the Announcement on Relevant Issues Concerning the “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》) issued on 3 February 2018 and effective from 1 April 2018, comprehensive analysis based by the SAT on the stipulated factor therein and actual circumstances shall be adopted when recognising the “beneficial owner” and agents and designated wire beneficiaries are specifically excluded from being recognised as “beneficial owners”.

The EIT Law and its implementation rules, as well as the PRC Tax Collection Administrative Law (《中華人民共和國稅收徵收管理法》) promulgated by NPC and last amended on 24 April 2015, provide the rules of tax adjustment, which require the transactions between an enterprise and its related parties shall be made at arm’s length principle. Where transactions between an enterprise and its related parties fail to comply with the arm’s length principle and results in a reduction of the taxable income, the tax authorities shall have the right to make reasonable adjustments.

Value-added Tax

Pursuant to Interim Value-Added Tax Regulations of the PRC (《中華人民共和國增值稅暫行條例》) promulgated by the State Council and last amended on 19 November 2017, and the Implementing Rules for the Interim Regulations of the People’s Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》) promulgated by Ministry of Finance (the “MOF”) and last amended on 28 October 2011, any entity or individual conducting business in the service industry is required to pay value-added tax, or VAT, with respect to revenue derived from the provision of services. Other than those specified listed in the VAT law, tax rate for selling services or intangible assets is 6%.

Furthermore, in accordance with the Notice on Fully Launch of the Pilot Scheme for the Conversion of Business Tax to Value-Added Tax (《關於全面推開營業稅改徵增值稅試點的通知》) issued by the MOF and the SAT on 23 March 2016 and came into effect on 1 May 2016, the PRC started to fully implement the pilot programme from business tax to value-added tax on 1 May 2016. All taxpayers of business tax in construction industry, real estate industry, financial industry and living service industry have been included in the scope of the pilot program and shall pay value-added tax instead of business tax.

Regulations on Foreign Exchange

Pursuant to the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》), promulgated by the State Council on 29 January 1996, and amended on 14 January 1997 and 5 August 2008, the Renminbi (the “RMB”) is generally freely convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions, but not for capital account items, such as direct investments, loans, repatriation of investments and investments in securities outside of China, unless the prior approval from State Administration Of Foreign Exchange (the “SAFE”) is obtained and prior registration with SAFE is made.

REGULATORY OVERVIEW

The SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises (《關於改革外商投資企業外匯資金結匯管理方式的通知》) (the “**SAFE Circular No. 19**”), effective on 1 June 2015 and further promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardising the Foreign Exchange Settlement Management Policy of Capital Account (《關於改革和規範資本專案結匯管理政策的通知》) (the “**SAFE Circular No. 16**”), effective on 9 June 2016, which, among other things, amend certain provisions of SAFE Circular No. 19. According to SAFE Circular No. 19 and SAFE Circular No. 16, the flow and use of the RMB capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated, such that RMB capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope. Violations of SAFE Circular No. 19 or SAFE Circular No. 16 could result in administrative penalties.

On 10 May 2013, the SAFE promulgated the Circular of the State Administration of Foreign Exchange on Printing and Distributing the Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors and Relevant Supporting Documents (《外國投資者境內直接投資外匯管理規定》) (the “**SAFE Circular No. 21**”) which has been further revised on 10 October 2018, provides for and simplifies the operational steps and regulations on foreign exchange matters related to direct investment by foreign investors, including foreign exchange registration, account opening and use, receipt and payment of funds, and settlement and sales of foreign exchange.

Pursuant to 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 Vehicles (《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 “**SAFE Circular No. 37**”), promulgated by SAFE and which became effective on 4 July 2014, (a) a PRC resident (the “**PRC Resident**”) shall 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 controlled by the PRC Resident for the purpose of conducting investment or financing (the “**Initial Registration**”); and (b) 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 of the Overseas SPV’s PRC Resident shareholder(s), name of the Overseas SPV, term of operation, or any increase or reduction of the Overseas SPV’s registered capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular No. 37, failure to comply with these registration procedures may result in penalties.

Pursuant to the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the “**SAFE Circular No. 13**”), which was promulgated on 13 February 2015 with effect from 1 June 2015, the foreign exchange registration under domestic direct investment and the foreign exchange registration under overseas direct investment are directly reviewed and handled by banks in accordance with the SAFE Circular No. 13, and the SAFE and its branches shall perform indirect regulation over the foreign exchange registration via banks.

Laws and Regulations on Dividend Distribution

The principal regulations governing distribution of dividends of foreign-invested enterprises include the PRC Company Law, the PRC Wholly Foreign-owned Enterprise Law and its implementation rules. Under these laws and regulations, wholly foreign-owned enterprises in China may pay dividends only out of their accumulated after-tax profits, if any, determined in accordance with China accounting standards and regulations. In addition, wholly foreign-owned enterprises in China are required to allocate at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds until these reserves have reached 50% of the registered capital of the enterprises. Wholly foreign-owned companies may, at their discretion, allocate a portion of their after-tax profits based on China accounting standards to staff welfare and bonus funds. These reserves are not distributable as cash dividends.

Laws and Regulations on Unfair Competition

In accordance with the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) (the “**Anti-Unfair Competition Law**”), promulgated by the NPC on 2 September 1993 and last revised and took effect on 23 April 2019, a business operator shall not conduct any false or misleading commercial publicity in respect of the performance, functions, quality, sales, user reviews, and honours received of its commodities, in order to defraud or mislead consumers. The Anti-Unfair Competition Law also stipulates that a business operator engaging in production or distribution activities online shall abide by the provisions of the Anti-Unfair Competition Law. No business operator may, by technical means to affect users’ options, among others things, commit the acts of interfering with or sabotaging the normal operation of online products or services legally provided by another business operator.

REGULATORY OVERVIEW

In addition, according to the Anti-Unfair Competition Law, a business operator is prohibited from any of the following unfair activities: (i) committing act of confusion to mislead a person into believing that a commodity is one of another person or has a particular connection with another person; (ii) seeking transaction opportunities or competitive edges by bribing relevant entities or individuals with property or by any other means; (iii) infringing trade secrets; (iv) premium campaign violating the provision of the Anti-Unfair Competition Law; and (v) fabricating or disseminating false or misleading information to damage the goodwill or commodity reputation of a competitor.

Regulations on Overseas Investment

The Administrative Measures for the Outbound Investment by Enterprises (《企業境外投資管理辦法》, or the “Outbound Investment Measures”, adopted by NDRC on 26 December 2017, and effected on 1 March 2018, “Outbound investment” refers to the investment activities to obtain overseas ownership, right of control, business management right, and other related rights and interests by an enterprise located within the territory of the PRC (the “Investor”), either directly or via an overseas enterprise under its control, by way of investments with assets or equities or proving financing or guarantees. To make an outbound investment, the Investor shall go through formalities such as obtaining the relevant approval or filing of the outbound investment project (the “Project”), reporting the relevant information, and the cooperating with NDRC in the supervision and inspection over the outbound investment. With regard to Projects that are not sensitive Project stipulated in the Outbound Investment Measures, only filing is required and a notice of filing would be issued by the NDRC after completion of filing.

Furthermore, pursuant to the Administrative Measures on Overseas Investments (《境外投資管理辦法》) promulgated by the MOFCOM on 6 September 2014, the MOFCOM and the local commerce authorities shall be responsible for implementing administration and supervision of overseas investments. With regard to outbound investment not involving sensitive countries, regions or industries, it only shall be subject to filing with the MOFCOM, and enterprise carried out such outbound investment will obtain the Certificate of Overseas Investments of Enterprises issued by the local MOFCOM after completion of filing.

Regulations on M&A Rules

On 8 August 2006, six PRC regulatory agencies, including the MOFCOM, the SAFE and the CSRC, jointly adopted the Regulations on Mergers of Domestic Enterprises by Foreign Investors (《關於外國投資者並購境內企業的規定》) (the “M&A Rules”), which became effective on 8 September 2006 and was amended by the MOFCOM on 22 June 2009. According to Article 2 of the M&A Rules, foreign investors shall comply with the M&A Rules when they purchase equity interests of a domestic company or subscribe the increased capital of a domestic company so as to convert such domestic company into a foreign-invested enterprise; or when the foreign investors establish a foreign-invested enterprise in the PRC through which it purchases and operates the assets of a domestic enterprise by agreement; or when the foreign investors purchase the asset of a domestic company by agreement and then invest such asset to establish a foreign-invested enterprise and operates the assets. According to Article 11 of the M&A Rules, the merger and acquisition of a domestic company with or by a domestic company, enterprise or individual, that has a related party relationship with the target company, in the name of an overseas company legitimately incorporated or controlled by the domestic company, enterprise or individual, shall be subject to examination and approval by the MOFCOM. The parties involved shall not use domestic investment by foreign invested enterprises or other methods to circumvent the aforesaid requirements.

On 8 October 2016, Ministry of Commerce issued the Filing Measures (《外商投資企業設立及變更備案管理暫行辦法》) which has been revised on 29 June 2018. According to the Filing Measures, where a non-foreign-invested enterprise changes into a foreign-invested enterprise due to acquisition, consolidation by merger or otherwise, which is subject to record-filing as stipulated in the Filing Measures, it shall complete the record-filing formalities for incorporation and submit the Incorporation Application in accordance with the Measures.

LAWS AND REGULATIONS IN HONG KONG

Advertising Industry

Although the law of defamation remains principally a matter of common law, the Defamation Ordinance (Cap. 21) provides particulars of certain defences, for example: (a) absence of actual malice and gross negligence (by inserting apology for libel) and (b) unintentional defamation (by making offer of amends). Further, actions pursuant to: (a) words spoken and published imputing unchastity or adultery to any woman, and (b) slander to disparage official, professional, trade or business reputation, shall be actionable without proof of special damage. In addition, any person who maliciously publishes any defamatory libel, knowing the same to be false, shall be liable to imprisonment for 2 years and, in addition, to pay such fine as the Court may award.

REGULATORY OVERVIEW

Under the Control of Obscene and Indecent Articles Ordinance (Cap. 390), publication of obscene or indecent articles is a criminal offence, and the Obscene Articles Tribunal has the power to determine whether an article is obscene, indecent or not, and to impose condition for publication if it is of the view that the article is indecent.

Data Collection & Processing

The collection and processing of personal data in Hong Kong are governed by the Personal Data (Privacy) Ordinance (Cap. 486). To constitute ‘personal data’, (a) the data must relate to an individual; (b) that individual must be reasonably identifiable from the data; (c) the data must be reasonably retrievable. The regulatory regime under the statute is applied through 6 data-protection principles on: (i) the collection, (ii) accuracy and retention, (iii) use, (iv) security, (v) openness and (vi) the right of data subject to access and correct the personal data.

Use of Electronic Means

Under the Telecommunication Ordinance (Cap. 106), the Hong Kong government may grant licence to the operator or provider of telecommunication networks, systems, installations or services, or for the establishment or maintenance of a telecommunication network for carrying communications to or from the public between fixed/moving locations.

Under the Electronic Transactions Ordinance (Cap. 553), electronic records and digital signatures used in electronic transactions are given the same legal status as their paper-based counterparts by the promotion of certification authorities. Hence, digital signatures can satisfy the legal requirements for signatures (if specified requirements are complied with), and information may be retained in the form of electronic records. Further, it is a criminal offence for any person who has access to record or other material in the course of performing a function under or for the purpose of the ordinance to disclose information relating to another person as contained in such record or material to any other person.

The Unsolicited Electronic Messages Ordinance (Cap. 593) regulates the sending of unsolicited commercial electronic messages with a ‘Hong Kong link’. Under the ordinance, ‘do-not-call registers’ were established for pre-recorded telephone messages, short messages and facsimile messages, and senders of commercial electronic messages should access the registers to update and purge their database of address and should not send messages to those numbers. The ordinance also prescribes the requirements on the contents of commercial electronic messages which the senders should observe. The requirements include: (a) accuracy, language, presentation of identity and contact information of senders; (b) the provision, language, and presentation of unsubscribe facility. Sender must keep a record of the unsubscribe requests received for at least three years, and should not use misleading subject headings or conceal calling line identification information in the electronic messages.

Intellectual Property

The Copyrights Ordinance (Cap. 528) provides protection and enforcement of copyright, moral rights and rights in performance. In particular, it is offence under the ordinance to make or deal with infringing articles; to possess infringing copies in a copying service business; to distribute infringing copies of copyright works in printed form on a regular or frequent basis; or to circumvent effective technological measure applied in relation to a copyright work. In June 2014, the Hong Kong government introduced the Copyright (Amendment) Bill 2014, which tried to put forward the following legislative proposals: (a) to introduce a new right of communication for copyright owners to communicate their work through any mode of electronic transmission; (b) to expand the scope of copyright exception to exempt criminal and civil liabilities for various purposes; (c) to clarify criminal liabilities on unauthorised distribution and communication of copyright works to public; (d) to establish a statutory safe harbour for online service providers; (e) to introduce additional factors for the court to consider in assessing damages in civil cases when infringement has been established. The bill however lapsed on expiry of the term of the Legislative Council in 2016, due to concern about restriction of freedom of speech on the internet.

The Trade Marks Ordinance (Cap. 559) regulates the registration and proceedings relating to infringement of trade marks in Hong Kong. Under the ordinance, a trade mark is registrable unless it contravenes any of the grounds for refusal stated thereunder. A registered trade mark can be assigned or otherwise transmitted separately from the goodwill of a business.

Sale of Goods

Under the Sale of Goods Ordinance (Cap. 26), certain warranties/conditions are implied in the contract with customers in a contract for sale of goods, such as warranties/conditions that (a) the products are of merchantable quality; (b) fit for the purpose for which they are commonly bought; (c) free from defects; and (d) safe, and durable as reasonably expected.

REGULATORY OVERVIEW

Under the Trade Descriptions Ordinance (Cap. 362), (a) use of false trade descriptions; (b) false, misleading or incomplete information, (c) false marks and misstatements in respect of products, and (d) false trade descriptions in respect of services supplied are prohibited. In addition, the ordinance makes certain trade practices criminal offence, namely: (a) misleading omission; (b) aggressive commercial practices; (c) bait advertising; (d) bait and switch; and (e) wrongful acceptance of payment. The ordinance also provides for offences relating to forged trade mark, and falsely applying of trade mark or resembling marks.

Under the Supply of Services (Implied Terms) Ordinance (Cap. 457), certain terms are implied in the contracts with customers for the supply of services, including: (a) that the supplier will carry out the service with reasonable care and skill; (b) that the supplier will carry out the service within a reasonable time (if the time of service is not fixed or fixed in a manner agreed); (c) that the party contracting with the supplier will pay a reasonable charge (if the consideration is not determined by the contract or left to be determined in a manner agreed or by course of dealing between the parties).

Under the Unconscionable Contracts Ordinance (Cap. 458), if the Hong Kong court finds that a contract for sale of goods or supply of services (in which one of the parties deals as consumer) to have been unconscionable in the circumstances relating to the contract at the time it was made, the court may: (a) refuse to enforce the contract; (b) enforce the remainder of the contract without the unconscionable part; (c) limit the application of, or revise or alter, any unconscionable part to avoid unconscionable result.

Corporate

Under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32), the following regulatory regimes are, among other regimes, provided for public companies, namely: (a) regulations on prospectus; and (b) regulations on allotment of shares.

Under the Companies Ordinance (Cap. 622), a company and its directors/officers must observe various regulations regarding, inter alia, membership, share capital, distribution of profits and assets, registration, management and administration, appointment and disqualification of officials. It is a criminal offence if the company and/or its directors/officers fail to observe the relevant regulations. In order for the court to be able to try a summary offence under the ordinance, (a) information or complaint relating to the offence must be laid before or made to a magistrate within three years after the commission of the offence; and (b) the said information or complaint must be laid or made within 12 months after the date on which the evidence in support comes to the knowledge of the Secretary for Justice.

Employment

The Employment Ordinance (Cap. 57) applies to every employee engaged under a contract of employment in Hong Kong to an employer of such employee, and to a contract of employment between such employer and employee. The ordinance provides the following entitlements or protections to an employee: (a) year-end payments; (b) maternity and paternity protection; (c) rest days; (d) protection against anti-union discrimination; (e) severance payment; (f) long service payment; (g) employment protection; (h) sickness allowance; (i) holidays with pay; (j) annual leave with pay. Apart from the protections, the ordinance also provides standard duties and obligations to be implied in contracts between employers and employees, as well as the formalities to be observed for employment contracts.

Under the Employees' Compensation Ordinance (Cap. 282), no employer shall employ any employee in any employment unless there is in force in relation to such employee a policy of insurance issued by an insurer for an amount not less than the applicable amount specified in the ordinance in respect of the employer's liability. An employer who fails to comply with the above commits an offence and is liable to a fine at HK\$100,000 and imprisonment of two years (on conviction upon indictment) or one year (on summary conviction).

Under the scheme established by the Mandatory Provident Fund Schemes Ordinance (Cap. 485), all employees (and those who are self-employed) aged between 18 and 65 years with monthly earning between HK\$7,100 and HK\$30,000 are obliged by law to contribute 5% of their income to the scheme; and those with monthly earning more than HK\$30,000 are obliged to contribute HK\$1,500 to the scheme. In the first instance, a contribution of 5% of the total monthly income must be made to the scheme by both the employee and employer, unless the income falls below the minimum threshold (in which case the employer alone is obliged to contribute). The employee and employer may, if they so prefer, make contribution in excess of the statutory minimum. Further, an employer has a duty to duly pay the mandatory contribution for its own behalf and for the employees. An employer who, without reasonable excuse, fails to pay contribution (or failure to do so on time) commits a criminal offence, and is liable: (a) on first conviction, to a fine at HK\$100,000 and imprisonment for six months; (b) on subsequent occasion, to a fine of HK\$200,000 and imprisonment for 12 months.

REGULATORY OVERVIEW

Under the IRO, an employer who employs someone who is or is likely to be charged with salaries tax or any married person shall give notice in writing to commissioner of Inland Revenue not later than three months after the date of commencement of such employment, stating his/her full name and address, date of commencement and terms of employment. Further, where the employment ceases, the employer shall give notice thereof in writing to the commissioner not later than one month before the employee ceases to be employed in Hong Kong, stating the name and address and the expected date of cessation. Any person who without reasonable excuse fails to comply with the above requirements commits an offence and is liable to a fine of HK\$10,000, and the court may order rectification within a specified time.

Intra-group Transactions

In Hong Kong, intra-group arrangements between associated enterprises is regulated and governed by IRO and comprehensive double taxation agreements (“DTAs”) between Hong Kong and other countries (including the PRC). Under IRO, outgoings and expenses incurred for the purpose of generating profits are exempted from profits tax. However, payment made to an associated enterprise not on arm’s length basis (i.e. as independent enterprises) will be disallowed. Where the transaction is entered into for the purpose of obtaining tax benefit, the assessor may exercise such power to assess liability to tax of a taxpayer as if the transaction has not been entered into or carried out, or in such other manner which counteracts the tax benefit which would otherwise be obtained.

If the taxpayer is a resident enterprise of Hong Kong, and is associated with a non-resident enterprise, the non-resident enterprise can apply for double taxation relief from the other state to DTAs. To eliminate double taxation, the Commissioner of Inland Revenue (“CIR”) would consider request for an appropriate adjustment to the amount of tax charged. A mechanism is also available for taxpayers to pre-agree the intra-group arrangements with the CIR.

LAWS AND REGULATIONS IN THE UNITED STATES

During the Track Record Period, we have provided online advertising services to advertisers across multiple industries, to advertise their products and services in a multitude of markets, including the United States. Certain U.S. federal and state data security laws and regulations and other laws and regulations may be applicable to our provision of online advertising services in the United States. The laws, rules and regulations with the most significant impact on our operations are described below. However, other U.S. federal, state and local laws may also impose certain obligations on us and affect the products and services sold by our advertisers within the United States.

The Federal Trade Commission Act (FTC Act) 15 U.S.C. Sections 41-58

While the United States lacks a comprehensive data security law, the Federal Trade Commission (“FTC”) fills in gaps between industry-specific laws and rules with its general authority under Section 5 of the FTC Act. Section 5 of the FTC Act gives the FTC broad authority to investigate “unfair and deceptive acts and practices in or affecting commerce”. The FTC increasingly uses this broad authority aggressively in the privacy and data security contexts, initiating investigations pertaining to a wide variety of “unfair” or “deceptive” practices. In particular, the FTC has brought a number of enforcement actions and cases alleging that website operators engaged in deceptive acts in failing to adhere to their stated policies and practices.

In addition to its general authority under Section 5 of the FTC Act, the FTC has authority to investigate and prosecute privacy violations and data security breaches under 33 different sets of rules, laws, and guides. Among the more frequently-invoked sources of FTC investigations are the Children’s Online Privacy Protection Act, the Fair Credit Reporting Act, including the Disposal Rule, the Graham-Leach-Bliley Act Safeguards Rule, and the Telemarketing and Consumer Fraud and Abuse Act.

The Children’s Online Privacy Protection Act (“COPPA”) 15 U.S.C. Sections 6501-6506

COPPA, which was first enacted in 1998, imposes requirements on operators of websites or online services directed to children less than 13 years of age, and on operators of other websites or online services that have actual knowledge that they are collecting personal information online from users that are under 13 years of age. The law details what a website operator must include in a privacy policy, when and how to seek verifiable consent from a parent or guardian, and what responsibilities an operator has to protect children’s privacy and safety online including restrictions on the marketing to those under 13 years of age. The FTC and State Attorneys General are charged with COPPA’s enforcement.

State-based Data Privacy Regulations

We are subject to various individual state laws and regulations that dictate whether, how, and under what circumstances we can transfer, process and/or receive certain data that is critical to our operations. The United States has disparate state laws that are not uniformly adopted by other states.

REGULATORY OVERVIEW

For example, the California Online Privacy and Protection Act applies to operators of commercial websites that collect personally identifiable information through the internet about individual consumers residing in California.

However, there have been a number of recent legislative proposals in the United States, at both the federal and state level, that could impose new obligations in areas such as privacy. Various elements of the U.S. government, including the United States Government Accountability Office and the FTC, have advocated for greater regulation of data privacy with respect to information collected over the internet, including suggestions that comprehensive data privacy and security legislation should be enacted at the federal level. In addition, the Department of Commerce's National Institute of Standards and Technology is developing a voluntary privacy framework (the "**Privacy Framework**"), and in September 2019, published a draft of its Privacy Framework for discussion.

The California Consumer Privacy Act ("**CCPA**") came into effect on January 1, 2020 and is the first law in the U.S. that generally regulates the collection, use, and disclosure of consumers' personal information (in this case, California consumers). The California Attorney General ("**AG**") is tasked with enforcing the CCPA and may seek civil penalties of up to \$7,500 per intentional violation. (Cal. Civil Code § 1798.155). The law also allows consumers, under certain circumstances, to bring suits in the event of a data breach. (§ 1798.150). The CCPA defines a "business" as a legal entity that collects consumers' personal information, determines the purposes and means of processing consumers' personal information, conducts business in the State of California, and satisfies one or more enumerated thresholds.

Businesses within the scope of the CCPA are subject to several requirements. For example, they must post or distribute privacy notices (which must contain certain elements), grant rights to California consumers (e.g., the right to access or delete their personal information held by the business), and grant California consumers the right to "opt-out" of the sale of their personal information.

Communication Decency Act, 47 U.S.C. § 230 (the "CDA")

Under section 230 (c)(1) of the CDA, users and providers of any "interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider" (47 U.S.C. § 230). Under this provision, therefore, online intermediaries that host or republish speech are protected against a range of laws that might otherwise be used to hold them legally responsible for what others say and do. The protected intermediaries include not only regular Internet Service Providers (ISPs), but also a range of "interactive computer service providers," including basically any online service that directly publishes (and does not participate in any creation of) third-party content. Moreover, under section 230(c)(2) of the CDA, providers and users of interactive computer services are also exempted from any civil liability, from any action they have taken to restrict access or availability of information considered to be objectionable, or by taking actions to enable internet content providers and others the technical means to restrict access to online material. Although there are a number of exceptions to which section 230 of the CDA does not apply, including intellectual property law and communications privacy law, section 230 of the CDA broadly protects third party online publishers, in a way that allows innovation and free speech to flourish online.

Whilst the courts have generally interpreted section 230 of the CDA to confer the broad protections described above, there have also been instances where protection from the CDA has not been found to apply. In addition, there have also been numerous calls for statutory reform of section 230 of the CDA, for example by limiting its broad scope, or narrowing its immunity provisions.

Licensing Requirements

No specific licences are required under U.S. federal law for us to conduct our business in the manner discussed in this prospectus.

Competition and Antitrust Laws

The U.S. antitrust laws were developed in response to unfair business practices and anticompetitive conduct by companies, corporate monopolies and trusts. At the centre of U.S. antitrust laws is the Sherman Antitrust Act (the "**Sherman Act**"), which prohibits agreements that unreasonably restrain trade and the unilateral abuse of monopoly power. Conduct such as price-fixing, bid-rigging, limitation of output, allocation of territories or customers and exclusionary conduct to achieve monopoly power are prohibited under the Sherman Act. Violation of the Sherman Act and other anti-trust laws and regulations may lead to criminal and/or civil sanctions. In addition, most states have similar statutes which likewise prohibit arrangements in restraint of trade, unfair or deceptive practices and unfair or discriminatory pricing practices. These state statutes are enforced by State Attorneys General and other state regulators, and can also be a basis of action by private litigants.

REGULATORY OVERVIEW

The U.S. antitrust laws apply to businesses and individuals alike. Certain laws and regulations also have an extraterritorial reach. Pursuant to the Foreign Trade Antitrust Improvement Act of 1982, the Sherman Act applies to conduct that occurs outside of the United States if such conduct (1) has a direct, substantial and reasonably foreseeable effect on U.S. commerce, including U.S. import or export commerce; and (2) gives rise to a claim under the Sherman Act. Our trade and commerce with our U.S. publishers and advertisers are therefore subject to the U.S. antitrust laws.

Intellectual Property Regulation

U.S. trademark law is governed by both state and federal law. The primary federal statute is the Lanham Act. A trademark includes any word, name, symbol, slogan or device, or any combination of these, used to identify goods or services and to distinguish them from those manufactured, sold or serviced by others. Remedies for trademark infringement can include injunctions, lost profits and damages.

U.S. patent law is governed exclusively by federal law, namely the Patent Act, which secures for inventors an exclusive right to their discoveries. Types of patents recognised under U.S. law include utility patents, design patents and plant patents. A patent is used to provide protection for the developer or creator of an innovation or new product, and works to grant such developer or creator the exclusive right to make, use and sell the patented innovation or product for a limited period of time.

LAWS AND REGULATIONS IN AUSTRALIA

Licensing Requirements

There are no licensing requirements for the generation of user traffic clients in Australia.

There are no specific laws regulating data mining in Australia.

The key privacy-related law in Australia that may be relevant to our Group is the *Privacy Act 1988* (Cth) (the “**Privacy Act**”). The Privacy Act regulates the collection, use and disclosure of personal information. For these purposes “personal information” is defined as information or an opinion about an identified individual, or an individual who is reasonably identifiable. As our Group does not collect any information that can be linked to an individual end user in Australia, our Group does not collect any personal information in Australia and so will not be covered by the Privacy Act. Even if some of the information that our Group collects may be characterised as personal information about Australian end users, our Group will still not be subject to the Privacy Act unless it is regarded as carrying on business in Australia.

LAWS AND REGULATIONS IN CANADA

Overview of Canadian Private Sector Privacy Regime

There are four private sector privacy statutes that govern the collection, use and disclosure of personal information in Canada. Personal information is defined as any information about an identifiable individual. This definition encompasses any factual or subjective information, recorded or not, about an individual, including but not limited to, name, age, ethnicity, race, marital status, DNA, religion, social insurance number, email or IP address, financial information, biometric information, credit reports, educational history and financial information. Federally, the *Personal Information Protection and Electronic Documents Act* (the “**PIPEDA**”), enacted 13 April 2000, governs the collection, use and disclosure of personal information by organisations in the course of a commercial activity. Provincially, there are three private sector statutes: (i) Alberta’s *Personal Information Protection Act* (the “**PIPA Alberta**”), which came into effect 1 January 2004; (ii) British Columbia’s *Personal Information Protection Act* (the “**PIPA BC**”), which came into force 1 January 2004; and (iii) Québec’s *An Act Respecting the Protection of Personal Information in the Private Sector* (the “**Québec Privacy Act**”), which came into effect 1 January 1994 (collectively with PIPEDA, the “**Canadian Privacy Laws**”). The Canadian Privacy Laws have been amended since their respective dates of enactment.

In order for consent to be valid, it must be reasonable to expect that individuals would understand the nature, purpose and consequences of the collection, use or disclosure of the personal information to which they are consenting. One is not permitted to require consent as a condition for providing a product or service, beyond that required to fulfil an explicitly specified and legitimate purpose (for example, one could not demand consent to access a user’s contacts for marketing purposes; however it may be appropriate and permitted where such access is required in order for a mobile device to function). Individuals may withdraw consent at any time, subject to legal or contractual restrictions, exceptions and reasonable notice. Canadian Privacy Laws contain a general obligation that personal information must be collected by fair and lawful means (i.e., consent must not be obtained through deception, coercion or misleading practices). Even with valid consent, organisations are subject to an overarching legal requirement that personal information can only be collected, used and disclosed for purposes that a reasonable person would consider appropriate in the circumstances.

REGULATORY OVERVIEW

Canadian Privacy Laws also give to individuals certain rights, including the right to request access to their personal information held by the organisation, including for reasons of correction, and the right to withdraw consent to the use of their personal information, subject to legal or contractual restrictions and reasonable notice. Individuals must be informed of the implications of such withdrawal. Consent is also required for the collection, use or disclosure of personal information for marketing purposes. The form of consent required (opt-in or opt-out) will vary depending on the circumstances, the sensitivity of the information and the reasonable expectations of the individual. In cases where opt-out consent is appropriate, individuals must be made aware of the marketing purposes at or before the time of collection, and in a manner that is clear and understandable. Individuals must be able to easily opt-out of the practice; the opt-out must take effect immediately and be persistent; and, the information collected and used must be destroyed or effectively de-identified as soon as possible thereafter. Sensitive information will almost always require express consent to be used for marketing, and such use must still be reasonable.

Notifications of Breaches to Canadian Privacy Laws

Canada enforces mandatory breach reporting at the federal level, and in Alberta under PIPA Alberta. The *Digital Privacy Act* amended PIPEDA to introduce these requirements as of 1 November 2018. Organisations subject to PIPEDA are required to make a report to the Privacy Commissioner of Canada and to notify affected individuals if there is a real risk of significant harm as the result of a breach of an organisation's safeguards. Notification must be given as soon as possible, after the organisation determines that the breach has occurred, as well as include the prescribed information. Organisations must also maintain records of any breach of an organisation's safeguards irrespective of whether the breach creates a real risk of significant harm. There are potential fines for failing to comply with these provisions. The fines are up to CA\$100,000 for a corporation.

Similar to the PIPEDA amendments, PIPA Alberta requires a report must be made, without unreasonable delay, of any incident involving the loss of or unauthorised access to or disclosure of the personal information where a reasonable person would consider that there exists a real risk of significant harm to an individual as a result of the loss or unauthorised access or disclosure. The Alberta Commissioner may then order individual breach notification containing prescribed information. There are potential fines of up to CA\$100,000 for failure by a corporation to provide such a notice to the Alberta Commissioner. The potential fine is CA\$10,000 in the case of an individual.

Oversight and Enforcement of Canadian Privacy Laws

The Federal data protection regulator (the Privacy Commissioner of Canada) may investigate a formal complaint under PIPEDA, or initiate a Commissioner-led investigation. The Privacy Commissioner of Canada may then issue a report of the findings of the investigation, which may include recommendations for compliance. The findings may be made public by the Privacy Commissioner of Canada. The new mandatory breach reporting regulations are similarly enforced. The Federal Court has authority to make orders, including orders to correct an organisation's practices and award damages to the complainant for any "humiliation that the complainant has suffered". In addition to these powers, the Privacy Commissioner of Canada may enter into compliance agreements with organisations, and these compliance agreements may be enforced in the Federal Court of Canada.

Regulatory oversight is similar under the PIPA BC, PIPA Alberta and the Québec Privacy Act. However, in these provinces there are circumstances where organisations can be subject to fines for non-compliance with obligations in their respective legislation (e.g., see above PIPA Alberta fines for failure to provide notice to the Alberta Commissioner of a specified breach).

Licensing Requirements

For the aggregation of personal information of individuals, where reverse engineering of personal information cannot reasonably be achieved, no specific licences are required under Canadian law for our business.

LAWS AND REGULATIONS IN INDONESIA

Laws and Regulations on Data privacy/protection laws and regulations

Currently, the data privacy or data protection is mainly regulated under three main regulations, namely: (a) Law No. 11 of 2008 on Electronic Information and Transaction, as amended by Law No. 19 of 2016 (the "**EI&T Law**"); (b) Government Regulation No. 71 of 2019 on Implementation of Electronic Systems and Transactions (the "**GR 71**"); and (c) Minister of Communications and Informatics Regulation ("**MOCI**") No. 20 of 2016 on the Data Protection in Electronic System (the "**Data Protection Regulation**") (collectively referred to as the "**Data Privacy Laws**").

Personal Data

Under GR 71, "**Personal Data**" is defined as "*every individual data that is identifiable and/or can be identifiable separately or in combination with other information both directly or indirectly through an electronic system and/or non-electronically*".

REGULATORY OVERVIEW

GR 71 and Draft Personal Data Protection Law

GR 71 was issued recently (i.e., end of 2019). Article 14.3 of GR 71 is one of the provisions that seem to have been taken from an outdated version of the upcoming draft for new data protection law in Indonesia (“**Draft Law**”). The idea was to have consistent provisions between GR 71 and the Draft Law (once issued) when it comes to personal data protection.

However, the most recent version of the Draft Law leans towards the European Union’s General Data Protection Regulation (“**GDPR**”). In that version of the Draft Law, these additional requirements are revised so that they are treated as exemptions to the consent, rather than as additional requirements (which is similar with the concept adopted in GDPR). Consequently, depending on the final content of the Draft Law, there may be a mismatch of provisions.

Further, Article 14.3 of GR 71 contains the term ‘controller’. However, ‘personal data controller’ is not defined in GR 71 and the term has not been adopted in any other legislation. This definition will be introduced later in the Draft Law. Therefore, we will only be able to assess how ‘controller’ is defined and what the obligations/authority of a ‘controller’ are once the Draft Law is issued.

The Draft Law was in the 2019 National Legislation Program, which is a list of prioritized laws for the Parliament’s deliberation. However, due to the 2019 election in Indonesia, new Parliament members have been appointed in Indonesia and this has prevented the Draft Law being enacted in 2019. Recently the Ministry of Communications and Informatics (“**MOCI**”) declared that they will prioritize enactment of the Draft Law, but we expect that the enactment will only transpire in 2020.

Sanctions

The EI&T Law, GR 82 and the Data Protection Regulation do not provide any specific criminal sanctions in respect of a breach of data privacy. However, it should be noted that under Article 32 of the EI&T Law, each person shall be prohibited intentionally and unlawfully from: (i) changing, adding, reducing, transmitting, destroying, disappearing, transferring and hiding in any way electronic information and/or electronic document belonging to other person or public. (ii) moving or transferring electronic information and/or electronic document to other person. (iii) committing the action as referred to in (i) that cause confidential electronic information and/or electronic document to become accessible by public with the data totally different from the actual data.

Violation of the above provisions may be subject to imprisonment up to 10 years and/or a monetary fines up to five billion Rupiah. Other than the EI&T Law, Article 322.1 of the Indonesian Criminal Code also provides that anyone who intentionally discloses confidential information that he/she is under an obligation to keep secret by virtue of his/her present or past position or employment is subject to imprisonment of nine months. Violation of GR 71 and the Data Protection Regulation is also subject to the administrative sanctions in the form of warning letters; administrative fines; temporary suspension; and deregistration.

To the best of our Indonesian legal adviser’s knowledge, enforcement of data privacy clauses (e.g., through courts) has yet to be tested in Indonesia and there have been no court cases reported in relation to data privacy breaches. However, legal cases are not publicly available in Indonesia and there are no law reports unlike in common law countries.

Licensing Requirements

No specific licences are required under the laws of Indonesia for us to conduct our business in the manner discussed in this prospectus.

LAWS AND REGULATIONS IN THE UNITED KINGDOM

The following provides an overview of the most significant rules and regulations that apply to data protection and online advertising in the United Kingdom (“**UK**”).

General Data Protection Regulation

Regulation 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (GDPR) regulates the processing of personal data within the European Union (“**EU**”). It also applies where personal data of individuals located in the EU is being processed by a company outside of the EU in order to monitor such individuals’ behaviour within the EU. An advertising platform assisting advertisers to target users in the EU may fall within this scope. Where the GDPR applies to a company located outside of the EU, there is a requirement under the GDPR for that entity to designate a representative in the EU — i.e. in one of the member states where the data subjects whose behaviour is monitored are located, unless certain exemptions apply.

REGULATORY OVERVIEW

As the GDPR came into force in the UK in May 2018, so did the UK's Data Protection Act 2018 ("DPA"). The DPA is intended to be read alongside the GDPR and contains derogations that are permitted by the GDPR (such as exemptions in respect of data subject rights). Further changes have been made to incorporate the GDPR into UK law as a result of the United Kingdom leaving the European Union.

The GDPR applies only to "personal data", i.e. any information relating to an identified or identifiable natural person (the "**data subject**"). This person may be identified directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, or an online identifier. This captures information such as IP addresses, device IDs, digital fingerprints, and cookie strings, as well as any technology that leaves traces of information that can be combined with other information to create profiles of individuals. Regulatory guidance makes it clear that, for data to be considered personal, it need only be capable of "singling out" an individual or their device for targeted advertising purposes; it does not otherwise need to identify the individual by name or similar. In addition, the GDPR applies to "special categories of data", which includes: race/ethnic origin, political opinions, religious or philosophical beliefs, or trade union membership, as well as the processing of genetic data, biometric data for the purpose of uniquely identifying a natural person, data concerning health or data concerning a natural person's sex life or sexual orientation.

The GDPR considers companies that are processing personal data to fall within one of two roles. The first of these is termed a "controller". A controller is the entity that determines the purposes and means of processing. The second role is termed a "processor". A processor is engaged in processing personal data on behalf of the controller and not on its own account, i.e. under the instructions of a controller. The GDPR introduced responsibilities for processors, as well as controllers.

A fundamental principle of the GDPR is that all processing of personal data by a controller must have a lawful basis, such as (i) to comply with legal obligations; (ii) to perform a contract with the data subject; (iii) to consent; or (iv) to be necessary for the legitimate interests of a controller/third party. The GDPR requires controllers to give notice to data subjects as to how personal data is processed, so that data subjects can make an informed decision about the uses of their data.

When appointing a processor a controller must undertake certain due diligence checks and must ensure that certain terms are included in an agreement between a controller and a processor. A controller may be liable for defaults of its processor. A controller may also be liable for the acts of a recipient "controller" (where the two companies are "jointly" controlling the data).

The GDPR requires controllers to implement (and be able to demonstrate) "*appropriate technical and organisational security measures*" to ensure a level of security of personal data appropriate to the risks. It also requires controllers to take steps to ensure that people acting under their authority (such as employees) with access to personal data only process it under the company's instructions. If the recipient of personal data is outside the EEA or other "adequate" country, one of the mechanisms on transferring data out of the EU must be in place.

The GDPR enhanced the concept of "accountability", requiring controllers and processors to maintain their own records of processing activities under its responsibility. With regard to data retention, controllers are permitted by the GDPR to keep personal data for as long as they continue to have lawful grounds to process it. A key objective of the GDPR is to protect and strengthen the rights of individuals (e.g. subscribers). It does so by affording individuals with a broader and strengthened set of rights than were in place prior to the GDPR and enhancing the ability of individuals to enforce them against controllers.

The GDPR requires controllers to notify any "personal data breaches" to their national supervisory authority within specified timeframes in certain circumstances and in some cases, to communicate the breach to the individuals who have been affected. Controllers therefore need to ensure that they have appropriate measures in place to enable them to immediately identify personal data breaches as well as suitable policies and procedures to follow to enable them to respond to personal data breaches in a timely manner. Organisations in breach of the GDPR can be fined up to the higher of 4% of global annual turnover or €20 million. In addition, individuals can bring a claim for any damage that arises as a result of a controller or processor's failure to comply with the GDPR. At the time of writing, fines as large as GBP183 million and GBP99 million have recently been proposed by the ICO for data breaches in 2018.

The Privacy and Electronic Communications Regulations

The Privacy and Electronic Communications (EC Directive) Regulations 2003 (as amended) ("**PECR**") is the UK legislation that was enacted to implement the European e-Privacy Directive into UK law. PECR sits alongside the GDPR with the data protection requirements under the e-Privacy Directive applying in addition to those under the GDPR. PECR deals specifically with privacy over electronic communications networks and services and also regulates the use of cookies and/or similar tracking technologies.

REGULATORY OVERVIEW

In relation to the storage of information or collection of information (whether using cookies or otherwise) from an individual's device, PECR requires companies to provide notice and obtain consent from the subscriber/user before any information is stored on or accessed from a subscriber/user's "terminal equipment". There are some exemptions, including where it is strictly necessary for the provision of an information society service explicitly requested by the subscriber/user. Guidance published by the ICO and the CNIL in June and July 2019 focuses in particular on the cookie consent requirements and the need for opt-in consent to all non-essential cookies/tracking devices to be obtained, in order to constitute valid consent under the GDPR.

The European Commission has proposed new legislation to replace PECR and make e-privacy consistent with the provisions of the GDPR. The regulator of PECR and the GDPR/DPA in the UK is the ICO.

Overview of the UK Advertising Regulatory Framework

The primary regulator of advertising in the UK is the Advertising Standards Authority ("ASA"). The Committee of Advertising Practice ("CAP") is the sister organisation of the ASA. CAP is responsible for writing the Advertising Codes which set out the rules that advertisers, agencies and media owners must adhere to. Since 2011, the ASA also regulates advertising claims made online including on websites and social media platforms. The Advertising Code is comprised of two sets of rules:

- (a) the UK Code of Non-broadcast Advertising and Direct & Promotional Marketing (the "**CAP Code**") governs non-broadcast advertising, sales promotions and direct marketing communications; and
- (b) the UK Code of Broadcast Advertising (the "**BCAP Code**") applies to all advertising and programme sponsorship on radio and television services. Broadcast advertising regulation is shared with the Office of Communications ("**Ofcom**").

Under the Communications Act 2003, Ofcom had a duty to pursue other forms of regulation and therefore entered into this regulatory partnership with the ASA. In 2014, Ofcom announced that it would renew the co-regulatory relationship with the ASA for a further 10 years. Although the ASA primarily deals with maintaining broadcast advertising content standards (and writing and updating the BCAP Code, through CAP) Ofcom retains regulatory powers over broadcasters and the ASA can refer broadcasters to Ofcom where further legal action is necessary. The key legislation governing advertising in the UK are: (a) The Consumer Protection from Unfair Trading Regulations; and (b) Business Protection from Misleading Marketing Regulations. In addition, for all proposed advertisements, the following should be considered: (a) sector specific legislation (e.g. where advertising regulated products such as food or medicines); and (b) other key areas of law that impact on advertising, such as intellectual property, competition, privacy and defamation.

Licensing requirements

There is no requirement for an online advertising platform to obtain a specific licence for such business.

LAWS AND REGULATIONS IN INDIA

There are no special laws that apply to advertisement sector. Below are the general laws that may apply to online advertisements in India.

The Information Technology Act, 2000 ("IT Act")

The Information Technology (Reasonable security practices and procedures and sensitive personal data or information) Rules, 2011 ("**SPD Rules**"), framed under the IT Act govern the handling of sensitive personal data which includes passwords, financial information, physical, physiological and mental health condition, sexual orientation, medical records and history, and biometric information.

The Issuer provides advertising services and as part of it may be collecting or handling certain information pertaining to individuals. If an entity collects, receives, stores or handles personal information including sensitive personal data, then it must comply with the obligations given in the SPD Rules including formulation of a privacy policy and taking consent from the provider of sensitive personal information.

Under Section 43A of the IT Act, a body corporate possessing, dealing or handling sensitive personal data in a computer resource it owns, controls or operates must implement and maintain reasonable security practices and procedures. Failure to do so will result in a liability to pay damages by way of compensation to the person affected by this non-compliance.

The Indian Penal Code ("IPC")

Section 292 of the IPC penalizes *inter alia* the distribution, circulation and advertisement of any obscene object with imprisonment which may extend up to 2 years, and with a fine which may extend up to INR 2,000 for the first conviction. Further, Section 293 of the IPC makes the distribution and

REGULATORY OVERVIEW

circulation of obscene objects to any person under the age of twenty years a separate offence and those liable are punishable with imprisonment which may extend to three years, and with a fine which may extend up to INR 2,000 for the first conviction.

The IPC also penalises the abetment of an offence under special or local laws. Abetment under the IPC is defined as instigating, conspiring with, or intentionally aiding a person to commit an offence or commission of an act which would be an offence. To constitute the offence of abetment, it is not necessary that the act abetted should be committed, or that the effect requisite to constitute the offence should be caused. Therefore, if the activity/business being advertised is not permitted under Indian law, any advertisement of such activity/business may be treated as abetment of the offence.

Information Technology (Intermediaries guidelines) Rules, 2011 (“Intermediary Guidelines”)

The IT Act defines an Intermediary as: with respect to any particular electronic records, a person who on behalf of another person receives, stores or transmits that record or provides any service with respect to that record and includes search engines, online payment sites, online-auction sites, and online-market places. The Intermediary Guidelines govern the behaviour of an Intermediary and place various obligations on it to ensure safeguarding of intellectual property and other laws. The Intermediary is also required to take down information from its systems which violate the conditions listed in the Intermediary Guidelines if it is directed to do so by an order of a court or a governmental authority. This includes information (a) over which the user does not have right, (b) which is grossly harmful, harassing, blasphemous, defamatory, obscene, pornographic, paedophilic, libellous, invasive of another’s privacy, hateful, or racially, ethnically objectionable, disparaging, relating or encouraging money laundering or gambling, or otherwise unlawful, (c) which harms minors, (d) which infringes proprietary rights, (e) which violates any law, (f) which misleads the addressee about the origin of the message or is grossly offensive/menacing, (g) which impersonates another person, (h) contains viruses or other disruptive codes, and (i) threatens the unity, integrity, defence, security or sovereignty of India, friendly relations with foreign states, or public order or causes incitement to the commission of any cognisable offence or prevents investigation of any offence or is insulting any other nation.

An entity which does not comply with the Intermediary Guidelines shall be liable to pay (a) compensation of up to INR 25,000 to the person affected by this non-compliance, or (b) a penalty of up to INR 25,000. Failure to conduct due diligence as required under the Intermediary Guidelines will also take away the safe harbour protection granted to an intermediary and will leave it liable to penalties under other laws.

To avail the safe harbour protection granted to an Intermediary, the Intermediary must meet one of the following two conditions: (a) its function must be limited to providing access to a communication system over which information made available by third parties is transmitted or temporarily stored or hosted; or (b) it must not initiate the transmission, select the receiver of the transmission, or select or modify the information contained in the transmission.

Code for Self-Regulation in Advertising formulated by the Advertising Standards Council of India (“ASCI Code”)

The ASCI Code is a voluntary code for entities who publish or assist in publishing advertisements. It applies to advertisements read, heard or viewed in India even if they originate/are published abroad if they are directed to consumers in India. The ASCI Code seeks to ensure *inter alia* truthful and honest representations/claims made in advertisements, safeguards against harmful products/situations, and fair competition.

Gambling laws

Gambling is regulated by public gambling acts framed by both the Union Government and state governments. The state governments’ public gambling acts are based largely on the Public Gambling Act, 1867 (“**PGA**”) which is enforced by the Union Government of India. The exception to these are the state government’ public gambling acts in the states of Telangana, Assam and Odisha, where gambling is prohibited (“**Prohibited States**”).

Under the PGA, offering a space for games that involve wagering or betting is prohibited and any person offering such a space is liable to a fine of up to INR 200 or imprisonment of up to three months. Further, any person found inside such a space is liable to a fine of up to INR 100 and imprisonment of up to 1 month. While the PGA refers to offering physical spaces for games, recent court cases do not make a distinction on the basis of whether the game has been offered for online or offline play and treat both the same way. Therefore, this restriction is applicable to online games as well. The PGA creates an exception to the applicability of the prohibition on gambling for games of ‘mere skill’. The courts have interpreted a ‘game of skill’ to mean a game where the element of skill predominates over the element of chance.

Some states have developed their own gaming laws that differ from the PGA. The state governments of Sikkim and Nagaland have relevant legislations that regulate the offering of online games of skill and require entities offering such games in these states to obtain a license.

REGULATORY OVERVIEW

As discussed above in the paragraph head “The Indian Penal Code”, abetment of an offence is also penalised under Indian law. Therefore, if the advertisement is for a game/activity which is not permitted under the law, the advertisement may be treated as abetment of the offence. Consequently, the liability would be for the same punishment as (a) the individuals playing the games which constitute gambling (fine of INR 100 or imprisonment up to one month), and (b) the developers who launch such games (fine of INR 200 or imprisonment up to three months). Further, since the advertisements might cause a part of the public or more than 10 persons to commit the offence of gambling, it is possible that the publisher of the advertisement may also be liable for an imprisonment of three years, or with fine, or with both.

Sector-specific restrictions/prohibitions

Indian law prohibits advertisements (a) in electronic form which are lascivious, appeal to prurient interest or tend to deprave and corrupt persons, which are sexually explicit or depict children in sexually explicit acts; (b) which depict women in such a way as to have the effect of being indecent, or derogatory to, or denigrating women, or that is likely to deprave, corrupt or injure public morality; (c) which use intellectual property (including copyrighted material or trademarks) belonging to another entity without permission; (d) which contain a map of India not in conformance with the maps of India as published by the Survey of India; (e) relating to arms and ammunition; (f) relating to human organs and tissues; (g) relating to certain drugs and magic remedies; (h) relating to pre-conception and pre-natal determination of sex; (i) by advocates; (j) for prize chit or money circulation scheme; (k) for tobacco products; (l) by physicians; (m) containing certain specified national emblems, seals, flags, insignia, coats-of-arms; and (n) containing any quantity or dimension not in accordance with the standard unit of weight, measure or numeration.

Indian law also places certain restrictions on advertisements relating to food; advertisements relating to securities; and political advertisements.

Licensing requirements

There is no requirement for obtaining any specific license for carrying on online-advertising business in India.

HISTORY, DEVELOPMENT AND REORGANISATION

OUR HISTORY

Our Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on 1 February 2019. Since its incorporation, our Company has been an investment holding company with no business operations.

Our history can be traced back to 2015 when Ms. Chang and Ms. Li planned to commence an online advertising business. Our Group was established by acquiring the predecessor of HongKong AdTiger, which was an inactive company duly incorporated in Hong Kong and wholly owned by Mr. Yang. Based on the financial information indicated in the profits tax returns filed by the company secretary of the predecessor of HongKong AdTiger, it had not commenced operations since its incorporation till the acquisition by Ms. Chang in June 2015. Our Group commenced its business operations subsequently in July 2015. After HongKong AdTiger operated for almost one year, we have developed our clientele, and Beijing AdTiger was established in May 2016 to further develop and strengthen the online advertising business in the PRC.

Pursuant to the Reorganisation, our Company has become the holding company of our Group for the purpose of the Listing and indirectly holds, through the Holding Companies, the entire interests of the Operating Companies.

OUR KEY MILESTONES

The following is a summary of the key development milestones of the Group:

Year	Key milestones
2015	<ul style="list-style-type: none">• Ms. Chang and Ms. Li have founded our Group through the acquisition of an inactive private company in June 2015• We commenced our business operations through HongKong AdTiger in July 2015
2016	<ul style="list-style-type: none">• We established Beijing AdTiger• We began to help advertisers place advertisements on Facebook• We began to help advertisers place advertisements on Google and became a partner in the Google Adwords Reseller Programme
2017	<ul style="list-style-type: none">• We became a China Export Partner of Facebook

HISTORY, DEVELOPMENT AND REORGANISATION

Year	Key milestones
2018	<ul style="list-style-type: none"> We commenced cooperation with Snapchat and became a Baidu-authorised Snapchat Sales Representative We were recognised as a partner in the Google AdWords Reseller Program for three consecutive years We were awarded the “Startup Company with the Greatest Potential of the Year” at the 9th Tiger Roar Award We were awarded the “Best E-commerce Service Enterprise Award” by the China International E-Commerce Expo Organising Committee We were awarded the “Business Creative Nomination Award” at the 11th “ROI Festival” We were awarded the “Premier Partner Awards 2018 — Google Video Advertising Innovation Award” by Google

SHAREHOLDING AND CORPORATE STRUCTURE

Immediately after completion of the Reorganisation, our Group comprises (i) our Company; (ii) the two operating companies, namely, HongKong AdTiger and Beijing AdTiger; (iii) four subsidiaries established in Hong Kong and the BVI as intermediate holding companies of our operating companies; and (iv) a dormant company.

Holding Companies

The Holding Companies were incorporated in the BVI and Hong Kong as limited liability companies. Since their incorporation, our Holding Companies have been investment holding companies with no business operations. As of the Latest Practicable Date, the Holding Companies are wholly-owned subsidiaries of our Company and act as intermediate holding companies of our Operating Companies. Details of each Holding Company as of the Latest Practicable Date are set out below:

	Name of intermediate holding company	Date and place of incorporation	Total issued shares	Percentage of equity interest held by us	Remarks
1.	Adtiger Company Limited	5 March 2019 (BVI)	50,000	100%	Holding company of HongKong AdTiger
2.	Adtiger Media Limited	21 February 2019 (BVI)	50,000	100%	Holding company of AdTiger International and Apotheosis
3.	Adtiger International Limited	27 March 2019 (Hong Kong)	10,000	100%	Holding company of Beijing AdTiger as to 80%
4.	Apotheosis Limited	5 November 2018 (Hong Kong)	10,000	100%	Holding company of Beijing AdTiger as to 20%

(each a “Holding Company” and a member of our Group)

HISTORY, DEVELOPMENT AND REORGANISATION

Operating Companies

The following table sets out details of our two Operating Companies which were engaged in the provision of online advertising services as of the Latest Practicable Date:

	Name of subsidiary	Date and place of incorporation	Total issued shares/ Subscribed registered share capital	Percentage of equity interest held by us	Principal business activities
1.	HongKong AdTiger Media Co., Limited (香港虎視傳媒有限公司)	22 November 2010 (Hong Kong)	10,000	100%	online advertising services
2.	Beijing AdTiger Media Co., Limited (北京虎視傳媒有限公司)	11 May 2016 (PRC)	RMB12.5 million	100%	online advertising services

(each an “Operating Company” and a member of our Group)

HongKong AdTiger Media Co., Limited

On 30 June 2015, according to the arrangement between the Founders for establishing our Group, Ms. Chang acquired all issued shares of a private company incorporated in Hong Kong (i.e. the predecessor of HongKong AdTiger) which was wholly owned by Mr. Yang, who is Ms. Chang’s brother-in-law at a consideration of HK\$10,000, and such consideration was determined with reference to its share capital. The consideration for the acquisition of HongKong AdTiger was provided by Ms. Chang. Due to our business nature, we did not require substantial initial set up cost or working capital. During our incubation period, the business operations were mainly conducted by our Founders who did not receive any remuneration. Such arrangement was put in place as our Founders thought that it was unnecessary for them to take money out from our Group in the form of salary as we did not receive any equity investments from investors. Besides, our operations did not require any physical premises as our management team were able to work remotely.

Soon after HongKong AdTiger commenced its operations and benefitting from our Founders’ previous experience in the industry, we secured our first customer, which Ms. Chang became acquainted with through her previous work experience. Relying on Ms. Chang’s previous experience in online advertising, together with her reputation and well-maintained relationship with her connections in the industry, we were able to engage our first customer, which is the holding company of Ms. Chang’s former employer from 2012 to 2015, who gave us prepayment of approximately US\$1.5 million in November 2015, of which approximately US\$30,000 was the aggregate service fees for us under the CPA pricing model and approximately US\$1.44 million was traffic acquisition costs to be incurred by us under the CPC/CPM pricing model in connection with the customer’s ad campaigns; and we generated revenue of approximately US\$73,000 from our first customer, of which (i) approximately US\$30,000 was the service fees under the CPA pricing model; and (ii) approximately US\$43,000 is the net rebates received under CPC/CPM pricing model as a result of the acquisition of Facebook’s ad inventories. As confirmed by iResearch, an agent normally requires the advertiser to pay in advance for their first cooperation. After the advertiser has established a stable business relationship, the agent may allow the advertiser to acquire user traffic without prepayment on a case-by-case basis; and such prepayment arrangement is a common market practice in the industry which is also adopted by our competitors.

HISTORY, DEVELOPMENT AND REORGANISATION

On 28 August 2015, the entire shareholding in HongKong AdTiger was transferred to Venus at a consideration of HK\$10,000 which was determined with reference to the share capital of HongKong AdTiger. The said transfer was properly completed and settled. Ms. Chang, through her trustee, Mr. Kang Xukui (“**Mr. Kang**”) who is a distant relative of Ms. Chang, beneficially and indirectly owned the entire shareholding of HongKong AdTiger after such transfer. Ms. Chang has put in place a trust arrangement with Mr. Kang to facilitate the administration of corporate matters of HongKong AdTiger. As confirmed by Ms. Chang, during the incubation period she focused her time and effort on HongKong AdTiger’s business development and operations. Given Mr. Kang was a retiree at that time, it was relatively more convenient for him to commute to Hong Kong to handle corporate-related matters and to exercise the shareholder’s rights and benefits on behalf of Ms. Chang. Ms. Chang and Mr. Kang entered into a trust arrangement on 10 July 2015 to confirm that Mr. Kang retained all shareholder’s rights and benefits over the entrusted interest on behalf of Ms. Chang, since he became a registered shareholder of Robust Season, the holding company of Venus (the “**Cayman Trust Arrangement**”) while the rights to nominate or remove directors, receive dividend or share profits remained with Ms. Chang.

Mr. Hsia was acquainted with Ms. Chang through Taschh prior to the establishment of our Group as Taschh had business dealings with Ms. Chang’s former employer. Given their previous relationship and Mr. Hsia recognises the prospects of online advertising industry, Mr. Hsia decided to invest in HongKong AdTiger through Taschh, following discussion with other shareholders of Taschh who also supported his decision, by purchasing 20% of the shareholding of HongKong AdTiger.

Taschh is principally a branding agency offering branding and marketing solution services, including the offer of business intelligence regarding global digital advertising trends, in particular insights on countries and regions most suitable for certain ad placements to target users. In order to support our business growth during the incubation period, our Founders outsourced our IT supporting service, including the provision of the source code that was used by the Company to develop the initial prototype of AdTensor, provision of general guidance on the rundown of online advertising business and the technologies required, use of relevant software, global online advertising demands and need of testing etc. to Taschh who subsequently assisted us to set up our information technology infrastructure. The total costs incurred by our Group in return for Taschh’s IT supporting service since we commenced operations was approximately USD27,500. We further developed AdTensor during the Track Record Period which bolstered our growth and user acquisition capabilities. In consideration of Taschh’s support and the synergy brought to our Group, on 31 May 2016, Ms. Chang procured Venus to transfer 20% of its shareholding in HongKong AdTiger to Taschh and Taschh agreed to purchase at HK\$2,000, which was determined with reference to the share capital of HongKong AdTiger as we were still at early stage of the incubation period, and all shareholders were not sure whether our Group will survive and succeed in the future. The said transfer was properly completed and settled on a fair value basis, thus, there is no share-based payment expense in accordance with HKFRS 2.

On 31 May 2016, according to the arrangement between the Founders for establishing our Group, Ms. Chang instructed Venus to transfer 30% of its shareholding in HongKong AdTiger to Son of Sunrise, a company which was beneficially and wholly owned by Ms. Li, at a consideration of HK\$3,000, which was determined with reference to the share capital of HongKong AdTiger as we were still at early stage of the incubation period, and all shareholders were not sure whether our Group will survive and succeed in the future. The said transfer was properly completed and settled on a fair value basis. Ms. Li, through her nominee Mr. Suo Zhidong (“**Mr. Suo**”) beneficially owned 30% of HongKong AdTiger after such transfer. Based on Ms. Li’s confirmation, Mr. Suo and Ms. Li attended and graduated from the same high school and developed mutual trust over a long time. In light of our Group’s business expansion, Ms. Li focused her time and effort on our business development which required frequent travelling and attendance of physical meetings across the PRC with our customers. Given Mr. Suo was a freelance interior designer at the relevant time, Ms. Li was of the view that Mr. Suo’s job nature allowed him flexibility to commute to Hong Kong to handle corporate-related matters

HISTORY, DEVELOPMENT AND REORGANISATION

of HongKong AdTiger. Ms. Li & Mr. Suo decided to put in place a trust arrangement to facilitate the administration of the corporate-related matters of HongKong AdTiger and to have Mr. Suo exercise the shareholder's rights and benefits on behalf of Ms. Li, and they entered into a trust arrangement on 8 April 2016 to confirm that Mr. Suo retained all shareholder's rights and benefits over the entrusted interest for Ms. Li since the incorporation of Son of Sunrise (the "**BVI Trust Arrangement**"), while the rights to nominate or remove directors, receive dividend or share profits remained with Ms. Li.

As confirmed by our Directors, the transfers of the shares in HongKong AdTiger have been legally completed and the consideration was properly settled.

After the said transfers and according to the above trust arrangements and the arrangement between the Founders, Ms. Chang (indirectly through her nominee Mr. Kang) and Ms. Li (indirectly through her nominee Mr. Suo), beneficially held and owned 50% and 30% of the entrusted interests in HongKong AdTiger respectively through Venus and Son of Sunrise, and were entitled to all rights and benefits arising from such shareholding.

The following table sets forth the shareholding structure of HongKong AdTiger after the above transfers and immediately prior to the Reorganisation:

<u>Name of registered shareholder</u>	<u>Shareholding percentage</u>	<u>Relationship with our connected persons</u>
Venus	50%	100% beneficially owned by Ms. Chang
Son of Sunrise	30%	100% beneficially owned by Ms. Li
Taschh	20%	Beneficially owned as to 51% by Mr. Hsia, 14% by Chou Min-yi ⁽¹⁾ , and the remaining 35% by minority shareholders ⁽²⁾ who are Independent Third Parties ⁽³⁾

(1) Chou Min-yi was a director of HongKong AdTiger from May 2016 to July 2019 and a director of Apotheosis as of the Latest Practicable Date. Hence, Mr. Chou is a connected person of our Company.

(2) Such shares are beneficially held by Lawrence Paraiso Tope (10%), Joseph Herbozo (10%), Michael Harris Starr (10%) and Hiroyuki Asami (5%), who are Independent Third Parties.

(3) The percentage expressed herein represents the ordinary shares of Taschh. The non-voting shares of Taschh are not considered when calculating the ownership percentage. As at the Latest Practicable Date, Chou Min-yi and two Independent Third Parties beneficially held 12, 5 and 5 non-voting shares in Taschh, respectively. As at the Latest Practicable Date, 1,033,384 ordinary shares in Taschh were beneficially held by Mr. Hsia, representing approximately 99.99% of the total issued share capital of Taschh, 14 ordinary shares and 12 non-voting shares in Taschh were beneficially held by Chou Min-yi representing approximately 0.003% of the total issued share capital of Taschh and remaining interest representing approximately 0.007% of the total issued share capital of Taschh are held by Independent Third Parties.

Beijing AdTiger Media Co., Limited

When Beijing AdTiger was established, its registered capital was not paid in as our Founders did not see the immediate need to inject capital at that time; and under PRC law the registered capital is not required to be paid in prior to the expiry of the time limit stipulated in the articles of association of Beijing AdTiger (i.e. 18 December 2035). Beijing AdTiger did not require capital investment upon its establishment and only required a nominal amount of initial set up cost, mainly for the purchase of office equipment, which was funded by Ms. Chang. As our Group has established its own clientele after HongKong AdTiger operated for almost one year, Beijing AdTiger was set up to develop and strengthen

HISTORY, DEVELOPMENT AND REORGANISATION

our online advertising business in the PRC. Upon the establishment of Beijing AdTiger, clients were referred by HongKong AdTiger, and Beijing AdTiger received prepayments from its customers and its cash inflow was already sufficient to set off its operation costs and provided for its working capital.

Upon Beijing AdTiger's establishment on 11 May 2016, it had a subscribed registered capital of RMB10 million which was beneficially held as to 70% by Ms. Chang and 30% by Ms. Li (through her nominee Mr. Suo). Ms. Li and Mr. Suo entered into a nominee arrangement on 11 May 2016 to confirm that Mr. Suo retained all shareholder's rights and benefits arising from the entrusted interest in Beijing AdTiger for Ms. Li since the establishment of Beijing AdTiger from 11 May 2016 to 27 June 2017. As Ms. Li focused on the development of our Group's business which required frequent travelling and attendance of physical meetings across the PRC with our customers and in consideration of her trust in Mr. Suo, she designated Mr. Suo as the registered shareholder of Beijing AdTiger to exercise the shareholder's rights on her behalf upon its establishment, while the rights to nominate or remove directors, receive dividend or share profits remained with Ms. Li. On 27 June 2017, the nominee arrangement was terminated when Mr. Suo's entire entrusted interest in Beijing AdTiger was transferred to Runzhi Media as procured by Ms. Li.

In June 2017, Ms. Chang and Ms. Li transferred their 70% and 30% beneficial interest in Beijing AdTiger to Wulian Siguo and Runzhi Media, respectively, at nil consideration based on the paid-in capital of Beijing AdTiger and the local SAIC registration for such transfer was completed on 27 June 2017.

Upon completion of the above transfers in Beijing AdTiger in June 2017, Wulian Siguo was held directly by Ms. Chang, Ms. Li and Heyue Investment as to 56.14%, 42.86% and 1%, respectively. In September 2017, Ms. Li transferred 14.29% of her interest in Wulian Siguo to Wulian Shenbiao and 28.57% to Ms. Suo Guiying ("**Ms. Suo**"), her mother, at nil consideration based on the paid-in capital of Wulian Siguo and the local SAIC registration for such transfers were completed on 25 September 2017. Wulian Shenbiao was held by Ms. Li (through her nominee Ms. Suo), Yuan Jiaopeng (an employee of our Group) and Xinyu Investment as to 89%, 10% and 1%, respectively, since 28 September 2017. Ms. Li and Ms. Suo have entered into nominee arrangements on 28 September 2017 and 25 September 2017, respectively to confirm that Ms. Suo retained all partnership's rights and benefits arising from the entrusted interests for Ms. Li since Ms. Suo became a partner of Wulian Shenbiao on 28 September 2017 and Wulian Siguo on 25 September 2017 respectively, while the rights to nominate or remove directors, receive dividend or share profits remained with Ms. Li. Based on Ms. Li's confirmation, she had put in place the nominee arrangement with her mother in view of Ms. Li's heavy involvement in our Group's business development which required frequent travelling in the PRC. Having Ms. Suo as a nominee of Ms. Li in Wulian Siguo and Wulian Shenbiao can assist Ms. Li in fulfilling the administrative and procedural obligations of those partnerships in the PRC. The nominee arrangement in Wulian Siguo between Ms. Li and Ms. Suo was terminated on 12 November 2018 upon the completion of deregistration procedure of Ms. Suo's partnership interest in Wulian Siguo.

As at the time of the transfer of the shareholding interests in Beijing AdTiger in June 2017, Runzhi Media was beneficially wholly owned by Ms. Chang through her 33.3% direct shareholding and 66.7% of the beneficial interest was through her nominee, Mr. Hou Ting ("**Mr. Hou**"), who is an ex-colleague of Ms. Chang, the sales director of Beijing AdTiger from October 2016 to December 2018 and a director of Beijing AdTiger since February 2019. Ms. Chang and Mr. Hou entered into a nominee arrangement on 8 May 2017 to confirm that Mr. Hou retained all shareholder's rights and benefits arising from the entrusted interest for Ms. Chang during the period from the establishment of Runzhi Media on 8 May 2017 to 15 April 2019 (together with the nominee arrangements for PRC established companies or partnership

HISTORY, DEVELOPMENT AND REORGANISATION

mentioned under this section in the prospectus, the “**PRC Nominee Arrangements**”), while the rights to nominate or remove directors, receive dividend or share profits remained with Ms. Chang. Ms. Chang had put in place the nominee arrangement with Mr. Hou due to his roles and responsibilities in our Group which mainly focus on promoting our Group’s business and bringing in new clients. In anticipation that the nominee arrangement will be unwounded during the Reorganisation, Mr. Hou was appointed as a director of Beijing AdTiger in February 2019 to recognise his effort and to give Mr. Hou a better position to represent Beijing AdTiger in business development. The nominee arrangement in Runzhi Media between Ms. Chang and Mr. Hou was terminated on 15 April 2019 upon completion of Runzhi Media’s deregistration.

As confirmed by the Directors, the transfers of the shares in Beijing AdTiger have been legally completed. As advised by our PRC Legal Adviser, the terms of the abovementioned nominee arrangements did not violate the applicable PRC laws and regulations. According to the nominee arrangements, Ms. Chang and Ms. Li, through their nominees, beneficially held and owned the entrusted interests in Beijing AdTiger, Runzhi Media, Wulian Siguo and Wulian Shenbiao, and were entitled to all rights and benefits arising from such equity and/or partnership interest.

The following table sets forth the shareholding structure of Beijing AdTiger after the above transfers and prior to the Reorganisation:

<u>Name of shareholder</u>	<u>Shareholding percentage</u>	<u>Relationship with our connected persons</u>
Wulian Siguo	70%	Effective interest of approximately 56% beneficially owned by Ms. Chang; 41% beneficially owned by Ms. Li, and approximately 3% held by minority shareholders ⁽¹⁾
Runzhi Media	30%	100% beneficially owned by Ms. Chang

(1) Such shares are beneficially held by Yuan Jiaopeng (1.5%), Chen Guohong (0.1%), Feng Weimin (0.04%), Zhou Lin (0.7%) and Zhang Ning (0.3%). Apart from Zhang Ning who is the spouse of Ms. Chang, all minority shareholders are Independent Third Parties.

During the period when the Cayman Trust Arrangement, BVI Trust Arrangement or PRC Nominee Arrangements (together the “**Arrangements**”) were effective, the Founders through such arrangements held and controlled the equity interests of our Operating Companies and were responsible for their strategic management, planning and business development. The Founders have made key management decisions collectively regarding our Group’s strategies and plans. Despite changes in the shareholding structure and the trust and nominee arrangements, there had been no material change in the beneficial interest of each Founder and the Founders together had exercised control over the voting rights attaching to the interests held by them and/or their nominees throughout the Track Record Period.

Each of Mr. Kang, Mr. Suo, Ms. Suo and Mr. Hou (together the “**Nominees**”) and our Founders confirmed that (a) there were no fund flows between the Founders and us on one hand, and the Nominees on the other hand; (b) the Nominees did not receive any form of compensation (including fees, salaries, allowance and dividends) during the subsistence of the Arrangements; and (c) dividends paid by one of our subsidiaries to Venus and Son of Sunrise during the Track Record Period were fully paid to our Founders in recognition of their beneficial ownership and control of the Operating Companies.

HISTORY, DEVELOPMENT AND REORGANISATION

Dormant subsidiary

The following table sets out details of our dormant subsidiary as of the Latest Practicable Date:

Name of subsidiary	Date and place of incorporation	Total issued shares	Percentage of equity interest held by us	Principal business activities
CFormula Technology Company Limited (希程式科技有限公司)	9 October 2017 (Hong Kong)	1	100%	No business operations

COMMON CONTROL BY ACTING IN CONCERT

Ms. Chang and Ms. Li planned to commence an online advertising business with a common view to sharing economic returns. In June 2015, the Founders agreed in writing that their interests in their co-found Group shall be 50% held by Ms. Chang, 30% held by Ms. Li and the remaining minority stake to be held by a financial investor. Our Group was first established by acquiring the predecessor of HongKong AdTiger and further expanded our footsteps in the PRC by establishing Beijing AdTiger. Ms. Chang and Ms. Li, being our Controlling Shareholders and the Founders, controlled the management and operation of the Operating Companies since they founded our Group. The Founders have cooperated as parties acting in concert to exercise control over our Group and to develop the business of our Group, when they had the intention of pooling their skills, business network, financial and other resources; and to jointly invest in the Operating Companies and control their management and operation. As our Founders, they have been acting in concert to deal with the operational matters of the Operating Companies and any other companies related to the business of our Group jointly established by them by meeting regularly and making decisions on a collective basis and have exercised control over the Group through cooperation with each other.

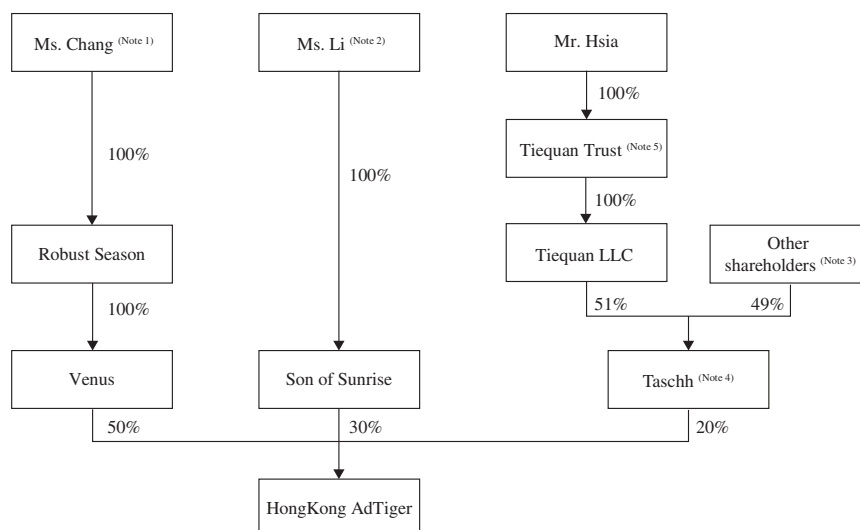
The actual dynamics between our Shareholders and management are dominated by the Founders, who as Controlling Shareholders together own approximately 60% of the total number of Shares in issue immediately upon completion of the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the Over-allotment Option and the exercise of the options that may be granted under the Post-IPO Share Option Scheme), and they have been the core team mainly responsible for the management of our Group and overseeing and directing our Group's financial results and financial performance and have been able to exert substantial influence on the other directors and management of our Group. The changes in the shareholding structure in our Operating Companies have not altered the control or influence of the Founders on the management of our Group. Ms. Chang and Ms. Li (as ultimate beneficial owners and directors of the Operating Companies and our Company) agreed to, and intend to continue to, consult each other and reach unanimous consensus among themselves on such matters being the subject matters of any shareholders' and directors' meetings of our Group.

The Founders executed the Acting-in-Concert Agreements to acknowledge and reflect the mutual understanding and intention, and to confirm that such acting in concert arrangement has been put in place and shall continue during the period as long as the Founders retain equity interest in our Group, directly or indirectly.

HISTORY, DEVELOPMENT AND REORGANISATION

The following charts set out the corporate and shareholding structure of our Operating Companies immediately before the Reorganisation:

(i) HongKong AdTiger

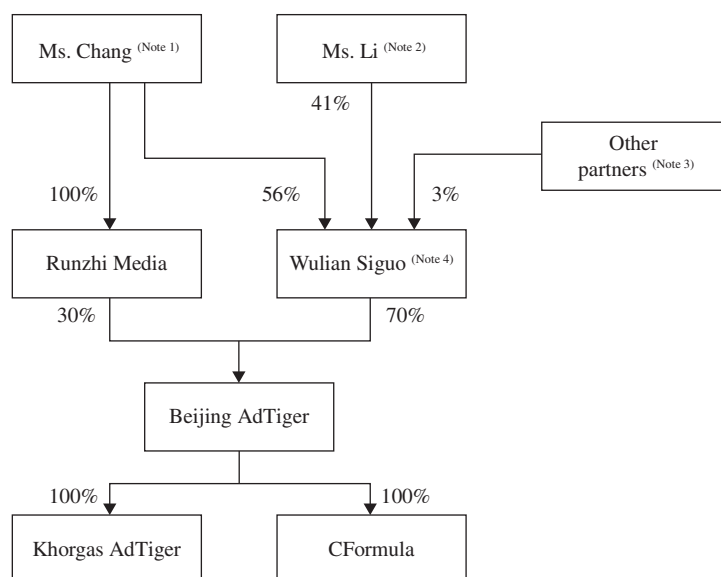


Notes:

- 1 Ms. Chang was the beneficial owner of all the issued shares of Venus since Mr. Kang became the registered shareholder of Robust Season. The shares in Robust Season were registered in the name of Mr. Kang, a distant relative of Ms. Chang, and held on trust for the benefit of Ms. Chang pursuant to a declaration of trust executed by Mr. Kang in favour of Ms. Chang.
- 2 Ms. Li was the beneficial owner of all the issued shares of Son of Sunrise since its incorporation. Such shares were registered in the name of Mr. Suo, a trusted person of Ms. Li as they attended and graduated from the same high school and developed mutual trust over a long time, and held on trust for the benefit of Ms. Li pursuant to a declaration of trust executed by Mr. Suo in favour of Ms. Li.
- 3 The other ultimate beneficial owners of the ordinary shares of Taschh include Chou Min-yi (14%), Lawrence Paraiso Tope (10%), Joseph Herbozo (10%), Michael Harris Starr (10%) and Hiroyuki Asami (5%). Except for Mr. Chou, all of such shareholders are Independent Third Parties.
- 4 The percentage expressed herein represents the ordinary shares of Taschh only.
- 5 Tiequan LLC was wholly owned by Southpac Trust International, Inc. on trust for Tiequan Trust; and Mr. Hsia is the sole beneficiary of Tiequan Trust.

HISTORY, DEVELOPMENT AND REORGANISATION

(ii) Beijing AdTiger



Notes:

- 1 Since Runzhi Media's incorporation, pursuant to the nominee arrangement entered into between Ms. Chang and Mr. Hou (an ex-colleague of Ms. Chang, the sales director of Beijing AdTiger from October 2016 to December 2018 and a director of Beijing AdTiger since February 2019), Ms. Chang voluntarily entrusted her shareholding in Runzhi Media, representing 66.7% of its equity interest to Mr. Hou as her nominee and the rights and benefits arising from the entrusted interests shall be vested in Ms. Chang. The remaining 33.3% equity interest in Runzhi Media was beneficially and legally owned by Ms. Chang since its incorporation. Therefore, Runzhi Media was controlled and its beneficial interest was entirely owned by Ms. Chang.

- 2 When Ms. Suo was one of the partners of Wulian Siguo, (i.e. the period from 25 September 2017 to 12 November 2018) pursuant to the nominee arrangement entered into between Ms. Li and Ms. Suo, Ms. Li voluntarily entrusted her 28.57% partnership interest in Wulian Siguo to Ms. Suo as her nominee, and the partnership's rights and benefits arising from the entrusted interests shall be vested in Ms. Li.

Ms. Suo owned 89% of the partnership interest in Wulian Shenbiao, which holds 14.3% of the interest in Wulian Siguo. Since 28 September 2017 when Ms. Suo was one of the registered partners of Wulian Shenbiao, pursuant to the nominee arrangement entered into between Ms. Li and Ms. Suo, Ms. Li voluntarily entrusted her 89% of Wulian Shenbiao's partnership interest, to Ms. Suo as her nominee, and the partnership's rights and benefits arising from the entrusted interests shall be vested in Ms. Li.

- 3 Such partners ceased to be shareholders of our Group during the period of the Reorganisation which include Yuan Jiaopeng (1.4%), Zhou Lin (0.7%), Zhang Ning (0.3%), Chen Guohong (0.1%) and Feng Weimin (0.04%). Apart from Zhang Ning who is the spouse of Ms. Chang, the remaining partners are Independent Third Parties, and their partnership interests in Wulian Siguo were held through Wulian Shenbiao, Xinyu Investment (0.14%) and Heyue Investment (1%).

- 4 The percentage expressed here represents the effective interest of each party. For details of the ownership structure and interest of each party, please refer to "History, Development and Reorganisation — Beijing AdTiger Media Co., Limited" in this prospectus for further details.

HISTORY, DEVELOPMENT AND REORGANISATION

REORGANISATION

Prior to the Reorganisation, our Company and the Operating Companies were a group of private entities directly and/or indirectly beneficially owned by Ms. Chang, Ms. Li, Mr. Hsia and/or entities controlled by them together with other minority partners or shareholders, which are no longer our Shareholders after the Reorganisation, without a single holding company. In preparation for the Listing, we undertook a series of restructuring steps for the purpose of transferring assets and business to our Company and streamlining and rationalising our shareholding structure.

Our Reorganisation involved the following steps:

Step 1: Incorporation of Fetech and Hera

Fetech and Hera were incorporated in the BVI as a limited liability company on 29 October 2018 with an initial authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. 50,000 shares were allotted, issued and credited as fully-paid by Fetech and Hera to Ms. Chang and Ms. Li, respectively.

Step 2: Incorporation of Rowtel and Westel

Rowtel and Westel were incorporated in the BVI as a limited liability company on 27 December 2018 with an initial authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. 50,000 shares were allotted, issued and credited as fully-paid by Rowtel and Westel to Fetech and Hera, respectively.

Step 3: Incorporation of our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 1 February 2019 with an initial authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. 50,000 shares were allotted, issued and credited as fully-paid to Rowtel and Westel. Immediately upon completion of the allotment, our Company became a company which is 63.75% and 36.25% owned by Rowtel and Westel, respectively.

Step 4: Incorporation of our Holding Companies

AdTiger Media and AdTiger Company (each of them a “**BVI Intermediate Holding Company**”) were incorporated with limited liability on 5 March 2019 and 21 February 2019, respectively, in the BVI with an initial authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. In each BVI Intermediate Holding Company, 50,000 shares were allotted, issued and credited as fully-paid to our Company.

AdTiger International and Apotheosis (each of them a “**HK Intermediate Holding Company**”) were incorporated with limited liability on 27 March 2019 and 5 November 2018, respectively in Hong Kong. AdTiger International has an initial share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each and 10,000 shares were allotted, issued and credited as fully-paid to AdTiger Media.

Apotheosis has an initial share capital of HK\$1 comprising 1 share of HK\$1.00 and 1 share was allotted, issued, credited as fully-paid and transferred to Taschh; and 9,999 shares were allotted, issued and credited as fully-paid to Taschh on the same day. For the acquisition of Apotheosis by our Group, please refer to step 7 below.

HISTORY, DEVELOPMENT AND REORGANISATION

Step 5: Change of Shareholding in Beijing AdTiger

In October 2018, Runzhi Media transferred its 30% shareholding in Beijing AdTiger to Wulian Siguo at nil consideration which was based on the paid-in capital of Beijing AdTiger. The registration of such transfer with the local SAIC was completed on 1 November 2018. Immediately after the completion of such transfer, Beijing AdTiger became a wholly owned subsidiary of Wulian Siguo.

Wulian Shenbiao, Heyue Investment and Ms. Li (through her nominee Ms. Suo) which owned 14.29%, 1% and 28.57%, respectively, of the partnership interest in Wulian Siguo prior to the Reorganisation left the partnership on 12 November 2018 by way of capital decrease as the paid-in capital of Wulian Siguo was nil; and Ms. Chang increased their capital contribution in Wulian Siguo and Ms. Li subscribed 36.25% partnership interest in Wulian Siguo such that they respectively held 63.75% and 36.25%, respectively, of the partnership interest directly.

In January 2019, Wulian Siguo disposed of 1% of its equity interest in Beijing AdTiger to Beijing Hu Shi Hao Yu Culture Media Co., Ltd. (北京虎世浩宇文化傳媒有限公司) (which is 63.75% and 36.25% owned by Ms. Chang and Ms. Li, respectively) at nil consideration which was based on the paid-in capital of Beijing AdTiger. The registration of such transfer with the local SAIC was completed on 23 January 2019.

On 24 January 2019, Apotheosis and Wulian Siguo entered into a subscription agreement, whereby Apotheosis agreed to contribute RMB2.5 million to the registered capital of Beijing AdTiger, which was determined with reference to the valuation of Beijing AdTiger's entire equity interest as at 31 December 2018; and Beijing Hu Shi Hao Yu Culture Media Co., Ltd. disposed of its entire equity interest in Beijing AdTiger to Wulian Siguo at nil consideration based on the paid-in capital of Beijing AdTiger. The registration of such subscription and transfer was completed on 1 February 2019. Immediately upon the completion of abovementioned subscription and transfer, Beijing AdTiger was 80% and 20% owned by Wulian Siguo and Apotheosis, respectively.

Step 6: Deregistration of Khorgas AdTiger

Khorgas AdTiger was established by Beijing AdTiger in the PRC on 2 June 2017 as a limited liability company with a registered capital of RMB1 million, which was fully subscribed by Beijing AdTiger. In order to streamline our corporate structure and as Khorgas AdTiger had no business operations, it was deregistered on 18 April 2019. For further details about its deregistration, please refer to "Directors and Senior Management — Executive Directors — Ms. CHANG Sufang" and "— Ms. LI Hui" in this prospectus.

Step 7: Acquisition of Beijing AdTiger

On 19 April 2019, AdTiger International and Wulian Siguo entered into a share transfer agreement, whereby 80% of the equity interest in Beijing AdTiger was transferred to AdTiger International at nil consideration, which was determined with reference to the valuation of Beijing AdTiger's entire equity interest as at 31 March 2019. The registration of such transfer with the local SAIC was completed on 8 May 2019.

On 26 June 2019, Taschh, AdTiger Company and our Company entered into a reorganisation agreement, whereby the entire issued share capital in Apotheosis has been transferred from Taschh to AdTiger Media in consideration of the issuance and allotment of 12,500 shares of our Company which are credited as fully-paid. The consideration was determined based on the total assets of Beijing AdTiger as at 30 April 2019.

Immediately upon completion of the abovementioned transfers, Beijing AdTiger is directly and wholly-owned by the HK Intermediate Holding Companies and is an indirect wholly-owned subsidiary of our Company. Our Company became a company which is 51%, 29% and 20% owned by Rowtel, Westel and Taschh, respectively.

HISTORY, DEVELOPMENT AND REORGANISATION

Step 8: Acquisition of HongKong AdTiger

On 26 June 2019, each of Venus, Son of Sunrise and Taschh entered into a reorganisation agreement with AdTiger Company, whereby their respective shareholding in HongKong AdTiger were transferred to AdTiger Company for a cash consideration of RMB18,522,080.35, RMB11,113,248.21 and RMB7,408,832.14, respectively, which were determined with reference to the net asset value of HongKong AdTiger in its management accounts as at 30 April 2019. The total consideration of the transfers was RMB37,044,160.70 and the said transfer was properly completed and settled.

Immediately upon completion of the abovementioned transfers, HongKong AdTiger has become a direct wholly-owned subsidiary of AdTiger Company and an indirect wholly-owned subsidiary of our Company.

Changes to our share capital

On 26 June 2019, the authorised share capital of our Company was increased from US\$50,000 to US\$62,500 through the creation of 12,500 additional Shares as consideration for the acquisition mentioned in the paragraph headed “Acquisition of Beijing AdTiger” above.

On 18 September 2019, the authorised share capital of our Company was further increased from US\$62,500 to US\$100,000, and 19,125, 10,875 and 7,500 additional Shares were allotted to Rowtel, Westel and Taschh, respectively as a result of their capital injection in our Company with a subscription price of RMB18,892,521.96, RMB10,742,806.60 and RMB7,408,832.14, respectively. The total amount of such subscriptions amounted to RMB37,044,160.70. The shareholding percentage owned by Rowtel, Westel and Taschh in our Company did not change upon the completion of the subscription.

On 20 September 2019, our Company underwent a subdivision of shares whereby each of the existing issued and unissued ordinary Shares of par value of US\$1.00 each was subdivided into 2,000 ordinary Shares of par value of US\$0.0005 each, and such subdivided Shares shall carry the same rights with each other, such that after the subdivision, the authorised share capital of the Company became US\$100,000 divided into 200,000,000 Shares of par value of US\$0.0005 each, and the issued share capital of the Company became US\$100,000 divided into 200,000,000 Shares of par value of US\$0.0005 each.

On 22 June 2020, the authorised share capital of our Company was increased from US\$100,000 divided into 200,000,000 Shares of a par value of US\$0.0005 each to US\$500,000 divided into 1,000,000,000 Shares of a par value of US\$0.0005 each through the creation of 800,000,000 additional Shares.

Capitalisation issue

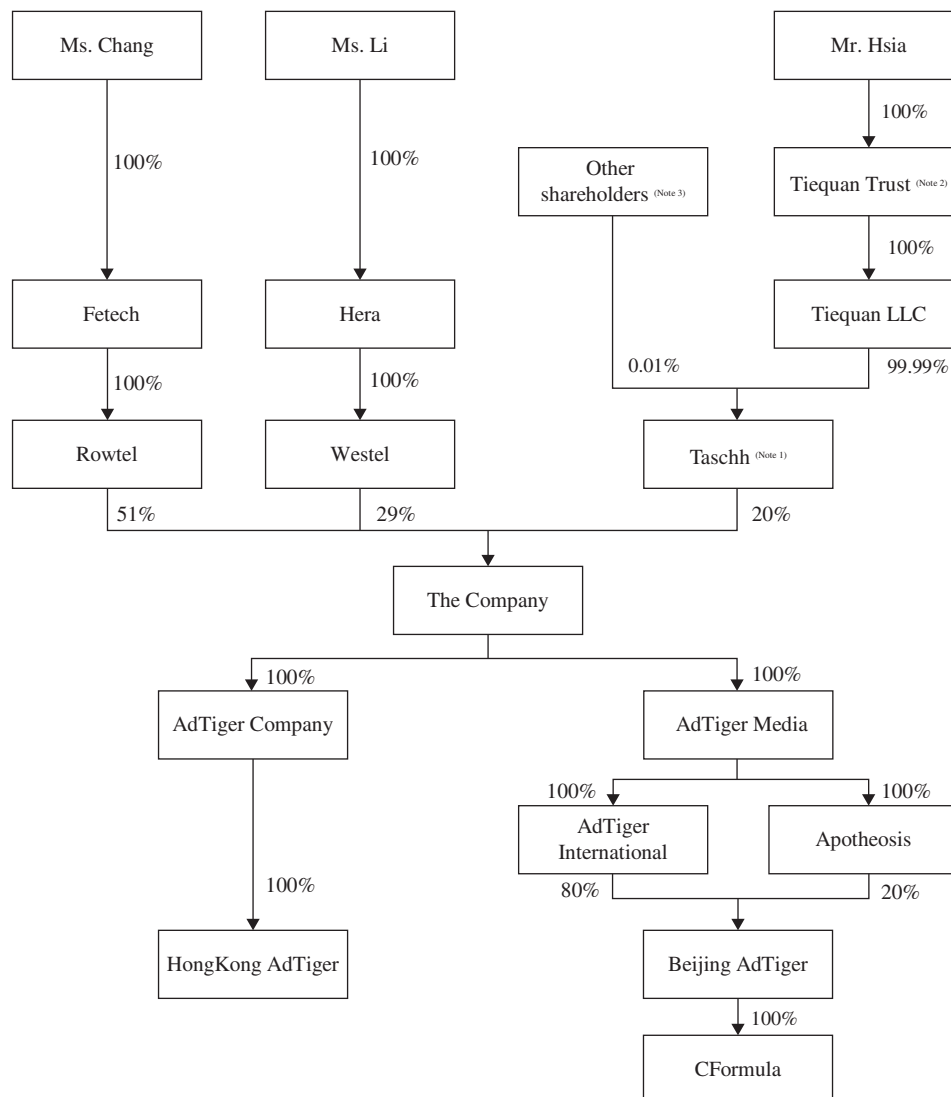
Conditional upon the crediting of our Company’s share premium account as a result of the issue of the Offer Shares pursuant to the Global Offering, our Directors were authorised to capitalise an amount of US\$125,000 standing to the credit of the share premium account of our Company by applying such sum towards the paying up in full at par a total of 250,000,000 Shares for allotment and issue to our Shareholders as at 22 June 2020, on a pro rata basis.

No pre-IPO investment

There was no pre-IPO investor to our Group before and after our Reorganisation within the meaning of the Listing Rules.

HISTORY, DEVELOPMENT AND REORGANISATION

The following chart sets out our Group's corporate and shareholding structure immediately upon completion of the Reorganisation but prior to the Global Offering and the Capitalisation Issue:



Notes:

- 1 The percentage expressed herein represents the ordinary shares of Taschh only.

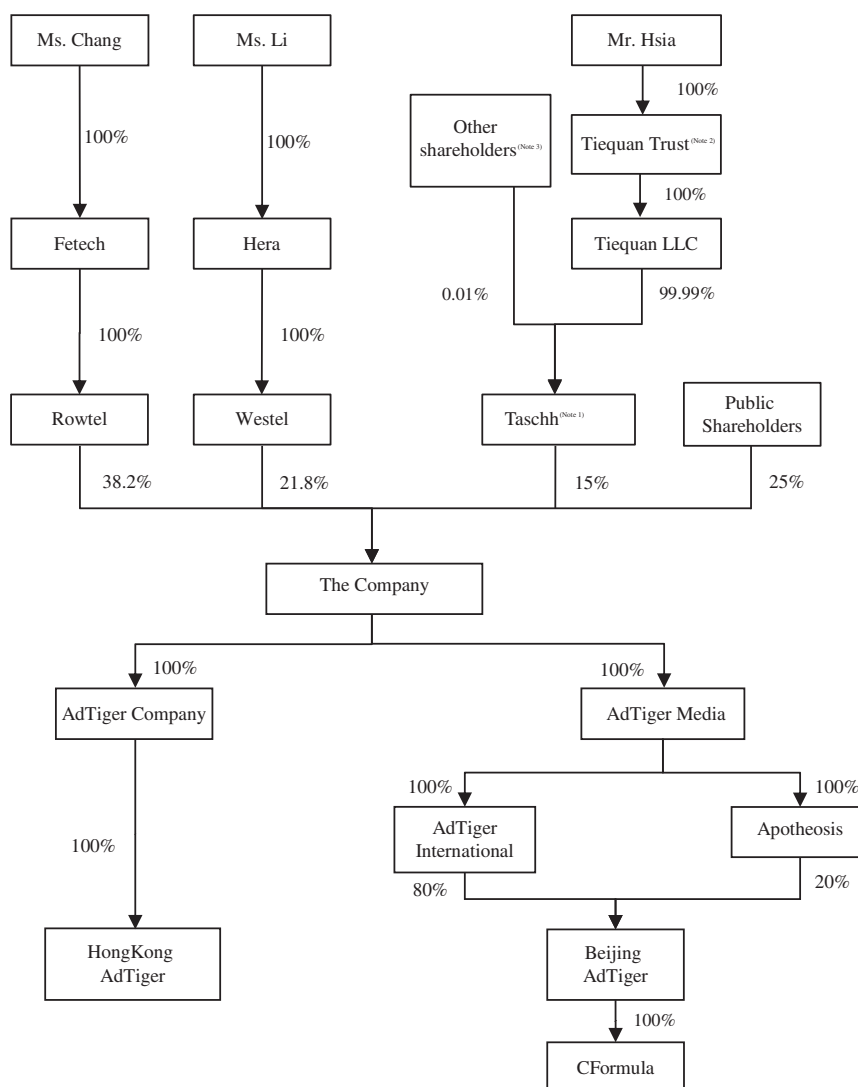
On 6 June 2019, Taschh allotted 1,033,333 ordinary shares to Tiequan LLC which are credited as fully paid. After the allotment of shares, Tiequan LLC held 1,033,384 ordinary shares, representing approximately 99.99% of the total ordinary shares and total issued share capital of Taschh.

- 2 Tiequan LLC was held as to 100% by Southpac Trust International, Inc. on trust for Tiequan Trust; and Mr. Hsia is the sole beneficiary of Tiequan Trust.

- 3 The other ultimate beneficial owners of the ordinary shares of Taschh include Mr. Chou (0.0014%), Lawrence Paraiso Tope (0.001%), Joseph Herbozo (0.001%), Michael Harris Starr (0.001%) and Hiroyuki Asami (0.0005%). Except for Mr. Chou, who is a connected person, all minority shareholders are Independent Third Parties.

HISTORY, DEVELOPMENT AND REORGANISATION

The following chart sets out our Group's corporate and shareholding structure upon completion of the Global Offering and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised and without taking into account the Shares which may be issued pursuant to the exercise of the options which may be granted under the Post-IPO Share Option Scheme):



Notes:

- 1 The percentage expressed herein represents the ordinary shares of Taschh only.
- 2 Tiequan LLC was held as to 100% by Southpac Trust International, Inc. on trust for Tiequan Trust; and Mr. Hsia is the sole beneficiary of Tiequan Trust.
- 3 The other ultimate beneficial owners of the ordinary shares of Taschh include Mr. Chou (0.0014%), Lawrence Paraiso Tope (0.001%), Joseph Herbozo (0.001%), Michael Harris Starr (0.001%) and Hiroyuki Asami (0.0005%). Except for Mr. Chou, who is a connected person, all minority shareholders are Independent Third Parties.

HISTORY, DEVELOPMENT AND REORGANISATION

As confirmed by our Directors, each of the share transfers made in the Reorganisation was properly and legally completed and settled. Our Company has obtained all relevant approvals required in connection with the Reorganisation and has complied with all relevant laws and regulations which are applicable to the Reorganisation.

PRC REGULATORY REQUIREMENTS

As advised by our PRC Legal Adviser, the relevant equity transfers in respect of Beijing AdTiger as described in this section have been properly and legally completed in accordance with applicable PRC laws and regulations in all material aspects, and all necessary PRC regulatory approvals have been obtained in accordance with applicable PRC laws and regulations.

M&A Rules

Under the M&A Rules, a foreign investor shall comply with M&A Rules when a foreign investor acquires equity in a domestic non-foreign invested enterprise, thereby converting it into a foreign-invested enterprise, or subscribes for new equity interest in a domestic non-foreign enterprise via an increase in registered capital of the domestic non-foreign invested enterprise, thereby converting it into a foreign-invested enterprise. On 30 June 2018, the MOFCOM issued the Provisional Administrative Measures on Establishment and Modification Filing for Foreign-invested Enterprise (《外商投資企業設立及變更備案管理暫行辦法》) (the “**Filing Measures**”). Where a non-foreign-invested enterprise changes into a foreign-invested enterprise by acquisition, merger or otherwise, which is subject to filing as stipulated in the Filing Measures, it shall complete the formalities for incorporation and submit the Incorporation Application in accordance with the Measures.

As advised by our PRC Legal Adviser, the capital subscription by Apotheosis in Beijing AdTiger representing 20% of Beijing AdTiger’s enlarged subscribed registered share capital (the “**Subscription**”) is subject to the M&A Rules and the Filing Measures, and Beijing AdTiger has obtained the filing receipt for the incorporation of foreign-invested enterprises (外商投資企業設立備案回執) and the new business licence for this subscription pursuant to the M&A Rules and the Filing Measures.

After the Subscription, Beijing AdTiger became a sino-foreign joint venture enterprise. For the acquisition of 80% equity interest of Beijing AdTiger by AdTiger International (the “**Transfer**”), our PRC Legal Adviser is of the view that since at the time of the Transfer, Beijing AdTiger has been converted into a sino-foreign joint venture enterprise, the M&A Rules are not applicable to this Transfer. Instead, the Transfer shall comply with the Rules on the Changes of Shareholding of Foreign-invested Enterprise Investor (《外商投資企業投資者股權變更的若干規定》) (the “**Rules**”) and the Filing Measures. Beijing AdTiger has obtained the filing receipts for the change of foreign-invested enterprises (外商投資企業變更備案回執) and the new business licence for the transfer pursuant to the Rules and Filing Measures.

HISTORY, DEVELOPMENT AND REORGANISATION

SAFE Circular No. 37

As disclosed in the section headed “Regulatory Overview — Regulations on Foreign Exchange” in this prospectus, SAFE Circular No. 37 requires PRC residents to register with local branches of SAFE with regard to their establishment or indirect control of an offshore entity established for the purpose of overseas investment and financing. SAFE Circular No. 37 further requires amendment to the registration in the event of any significant changes with respect to, among others, the special purpose vehicle, the domestic individual resident shareholder, the operating period, capital and merger or division events.

Pursuant to SAFE Circular No. 13, which became effective on 1 June 2015, the SAFE registration was delegated from local SAFE branches to local banks.

Our PRC Legal Adviser is of the view that as of the Latest Practicable Date, each of the Founders, being PRC nationals, had completed the registration under SAFE Circular 37 and SAFE Circular 13 on 21 December 2018 in respect of each of their investment in our Group and as a result of the Reorganisation.

OVERVIEW

We are an online advertising platform that connects our advertisers with our media publishers, either directly or indirectly through resellers designated by our media publishers. We primarily provide overseas online advertising services to China-based advertisers. We have strategically focused on covering top media publishers, including Facebook, Google, Snapchat, Twitter and Yahoo. We are a China Export Partner (“CEP”) of Facebook (Facebook中國區優質合作夥伴), and we ranked first amongst Facebook’s 23 CEPs in terms of advertising spending for Facebook’s ad inventories in 2019. We have also become Google’s partner in the Google AdWords Reseller Programme since 2016. In addition, we have become a Baidu-authorized Snapchat Sales Representative since 2018. We generally act as an agent that connects advertisers to top media publishers through placing advertisers’ ads in ad inventories from other third-party online advertising platforms who are resellers of top media publishers, such as MeetSocial (HongKong) Digital Marketing Co., Limited as the reseller of Facebook; Hongkong Onesight Technology Co., Limited as the reseller of Twitter; and Vidoads Co., Limited as the reseller of Google. We also contract directly with certain media publishers as their resellers.

We enable advertisers to optimise their ad placement and acquire users globally by advertising on various media platforms, particularly on top media platforms. We connect media publishers with advertisers on our platform that enables media publishers to monetise their available ad inventories. Our services, in turn, allow us to continuously collect and analyse user data including mobile device models, demographics (such as gender, age and language), interests (such as shopping, gaming, food and beverages), behaviours (such as travel) and regions (such as place of residence) from our media publishers’ platforms, which enables us to provide more precise and targeted services for our advertisers, improve the monetisation efficiency for our media publishers and enhance our big data and AI capabilities.

Our services are empowered by our proprietary ad optimisation and management platform — AdTensor. AdTensor utilises AI technology to conduct ad optimisation and management automatically, intelligently and in real time. We collect user data from our media publishers’ platforms using API and analyse these data on our AdTensor platform on a real-time basis. API is a common interface implemented separately in the media publishers’ app codes by themselves and in the advertising system by third-party advertising platforms, allowing exchange of data to achieve automatic ad delivery and feedback on ad interaction events. SDKs are sets of programming codes developed by third-party advertising platforms for app developers (as media publishers) to integrate into their own app codes to achieve programmatic advertising functions such as automatic ad delivery and feedback on ad interaction events. API connection is typically used by advertising agents to connect with top media publishers such as Facebook and Google since such media publishers typically offer their ad inventories programmatically through their API or manually on their proprietary ad platforms rather than SDK integration developed by third party advertising platforms and API connection allows top media publishers to have higher control over their user traffic. Since we have strategically focused on covering top media publishers in our initial stage of development, our service through AdTensor and collection of data is currently limited to using API connections with media publishers’ platforms. We plan to develop connections with medium or long-tail media publishers through SDK integration which has lower technical requirements for those media publishers, and enables us to obtain more comprehensive user data and reach a wider media publisher base.

Our big data and AI capabilities enable us to achieve advertising targets for our advertisers by delivering appropriate ad content to ad inventories across various platforms and locations where they are most likely to be converted, and at the same time maximising the monetisation potential of our

media publishers. AdTensor also possesses a template library comprising a wide collection of templates for ad content, including texts, images, videos and audios, developed by our in-house design team as well as external designers, that enable our advertisers to generate ad content within minutes.

Our coverage of media publishers enabled our advertisers to place their ads to users in approximately 250 countries and regions and to achieve approximately 83,029 million impressions of their ads in aggregate in 2019. During the Track Record Period, our total revenue increased from RMB116.4 million in 2017 to RMB191.1 million in 2019, representing a CAGR of 28.1%.

OUR STRENGTHS

Coverage of high quality top media publishers

We have maintained high quality coverage of media publisher resources that provide ad inventories and user traffic to our advertisers. We have strategically focused on covering top media publishers, including Facebook, Google, Snapchat, Twitter and Yahoo. We believe top media publishers offer the most attractive platforms to advertisers for them to reach a large user base. According to iResearch, Facebook reached an annual average MAU of 2,250 million in 2019 and Google had 92.5% of the global search engine market share in the same year. Twitter reached an MAU of 330 million in 2019 according to its annual report.

Top media publishers generally have a stringent selection process for advertising partners and place a heavy emphasis on working with partners who can deliver them quality ad campaigns that are relevant, engaging and viral for their user base. We are a CEP of Facebook, and we ranked first amongst Facebook's 23 CEPs in terms of advertising spending for Facebook's ad inventories in 2019. We have also become Google's partner in the Google AdWords Reseller Programme since 2016. In addition, we have become a Baidu-authorized Snapchat Sales Representative since 2018.

Through our relationship with these top media publishers, we are able to assist advertisers in gaining premium user traffic at significant scale. Our coverage of media publishers enabled our advertisers to place their ads to users in approximately 250 countries and regions and to achieve approximately 83,029 million impressions of their advertisements in 2019. We believe our coverage of high quality top media publishers and our partnership with them position us well to attract additional advertising spending on our platform to gain access to premium user traffic.

Sizable and diverse advertiser base as well as direct relationship with advertisers

We have accumulated a diverse base of advertisers from various industries, including utility and content app developers, as well as companies in e-commerce, media, tourism, finance, games, media, education, medical and film industries. The number of our advertisers reached 140, 200 and 273 for the years ended 31 December 2017, 2018 and 2019, respectively. Our total number of advertisers increased by 36 from 273 at the end of 2019 to 309 as of 30 April 2020.

We have achieved a high retention rate for our top advertisers. 80% of our top 10 advertisers in 2018 were still our advertisers in 2019. For the years ended 31 December 2017, 2018 and 2019, advertisers with whom we had direct contractual relationships constituted 99.3%, 99.5% and 99.3%, respectively, and the rest were advertising agencies through which we provided user acquisition

services to their advertisers. Our advertisers are typically large and medium-sized enterprises, many of which are listed companies or state-owned enterprises. We believe these advertisers have a sufficient advertising budget and the ability to settle our service fees in a timely manner.

Proprietary AdTensor platform with big data and AI capabilities

AdTensor is our proprietary ad optimisation and management platform that utilises AI technology to conduct ad optimisation and management automatically, intelligently and in real time. Our big data and AI capabilities enable us to achieve advertising targets for our advertisers by delivering appropriate ad content to the ad inventories where they are most likely to be converted, and at the same time maximising the monetisation potential of our media publishers. It also has the capability to conduct historical analysis on past performance of a particular ad and user data, monitor and optimise ad campaigns through establishing automated rules and generating reports on a real time basis or specified time basis depending on advertisers' needs, thereby making the ad delivery through our platform more effective and efficient. Through AdTensor, advertisers are able to achieve global advertising and continuous optimisation results, improve the ROI of the advertisers and save labour costs during the ad placement process.

Team of optimisers and designers enabling optimisation of ad strategies and creative design of ad content

Through our AdTensor platform, our team of optimisers, supported by our operations team and AMs, monitors the performance of advertisements continuously in real time, makes adjustments to maximise user traffic and generates reports for our advertisers on a real-time or specified-time basis to manage user traffic. We believe these efforts enable us to optimise ad strategies and improve the performance of ads on an on-going basis during their life cycles.

Our team of designers has contributed to our template library that comprises more than 300 ad formats and ad creatives including texts, images, videos and audios, that enable our advertisers to generate and optimise customised ads within seconds. Our designers have created and continue to create ad formats and ad creatives that enable our advertisers to generate and optimise ad content. As of 31 December 2019, we had a team of 23 optimisers and designers with extensive accumulated experience in the advertising industry. Our team of optimisers and designers maintain close communications with our advertisers to understand their demands in order to adapt to the changing market trends and consumers' behaviours. We believe the delivery of creative ad content with customised ad formats, coupled with the execution of ad placement strategies through our AdTensor platform, are able to help advertisers achieve better marketing results in an efficient and cost-effective way.

Collaboration with partners enabling strong local service capabilities

We have enhanced our local service capabilities by collaborating with individuals in selected overseas markets who assist us with the design and translation of ad content and advise us on the characteristics and interests of local target audience. The local consultants we cooperate with are able to provide translations of ad content and localisation advices that help us create and deliver ads tailored to the specific taste and culture of the users from a specific country or region. They also assist us to locate and target small- and medium-sized media publishers locally that are suitable for a particular ad campaign. We believe our collaboration with local partners enables us to gain a deeper understanding of the user acquisition and monetisation needs in local markets.

Visionary, experienced and stable management team

Our visionary management team possesses in-depth experience in the technology, media and advertising industries, which we believe enables us to respond promptly to evolving industry trends. Our management team has capitalised on the fast-growing demand of PRC advertisers seeking to acquire users overseas and successfully expanded our business in response to the market trends in the online advertising industry. Key members of our management team have an average of approximately 10 years of experience in leading technology and media companies. Leveraging our management team's industry experience, we have successfully initiated and maintained our collaborations with a number of leading media publishers. Our management team has remained stable since our inception. We believe that our management team will continue to guide us in expanding our business and executing our strategies.

OUR STRATEGIES

Continue to enhance local service capabilities in key overseas markets and selected regions in China

We have enhanced our local service capabilities by collaborating with individuals in selected overseas markets who assist us with the design and translation of ad content and advise us on the characteristics and interests of local target audience. We plan to continue to enhance our local service capabilities by setting up subsidiaries in key overseas markets to expand our global coverage and increase the scope and depth of our global cooperation with advertisers and media publishers.

We believe that the increasing demand from advertisers in overseas markets for user acquisition needs in China and globally will be a significant driver of our future business growth. We plan to expand our advertiser base to cover additional advertisers in overseas countries and regions, in particular in markets where the profit levels for online advertising platforms are higher. We also plan to recruit local consultants who are able to provide us translation of ad content and localisation advices that help us create and deliver ads tailored to local audience. In addition, we plan to recruit additional sales and marketing staff and enhance our sales and marketing efforts in selected regions in China, including certain third- and forth-tier cities. We believe our strengthened service capabilities in key overseas markets and selected regions in China will enable us to grow our advertiser and media publisher base and position us well for future competition.

Enhance the offerings of our AdTensor platform

AdTensor is our proprietary ad optimisation and management platform that utilises AI technology to conduct advertising optimisation and management automatically, intelligently and in real time. We plan to enhance the machine learning and AI algorithm capabilities of our AdTensor platform. By conducting ad optimisation and ad placement using machines, we believe we will be able to expand our capacity to serve a larger number of advertisers and to expand our coverage of advertisers to additional small- and medium-sized advertisers. We also plan to enhance the collection of AdTensor's template library by supplementing additional ad formats for increased ad scenarios. We plan to explore technologies for new forms of ads such as augmented reality and mini-app marketing, as well as interactive ads. We seek to further explore new ad inventory categories from other website operators, device integrators and telecommunication operators and connect to them through our AdTensor platform.

Continue to strengthen our data and technology capabilities

We will continue to strengthen our data and technology capabilities in the online advertising industry. We will invest more in both our IT infrastructure and the technologies capabilities of AdTensor to better serve advertisers and media publishers. We aim to further strengthen our R&D capabilities in big data and AI technology, and to expand the application of AI algorithms and machine learning in our services. We will also continue to strengthen our computing capabilities, optimise our system architecture and enhance our IT infrastructure. In addition, we plan to develop connections with additional media publishers through SDK integration, which enables us to obtain more comprehensive data when media publishers install SDKs.

Explore strategic investments and mergers and acquisitions

In addition to growing our business organically, we plan to pursue strategic investment and merger and acquisition opportunities that will help strengthen our offerings and enhance our business reputation. We aim to target companies that have competitive strengths in the following areas: (i) can help in bringing additional coverage of media publishers; (ii) can help in bringing additional coverage of advertisers; or (iii) have strong local capabilities that will enable us to create ad content tailored to our target audience in specific local markets.

OUR BUSINESS MODEL

Our online advertising platform provides one-stop services to advertisers for their needs of user acquisition and to media publishers for their needs of monetisation. It serves advertisers, whom we charge for our user acquisition services encompassing account opening and/or topping-up advertisers' accounts on media publishers' platforms, ad design, ad optimisation and overall management of ad campaign. It also serves media publishers, from whom we receive rebates for assisting them with monetisation of ad inventories and to whom we pay traffic acquisition costs for placing ads in their ad inventories.

We generally act as agents to connect with media publishers' platforms through other third-party online advertising platforms who are resellers of such media publishers. In other circumstances, we place advertisers' ads directly with media publishers as their designated resellers. As confirmed by iResearch, it is an industry norm for advertisers, especially large-scale advertisers, to place ads on media publishers via both the media publishers' designated resellers and agents as this allows them to compare the ad placement results using different tiers of advertising agents. Agents generally focus time and effort on ad optimisation compared to resellers. Therefore, advertisers, especially those who have insufficient ad optimisation capability, prefer to use agents to place their ads in order to achieve better results. Further, resellers and agents offer advertisers different credit periods. Advertisers can have more flexibility in cash flow by placing ads via both resellers and agents instead of placing ads on media publishers' platforms directly.

BUSINESS

We recognise revenue by utilising a combination of pricing models. We charge our advertisers on a CPA, or cost per action, basis once agreed actions are performed. These agreed actions are typically measured by the number of new installations of the advertisers' mobile apps as a result of the advertisement. We also use CPC, or cost per click (based on the number of clicks of the ad) and CPM, or cost per mille (based on per one thousand impressions of the ad), as pricing models. The following table sets forth a comparison of our CPA and CPC/CPM pricing models:

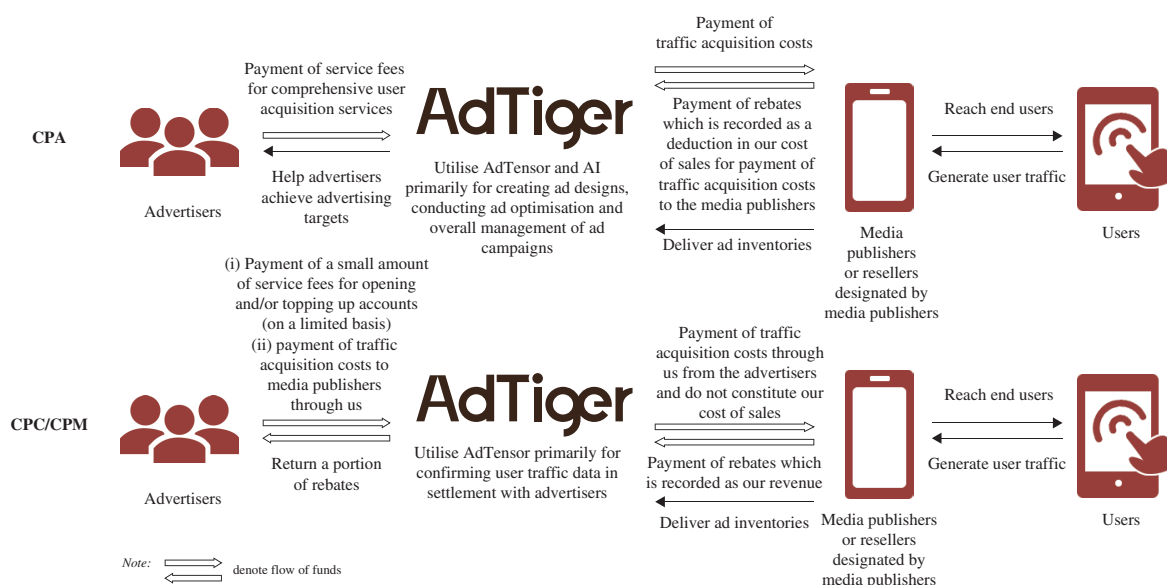
	<u>CPA pricing model</u>	<u>CPC/CPM pricing model</u>
Our scope of service and role	We act as principal and provide comprehensive user acquisition services encompassing opening and/or topping-up advertisers' accounts on media publishers' platforms, ad designs, ad optimisation and overall management of ad campaigns.	We act as agent and primarily assist advertisers with opening and/or topping-up their accounts on media publishers' platforms.
Service fees from advertisers	We receive from advertisers an aggregate service fee for our comprehensive user acquisition services.	On a limited basis, we receive from advertisers a small percentage of advertisers' actual advertising spending as our service fees for opening and/or topping up advertisers' accounts on media publishers' platforms.
Rebates from media publishers	We obtain rebates from our media publishers that are based on contractually stipulated percentages of advertisers' actual advertising spending once certain spending thresholds are achieved. These rebates are recorded as a deduction in our cost of sales for the traffic acquisition costs to the media publishers.	<p>We obtain rebates from our media publishers that are based on contractually stipulated percentages of advertisers' actual advertising spending once certain spending thresholds are achieved.</p> <p>We may incentivise our advertisers by returning a portion of these rebates to them.</p>
Composition of revenue	An aggregate service fee we receive from advertisers for our comprehensive user acquisition services.	<p>(i) net rebates (rebates we receive from media publishers minus rebates we return to advertisers (if any)); and</p> <p>(ii) service fees we receive from advertisers (on a limited basis)</p>
Composition of cost of sales	<p>(i) traffic acquisition costs for placing advertisers' ads in media publishers' ad inventories, net of rebates from media publishers;</p> <p>(ii) a portion of expenses for external optimisers and designers;</p> <p>(iii) a portion of salaries and benefits for internal optimisers and designers; and</p> <p>(iv) a portion of server costs.</p>	<p>(i) a portion of salaries and benefits for internal optimisers in relation to opening accounts; and</p> <p>(ii) a portion of server costs.</p> <p>Our advertisers pay traffic acquisition costs to media publishers through our platform and their traffic acquisition costs do not constitute our cost of sales.</p>

BUSINESS

	CPA pricing model	CPC/CPM pricing model
Accounting treatment	We act as the principal and therefore recognise revenue earned and costs incurred on a gross basis that reflects advertisers' actual advertising spending on media publishers' platforms through us.	We act as an agent for advertisers by connecting them with media publishers' platforms and therefore recognise revenue earned and costs incurred on a net basis without accounting for advertisers' actual advertising spending on media publishers' platforms through us.

During the Track Record Period, 78.3%, 88.5% and 76.4% of our revenue was derived from charging our advertisers using the CPA pricing model for each of the years ended 31 December 2017, 2018 and 2019, respectively.

The following diagram illustrates our business model and our interactions with advertisers and media publishers under the CPA and CPC/CPM pricing models, respectively:



OUR GEOGRAPHIC REACH

Since our inception, we primarily operate in the “China-to-Global” advertising business in which we are able to help China-based advertisers to reach users in approximately 250 countries and regions. We have enhanced our local service capabilities by collaborating with individuals in selected overseas markets who assist us with the design and translation of ad content and advise us on the characteristics and interests of local target audience. Our positioning is supported by our understanding of the needs of Chinese enterprises and characteristics of overseas online advertising markets through overseas partnerships. We also help overseas advertisers who wish to tap into the China market to better acquire users and understand the performance of their ads and the behaviour of their users on our platform. Our positioning in China gives us a competitive advantage as that gives us proximity to Chinese users allowing us to understand their everchanging characteristics and demands in order to maximise ad performances and help overseas advertisers better acquire users in China. Despite being located in China, we are equipped with knowledge in overseas advertising markets through overseas collaborations with local consultants, designers and optimisers. After Listing, we plan to expand our geographical scope and further expand our advertiser and media publisher base by serving additional overseas advertisers in their expansion into the Chinese and global markets.

OUR PRICING MODELS

Pricing Models for Generating Revenue

We agree with our advertisers the choice of pricing model prior to the start of an ad campaign. The pricing models that we use for generating our revenue are categorised into the following two main types:

- CPA, or cost per action, whereby fees are based on agreed actions. These actions are primarily measured by the number of new installations or sales generated as a result of the media publishers' users viewing the ads. Our CPA pricing model is represented by CPI, or cost per install, under which the advertisers are charged based on the number of new installations by users as result of their advertisements; and
- CPC, or cost per click, whereby fees are based on the number of clicks of the ad, as well as CPM, or cost per mille, whereby fees are based on per one thousand impressions of the ad.

The choice of pricing model by advertisers generally differs depending on the type of industries our advertisers are from and their advertising targets. Advertisers can generally be separated into display-driven and performance-driven. Performance-driven advertisers, including app developers and advertisers engaged in utility and games, are more prone to adopt the CPA pricing model. These advertisers pay for a specified user acquisition target, such as an install, and they need online advertising services to help them precisely target their potential users. Display-driven advertisers, including advertisers from the tourism and media sectors, are more prone to adopt the CPC or CPM pricing models. These advertisers generally seek to conduct traffic acquisition across a wide spread of audience to display information-based advertisements, and typically pay when a click is made on the advertisements or when an impression is made, regardless of the subsequent actions of users following viewing the advertisements.

Pricing Models for Paying Traffic Acquisition Costs

The pricing model which we use for paying our media publishers is generally CPM and, on a more limited basis, CPC. Our traffic acquisition cost is based on the pricing of ad inventories determined by real-time quotation from media publishers and the quantity of ad inventories purchased determined by the number of impressions of the ad generated (in the case of CPC) or the number of clicks of the ad generated (in the case of CPC), regardless of the actual performance of the ad which is typically measured by the number of installations.

Case Study for CPA Pricing Model

Case Study: Customer X, an app developer, engaged us for account opening and subsequent topping-up services on specified media publishers' platforms, as well as for our services in assisting them with carrying out their ad campaign for a one-year term. Customer X, based on historical traffic acquisition costs from media publishers and their previous experience, set a maximum lump sum advertising budget for the ad campaign in respect of their advertising goals for us to determine whether the engagement can be accepted and, if accepted, carrying out their ad campaign. We used part of the advertising budget to make ad campaign trial runs to test the profitability in order to formulate ad placement strategies. We subsequently purchased ad inventories from resellers designated by top media publishers specified by Customer X based on the advertising budget and ad placement strategies we formulated. Customer X also specified the calculation basis for our service fees based on the number of installations of the advertiser's app as a result of the advertisement. We confirmed with Customer X the details of the calculation basis as well as the advertising content via email. Customer X set certain advertising goals including monthly user retention rate for the ad campaign during the period of our

BUSINESS

engagement via email. We delivered Customer X's advertising content on media publishers' platforms via AdTensor where our team of optimisers monitored the click-throughs of the advertisements and reported the performance of the ad placement in real time. Customer X updated their advertising goals in various stages of the ad campaign via emails. At the beginning of a month, we invoiced Customer X for our service fees based on the actual number of installations of Customer X's app by mobile device users recorded by a third party data tracking company as agreed between us and Customer X and required payments within 30 days of receipt of the invoice. We paid the reseller designated by the relevant media publishers a traffic acquisition cost based on the number of impressions of the ad regardless of the performance of the ad. In this process, we received a pre-determined fixed percentage of the advertiser's actual advertising spending as rebate on a quarterly basis from the relevant media publishers.

Case Study for CPC Pricing Model

Case Study: Customer Y, an online service company, engaged us for account opening and subsequent topping-up services on specified media publishers' platforms, as well as for our services in assisting them with carrying out their ad campaign for a one-year period. Customer Y provided its advertising budget and advertisement content to us. Customer Y specified the calculation basis of our service fees based on 5% of their actual advertising spending on media publisher A and 2% of their actual advertising spending on media publisher B. Customer Y set certain KPIs including retention rate and ROI for the ad campaign during the period of our engagement. While these KPIs do not directly relate to our service fees, they may affect the advertiser's budget. We opened accounts with media publishers A and B on behalf of Customer Y, and topped up on Customer Y's accounts with the media publishers or through designated resellers using prepayments deposited by Customer Y with us. We invoiced Customer Y for our service fees based on a pre-determined fixed percentage of Customer Y's actual advertising spending on a monthly basis. We also received a rebate based on a pre-determined fixed percentage of Customer Y's actual advertising spending on a quarterly basis from the relevant media publishers or their designated resellers. In order to incentivise Customer Y, we may return a portion of this rebate to Customer Y.

Our business models for charging advertisers under the CPC and CPM pricing models are essentially the same.

USER ACQUISITION SERVICES FOR ADVERTISERS

Our Advertisers

We had accumulated a diverse base of advertisers from various industries, including utility and content app developers, as well as companies in e-commerce, media, tourism, finance, games, media, education, medical and film industries in approximately 250 countries and regions as of 31 December 2019. Our advertisers are typically large and medium-sized enterprises, many of which are listed companies or state-owned enterprises. We believe these advertisers have a sufficient advertising budget and the ability to pay our service fees in a timely manner. When advertisers approach us for our user acquisition services, they normally provide us with an indicative maximum lump sum advertising budget. We then assess the size of the advertiser's business and profitability of carrying out its ad campaigns in order to decide whether to engage the advertiser as our customer. After formal engagement and as an ad campaign progresses, the advertising budget may change depending on the actual ad placement results while the customer is free to allocate any portion of their advertising budget to other ad campaigns and/or other advertising agents should it chooses to do so.

The rates of service fees we charge to our advertisers are based on the price per number of click-throughs or installations (for CPA customers) and the price per number of impressions (for CPC/CPM customers) which we agreed with the advertisers. The range of market pricing rate depends

BUSINESS

on a number of factors including which media publishers' ad inventories were involved and whether the advertisers will place ads themselves through accounts opened by us or whether we will also provide ad optimisation and placement services for the advertisers. Further, pricing rate is subject to change depending on the performance of the ad campaign. iResearch confirmed that the rates of service fees we charged to our advertisers during the Track Record Period were in line with the industry norm on the bases that such rates used by other online advertising agencies that serve the same media publishers are comparable.

The table below sets forth a breakdown of our total revenue by advertisement types and their respective percentages of our total revenue for the periods indicated:

	For the year ended 31 December					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
Utility and content app developers .	90,864	78.0	145,103	83.5	100,908	52.8
E-commerce	21,460	18.5	16,236	9.3	61,774	32.3
Tourism	1,886	1.6	6,832	3.9	17,321	9.1
Finance.	—	—	3,824	2.2	7,662	4.0
Others ^{Note}	2,236	1.9	1,855	1.1	3,461	1.8
Total	116,446	100.0	173,850	100.0	191,126	100.0

Note: Others primarily include advertisements in the games, media, education, medical and film industries.

The diversity of our advertisers base deepens our understanding of user acquisition needs in a variety of industries across different regions, and positions us well to capture new business opportunities. We aim to keep abreast of the development of the online advertising industry and overseas investment trends. Advertisers generally select media platforms based on traffic acquisition cost, historical user acquisition results, quality of traffic and magnitude of ad exposure. We are committed to provide stable and cost effective traffic to our advertisers.

For the years ended 31 December 2017, 2018 and 2019, advertisers with whom we had direct contractual relationships constituted 99.3%, 99.5% and 99.3%, respectively, and the rest were advertising agencies through which we provided user acquisition services to their advertisers. The number of our advertisers reached 140, 200 and 273 for the years ended 31 December 2017, 2018 and 2019, respectively.

BUSINESS

The table below sets forth a breakdown of the number of and our revenue from recurring and new customers under the CPA pricing model and CPC/CPM pricing model for the periods indicated:

	Years ended 31 December								
	2017			2018			2019		
	Number of Customers	Amount of Revenue	Percentage of Revenue Contribution	Number of Customers	Amount of Revenue	Percentage of Revenue Contribution	Number of Customers	Amount of Revenue	Percentage of Revenue Contribution
	(RMB'000)			(RMB'000)			(RMB'000)		
CPA pricing model									
Recurring customers	15	76,651	65.8%	13	85,050	48.9%	15	106,678	55.8%
New customers	11	14,554	12.5%	20	68,792	39.6%	18	39,422	20.6%
CPC/CPM pricing model									
Recurring customers	20	15,165	13.0%	77	16,799	9.7%	98	29,224	15.3%
New customers	94	10,076	8.7%	90	3,209	1.8%	142	15,802	8.3%
Total:	140	116,446	100%	200	173,850	100%	273	191,126	100%

The below table sets forth the number of our customers, churned customers and customer churn rate for the periods indicated:

	Years ended 31 December		
	2017	2018	2019
Total number of customers at the beginning of the relevant year	40	140	200
Total number of customers at the end of the relevant year	140	200	273
Total number of churned customers during the relevant year	5	50	87
Total number of churned customers who became our new customer in the prior year	3	36	50
Customer churn rate ^{Note}	5.6%	29.4%	36.8%

Note: Customer churn rate is calculated as the total number of churned customers of the relevant year divided by the average of the total number of customers at the beginning of the relevant year and the total number of customers by the end of the relevant year and multiplied by 100%.

The total number of our churned customers and the customer churn rate increased during the Track Record Period. We had a lower level of customer churn rate during the early stage of our development in 2017 when our advertiser base was relatively small. As advised by iResearch, it is not uncommon for advertisers to switch their choices of advertising agents for a number of reasons, including, among others, adjustments in their product offerings and corresponding advertising needs, as well as changes in their advertising strategies and budgets. The total number of our new customers increased during the Track Record Period.

We seek to continue to increase our advertiser base by strengthening our sales and marketing efforts and increasing our local presence in selected regions in China including certain third and fourth-tier cities. The following table sets forth the revenue break down by location of the customers' headquarters during the Track Record Period:

	Year ended 31 December					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
Southern and eastern China ⁽¹⁾	61,465	52.8	76,553	44.0	99,805	52.2
Northern China ⁽²⁾	41,587	35.7	87,029	50.1	44,771	23.4
Others ⁽³⁾	13,394	11.5	10,268	5.9	46,550	24.4
Total⁽⁴⁾	116,446	100.0	173,850	100.0	191,126	100.0

BUSINESS

Notes:

- (1) Southern and eastern China: Guangdong, Fujian, Shanghai, Jiangsu and Zhejiang.
- (2) Northern China: Beijing, Tianjin, Henan, Shandong, and Heilongjiang.
- (3) Others include other regions in China and other countries and regions.
- (4) Based on the location of the customers' headquarters.

A substantial portion of our revenue over the Track Record period was contributed from customers where their headquarters are located in the northern China region mainly because of the proximity of our Beijing office. A substantial portion of our revenue over the Track Record Period was also contributed by customers where their headquarters are located in the southern China and eastern China regions. This is in line with our strategy to set up offices focusing in southeast coastal regions of China. Please refer to “Future Plans and Use of Proceeds” in this prospectus for further details. While the Group’s revenue breakdown as disclosed above is based on the location of our customers’ headquarters, the revenue breakdown as disclosed in Note 5 of the Accountants’ Report is based on the location of our customers’ signing entities.

Our User Acquisition Services for Advertisers

We provide one-stop cross-media user acquisition services to our advertisers by planning, designing, launching and managing their ad campaigns to help them acquire users on various media platforms, with strategic focus on top media publishers, including Facebook, Google, Snapchat, Twitter and Yahoo. These top media publishers typically offer their ad inventories programmatically through their APIs or manually on their proprietary ad platforms, or both. It is often cumbersome for top media publishers to deal directly with individual advertisers with account opening, topping-up and management of their individual accounts since individual advertisers often are not able to generate high quality ad content and accurately target audience and top media publishers prefer to engage third party professionals to monetise their ad inventories instead. As such, these media publishers designate certain authorised resellers or CEPs to handle the account opening, topping up and management services. This allows top media publishers to ensure efficient use of their ad inventory and reduces the burden to do know-your-client on advertisers themselves. Our one-stop service enables advertisers to access high-quality ad inventories offered by top media publishers and simplifies procedures to purchase ad inventories on top media platforms and enables advertisers to easily carry out ad campaigns across different media platforms with specific audience targeting requirements. With the support of our big data and AI capabilities on AdTensor, we help advertisers optimise their ad placement and satisfy their user acquisition demand. Please refer to “Business — AdTensor — Our Ad Optimisation and Management Platform” in this prospectus for further details.

We deliver our one-stop user acquisition services to our advertisers that span the entire process of launching an ad campaign in the following stages:

- *Analysis and Strategic Planning:* We gather users’ historical data including mobile device models, demographics (such as gender, age and language), interests (such as shopping, gaming, food and beverages), behaviours (such as travel) and regions (such as place of residence) obtained from our media publishers’ platforms via API connection. Our team of optimisers are able to process user data into meaningful categories of information which

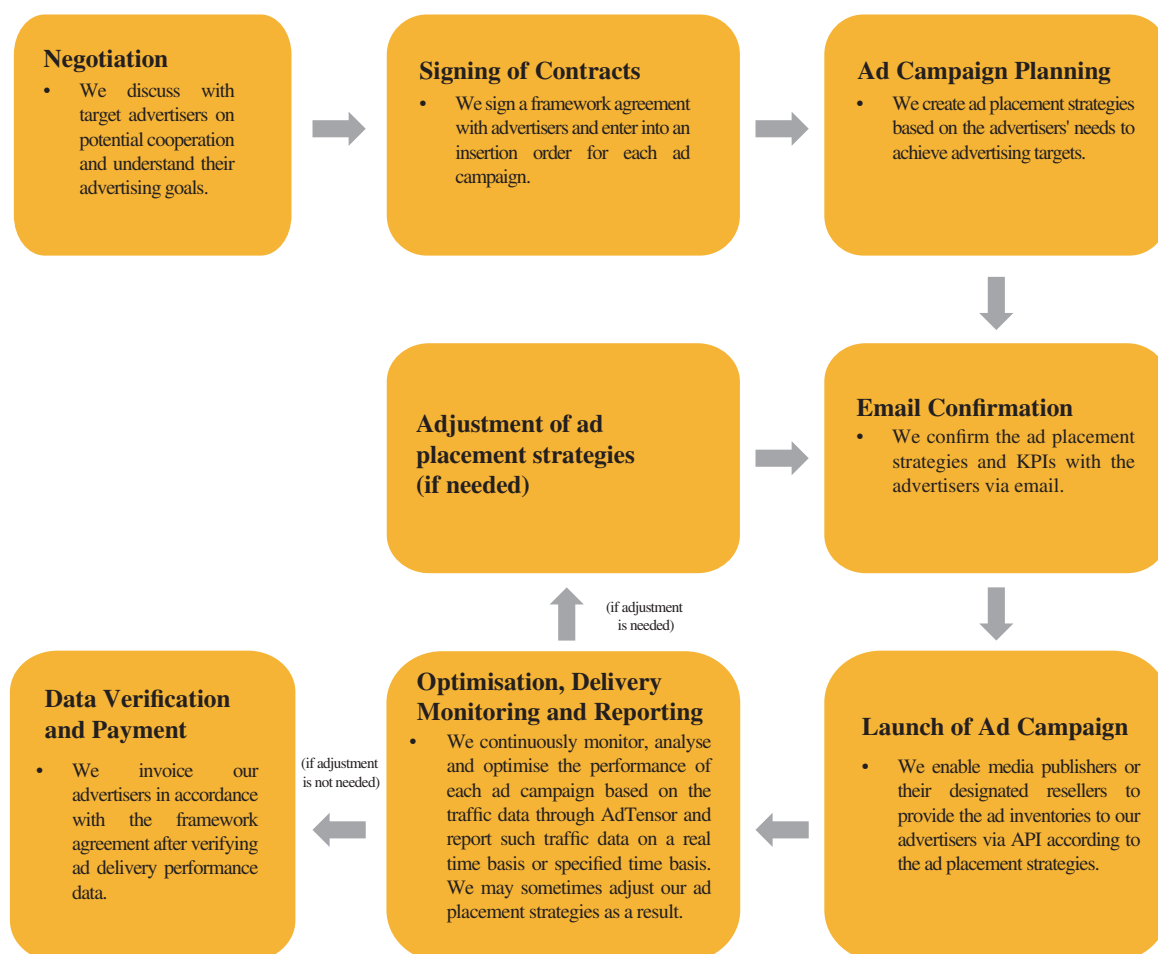
allows us to analyse the historical effectiveness of different forms of advertisements, and provide strategic advices in terms of ad content or ad placement to our advertisers to support their advertising targets.

- *Content Design of Advertisements:* We have a template library comprising more than 300 ad formats and ad creatives including imagery and video templates developed by our in-house design team as well as external designers over the years. Our team of designers have created and continue to create ad formats and ad creatives that enable our advertisers to generate and optimise ad content. The local consultants we cooperate with are able to provide translations of ad content and localisation advices that help us create and deliver ads that can tailor to the specific taste of the users from a specific country.
- *Placement of Advertisements:* After the completion of ad content design, our optimisers, through utilising the analytical tools on our platform, set target advertising objectives according to ad placement strategies based on demographics including target countries, age groups, gender and interests. AdTensor is able to use the data accumulated from media publishers to help advertisers find target users automatically and efficiently.
- *Management of Advertisements:* Our team of optimisers monitor the performance of our advertisements continuously and improve them on an on-going basis during their life cycle. Through our proprietary ad optimisation and management platform, AdTensor, our team of optimisers and designers, supported by our team of designated media team leader and AMs, are able to monitor the performance of advertisements in real time, make necessary adjustments to maximise user traffic, improve advertising cost efficiency and generate reports for our advertisers on a real time basis or specified time basis to manage user traffic.
- *Settlement of Advertisements:* We generally settle payments with our advertisers on a monthly basis. Our operations team confirms the user traffic data via AdTensor, adjusts our service fees accordingly, invoices our advertisers and collects payment.

We generally enter into a framework agreement with each advertiser and sign an ad campaign insertion order under the framework agreement for each ad campaign, which typically lasts for one year. The framework agreement typically includes scope of service, platforms, payment cycle, settlement method, pricing models, and payment terms. Generally, our advertisers inform us of their advertising targets and confirm via email. We look for potential ad inventory placements during the planning, analysis and strategic assessment stages that are expected to deliver the best traffic outcome and formulate ad placement strategies accordingly. We continuously monitor and analyse performance metrics and optimise campaign performance leveraging our AdTensor platform and a team of optimisers. We seek to maintain our relationship with our advertisers by establishing trust and maintaining our reputation in the industry. The framework agreement may generally be terminated by one party's prior written notice to the other party.

BUSINESS

The diagram below illustrates the typical procedures and flow of our user acquisition services:



Determination of Fees for User Acquisition Services

We charge our advertisers fees for user acquisition services based on the specified pricing model used by an ad campaign. Our pricing model with each advertiser can be changed during the course of an ad campaign.

Under the CPA pricing model whereby we charge advertisers for our user acquisition services once agreed actions are performed, we receive our service fees based on the total number of agreed actions such as installations. We issue invoices typically on a monthly basis to an advertiser after verifying performance data with the advertiser based on agreed calculation basis. The source of performance data can come from the relevant media publishers' platforms or a third party data tracking platform engaged by the advertiser to verify the relevant performance data. We agree with the advertiser on which platform's data to use in verifying performance data for purposes of billing once our engagement is confirmed. The advertiser pays us service fees for user acquisition services within a time period after receipt of our invoice depending on the agreed credit term. We generally require our advertisers to make payment of invoices within a month.

BUSINESS

Under the CPC or CPM pricing model, on a limited basis, we receive service fees from advertisers that represent a small percentage of advertisers' actual advertising spending for assisting them with account opening and/or topping-up their accounts with media publishers.

The framework agreement we enter into with an advertiser typically lasts for a year which covers all the ad campaigns of the advertiser throughout the period and may therefore involve both CPA and CPC/CPM pricing models. The advertiser confirms with us the pricing model (either CPA or CPC/CPM) to be adopted for a particular ad campaign via email, i.e. the ad campaign insertion order. Therefore, we are able to track the revenue generated from each advertiser under different pricing models based on the calculation basis specified for each ad campaign.

MONETISATION SERVICES FOR MEDIA PUBLISHERS

Our Media Publishers

We have strategically focused on covering top media publishers, including Facebook, Google, Snapchat, Twitter and Yahoo. We help matching our media publishers' available ad inventories to appropriate ad campaigns that maximise their monetisation potential. We believe top media publishers offer the most attractive platforms to advertisers for them to reach a large user base. Through our relationship with these top media publishers, we are able to assist advertisers in gaining premium user traffic at significant scale. An average of over 75% of our user traffic purchased in 2019 was in connection with Facebook and Google's ad inventories either directly or through their resellers. Our number of media publishers from whom we purchase ad inventories was 11, 14 and 15 for the years ended 31 December 2017 and 2018 and 2019, respectively. We plan to expand our media publisher base to include a combination of top, medium- and long-tail media publishers in the future, especially those medium- and long-tail media publishers that have global presence and have large operations in certain countries or regions.

Our Monetisation Services for Media Publishers

We connect our advertisers with top media publishers' platforms and monetise our media publishers' ad inventories by matching each media publisher's ad inventories to suitable types of ads for their end users. In the online advertising industry, ad inventories are produced every time when there is user access of the media publisher's platform and such ad inventories need to be offered to advertisers for presenting ads to users instantaneously, or will otherwise be forfeited. We believe that our monetisation services are crucial to helping our media publishers achieve better monetisation results.

We generally connect advertisers with top media publishers' platforms through other third party online advertising platforms who are designated resellers of such media publishers. According to iResearch resellers, unlike agents, mainly serve their Key Account (KA) clients, namely their major clients, and focus on achieving the KPI in terms of traffic consumption set by media publishers. Agents, on the other hand, serve a wide spectrum of customers and provide customised advertising solutions to optimise advertisers' ROI. Agents usually have expertise in certain industries and stronger customer acquisition capabilities compared with resellers.

We generally act as agents to connect with media publishers' platforms through other third-party online advertising platforms because we believe we have strong customer acquisition and optimisation capabilities. In addition, the rebates we receive as agents from resellers are often higher than that from media publishers directly. Top media publishers, such as Facebook, Google, Snapchat, Twitter and

BUSINESS

Yahoo, directly contract with a limited number of online advertising agents in China as their designated resellers. In particular, Facebook only uses authorised resellers and requests all other agents to connect with Facebook through its authorised resellers due to the complexity of Facebook's operation processes. We connect with Facebook as a CEP, a type of authorised agent. On the other hand, we contract directly with TikTok as its reseller and we connect with Google both through its designated resellers and directly as a reseller ourselves to place advertisers' ads. We, as a CEP of Facebook or recognised reseller of certain top media publishers, purchase ad inventories for our advertisers by directly opening accounts with these top media publishers' proprietary ad platforms and either provide advertising services on behalf of our advertisers or allow advertisers to directly access and use the accounts we opened for them. At the time of settlement, we, as reseller, will pay directly to the media publishers we directly contract with, or pay through media publishers' designated resellers. The benefit of paying for ad traffic to these resellers is because their payment cycle is much more flexible, hence we are able to maintain extra cash flow compared to paying directly to media publishers. For most resellers, the focus of their services is mainly on opening account for advertisers for their own ad placements. In contrast, we are more focused on placing and optimising ad for customers, bulk placement and the advertising service itself, and in this process, we enjoy additional profit margin through ad placement and optimisation. At present, we provide our monetisation services for media publishers by connecting through their API to our AdTensor. API is a common interface implemented separately in the media publishers' app codes by the media publishers and in our advertising platform system by us, allowing exchange of data to achieve automatic ad delivery and feedback on ad interaction events. Through the API connection with our media publishers' platforms, we are able to place advertisements on the platforms directly and receive performance statistics directly from the platform itself.

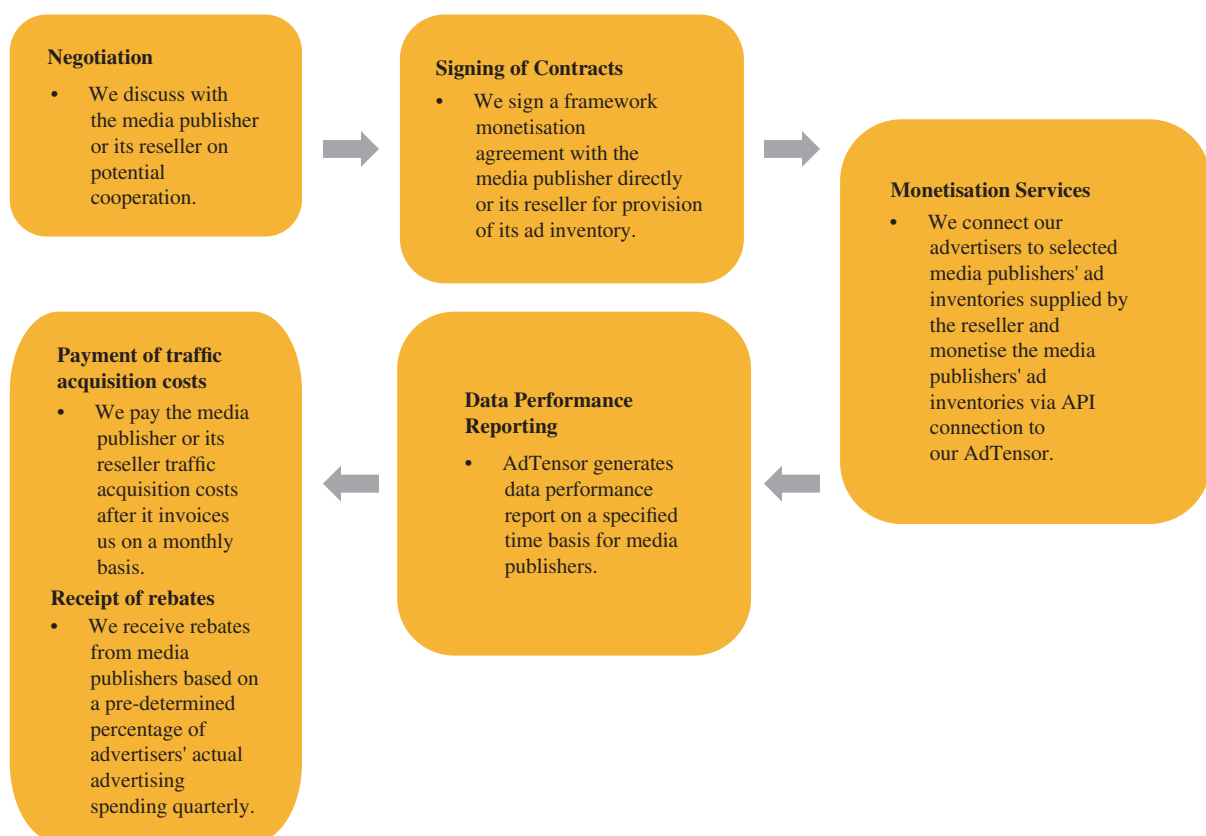
Top media publishers generally have a stringent selection process for resellers and agents and place a heavy emphasis on working with partners who can deliver them quality ad campaigns that are relevant, engaging and viral for their user bases. As a valued advertising agent of top media publishers, we are able to leverage these relationships to assist advertisers in gaining efficient user traffic at significant scale. Rather than acting merely as an intermediary purchasing ad inventories from our media publishers for our advertisers, our platform is able to use its big data and AI capabilities to generate pre-determined rules and conduct targeted advertising that help our media publishers achieve better monetisation results. Our platform also generates data performance reporting on a real time basis or specified time basis so we can inform our media publishers of the mobile device users' interaction with the ads on their platforms, and track and monitor monetisation metrics. For each top media publisher, we have a designated team as follows to support our services:

- *a team leader*, who is responsible in overseeing the performance of the entire team from the designing of the ad to settlement of an ad campaign;
- *AMs*, who are responsible for liaising with our advertisers, assisting with the sales process and following up on customer service post completion of an ad campaign;
- *designers*, who are responsible for the production of the ad creatives for each advertisement; and
- *optimisers*, who are responsible for adjusting the ad creatives and continuing to monitor and optimise the performance of ad delivery, including modifying the ad content and adjusting placements on a continuous basis to achieve better traffic results, throughout an ad campaign.

BUSINESS

We generally sign a framework monetisation agreement with each of the designated resellers of the media publisher instead of directly with the media publisher itself. On the other hand, we contract directly with TikTok as its reseller and we connect with Google both through its designated resellers and directly as a reseller ourselves to place advertisers' ads. The agreement we sign with media publishers or their designated resellers typically has a term of one year, some with a renewal clause. We will generally discuss any performance bonus payment to be made by the media publisher to us based on performance of our advertisements placed on its platform in a specified period and any renewal terms prior to entering into the framework monetisation agreement. The framework monetisation agreement typically may only be terminated by the designated reseller of the media publisher subject to completion of an ad inventory supply order and providing prior written notice. Our media publishers via designated resellers generally issue invoices to us on a monthly basis. We are generally required to settle invoiced payments in 30, 45 or 60 days depending on the media publishers.

The diagram below illustrates the typical procedures and flow of our monetisation services for media publishers:



Determination of Traffic Acquisition Costs

The pricing model which we use for paying our media publishers is generally CPM and, on a more limited basis, CPC. Our traffic acquisition cost is set by media publishers themselves and is based on the pricing of their specific ad inventories available at the time determined by real-time quotation. As confirmed by iResearch, the traffic acquisition cost set by media publishers themselves is transparent information across the industry and identical across all advertising agents. Therefore, as confirmed by iResearch, our traffic acquisition cost compared to those of other third party advertising platforms in China during the Track Record Period is reasonable. While the quantity of ad inventories

BUSINESS

purchased is determined by the number of impressions of the ad generated (in the case of CPM) or the number of clicks of the ad generated (in the case of CPC), regardless of the actual performance of the ad typically measured by the number of installations.

Rebates

The rebates we receive from the media publishers or their designated resellers are based on a pre-determined percentage of advertisers' actual advertising spending on the relevant media publisher's platform through us. The rates of rebates are set by the media publishers themselves or their resellers depending on the actual advertising spending on the media publishers' platforms and degree of fulfillment of certain KPIs set by the media publishers or their resellers. Such information is transparent in the industry and iResearch confirmed that the rate of rebates received by the Group from the media publishers or their resellers during the Track Record Period are in line with industry practice.

We may incentivise our advertisers by returning a portion of these rebates to them under the CPC/CPM pricing model and we will book the net rebates as our revenue. Rebates under the CPA pricing model would not be returned to advertisers, but will be recorded as a deduction in our cost of sales for the traffic acquisition costs to the media publishers. The rates of rebates we returned to advertisers generally vary based on the amount of traffic acquired by the advertisers. iResearch confirmed that the rates of rebates returned to our advertisers during the Track Record Period were in line with the industry norm on the bases that such rates used by other advertising agencies are comparable.

The table below sets forth the gross rebates received from the media publishers and rebates returned to advertisers under each of the CPA and CPC/CPM pricing models for the periods indicated:

	Year ended 31 December								
	2017			2018			2019		
	Gross rebates received from media publishers	Rebates returned to advertisers	Agreed rebates recognised as revenue	Gross rebates received from media publishers	Rebates returned to advertisers	Agreed rebates recognised as revenue	Gross rebates received from media publishers	Rebates returned to advertisers	Agreed rebates recognised as revenue
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
CPA	6,050	—	—	10,508	—	—	6,788	—	—
CPC/CPM.	31,873	(10,156)	21,717	46,623	(27,721)	18,902	75,368	(33,057)	42,311
Total	37,923	(10,156)	21,717	57,131	(27,721)	18,902	82,156	(33,057)	42,311

ADTENSOR — OUR AD OPTIMISATION AND MANAGEMENT PLATFORM

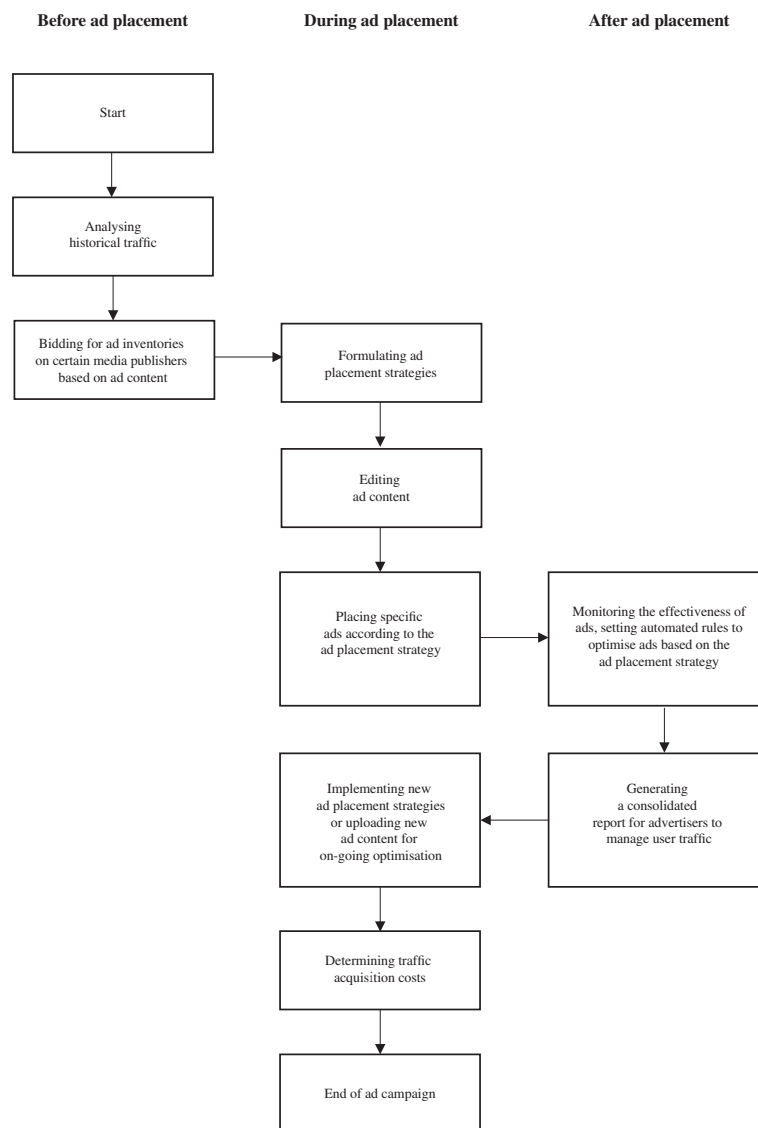
Overview of AdTensor

AdTensor, which was launched and registered in 2017, is our proprietary ad optimisation and management platform that utilises AI technology to conduct advertising optimisation and management automatically, intelligently and in real time. Our big data and AI capabilities enable us to achieve advertising targets for our advertisers by delivering appropriate ad content to the ad inventories where they are most likely to be converted, and at the same time maximising the monetisation potential of our media publishers. AdTensor also possesses a template library comprising a wide collection of templates for ad content including texts, images, videos and audios, developed by our in-house design team as well as external designers that enables our advertisers to generate and optimise customised ads within seconds. Furthermore, it has the capability to conduct historical analysis on past performance of a particular ad and user data, establish automated rules and generate intelligent reports on a real time

BUSINESS

basis or specified time basis, making the ad delivery through our platform more effective and efficient. AdTensor functions as a self-developed programme using a version management software that undergoes independent iteration cycle updates to enhance its technology capabilities. Each cycle of update goes through the process of compilation of update codes for approval by our management, authorisation by our technology director or project manager on an approved update code, development and testing of an authorised update code by our designated developers and finally launching a successful update code online on AdTensor. Each update cycle develops AdTensor's technology functions which can be classified into the following categories: user traffic analysis, automatic rules, video synthesis, ad placement strategy and backend content management. Through AdTensor, advertisers are able to achieve continuous optimisation results, improve their ROI and save labour costs during the ad placement process.

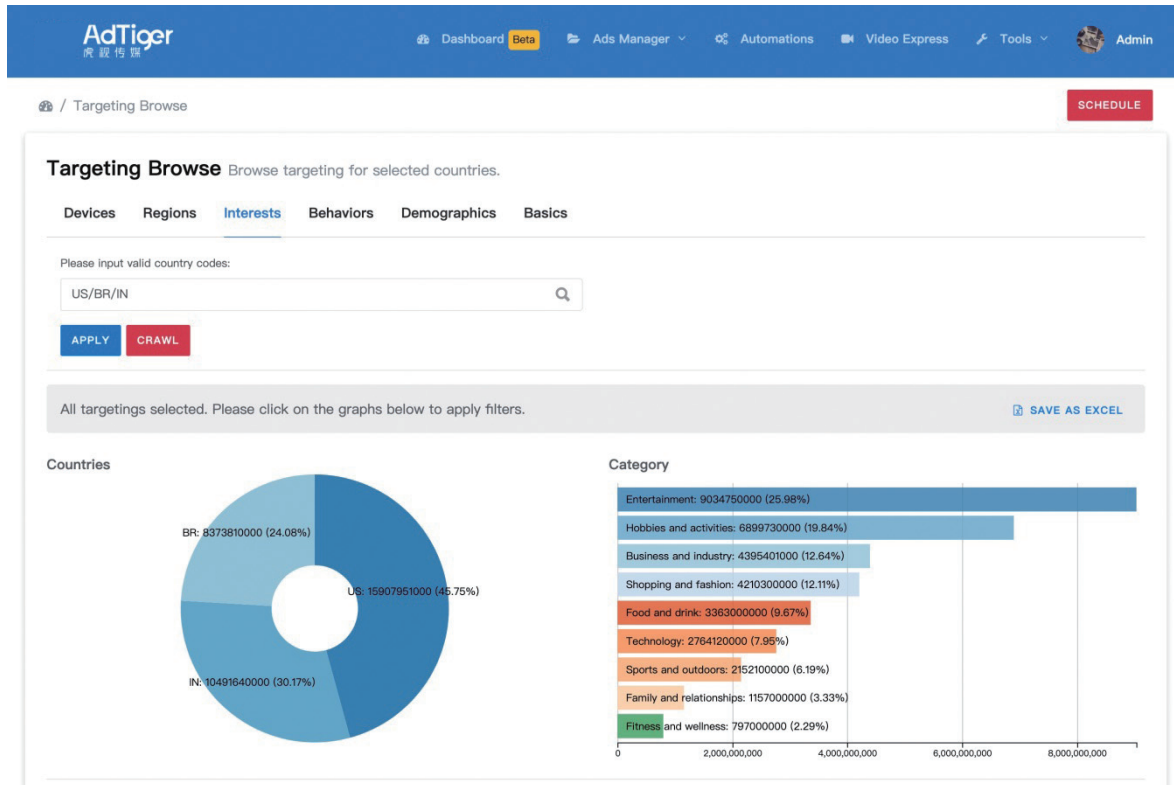
The following diagram illustrates the general process of AdTensor:



Key Components and Functions of AdTensor

The following step by step descriptions accompanied by screenshots illustrate how AdTensor operates in various stages:

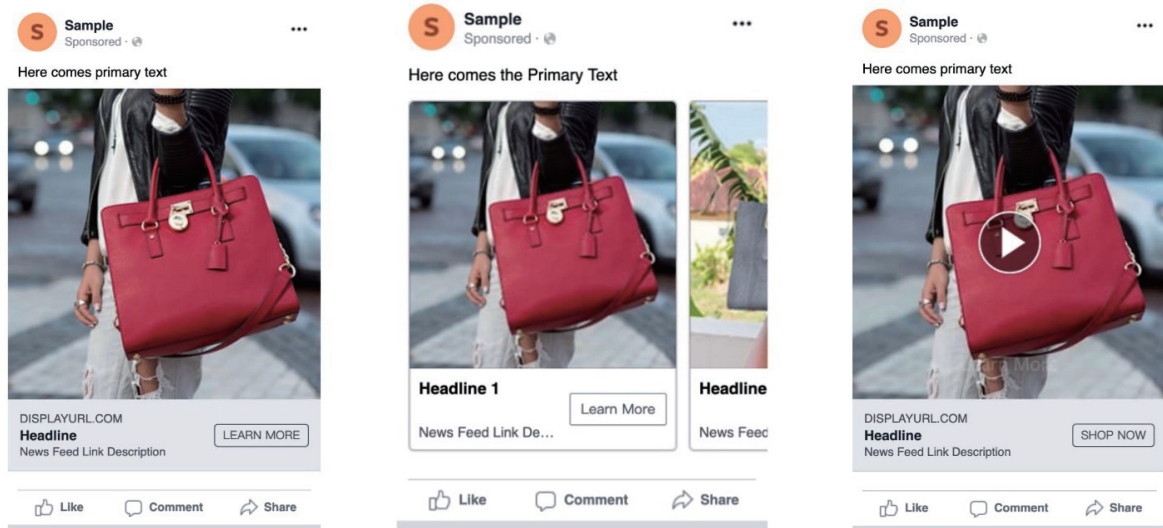
Step 1: Analysing audience data and setting up placement strategies for a specific ad campaign



AdTensor has collected and accumulated data directly from various media publishers' platforms such as Facebook and Google via API. Through these API connections, AdTensor is able to collect reliable user data from media publishers on real-time basis and distil the user data from media publishers' platforms into meaningful categories of user data including, among others, approximately 900 mobile device models, demographics (such as gender, age and language), over 300 types of interests (such as shopping, gaming, food and beverages), approximately 290 kinds of behaviours (such as travel) and regions (such as place of residence). These categories of information are useful for targeted advertising and understanding users' behavioural patterns on media publishers' platforms. AdTensor provides our optimisers with the data analysis tool to formulate the advertising strategies for each individual ad campaign. AdTensor was able to analyse data obtained from approximately 250 countries and regions in 2019.

Step 2: Designing ad creatives using various ad formats and allowing for customisation

AdTensor possesses a template library comprising a wide collection of templates for ad content including texts, images, audios and videos developed by our in-house design team as well as external designers.



Text and Image — still

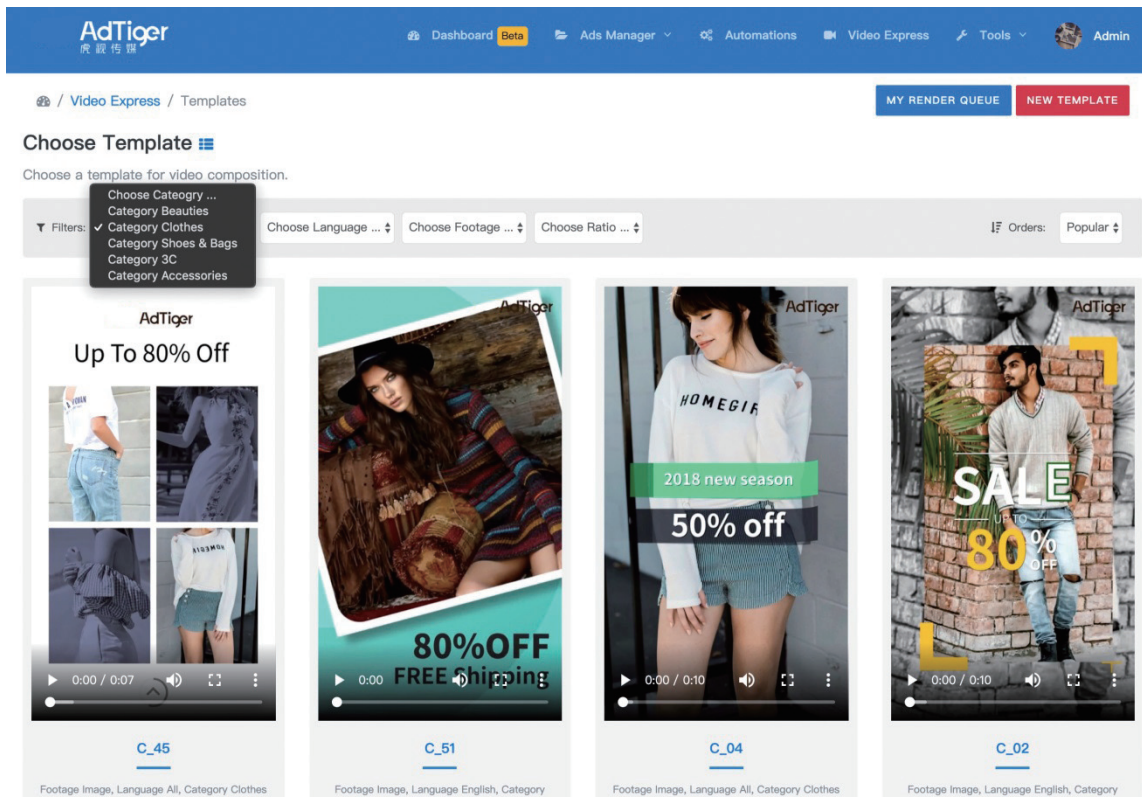
Text and Image — carousel

Video

Ads on our platform can be delivered in different formats and are customisable. Our general formats can be used and displayed in substantially all types of platforms and include the following:

- *Banners*, in the form of a rectangular image on the top or bottom of the screen;
- *Interstitials*, in the form of an image or a video in a pop-up dialog;
- *Rich Media*, a highly dynamic and interactive ad aimed at generating high click-through rate and conversions;
- *Videos*, in the form of short video clip that plays either while a user opens or interacts with a mobile app; and
- *Native*, in a form that seamlessly integrates with media publishers' apps.

In helping advertisers customise their ad content, we are able to generate texts, images, short videos or other creatives with customised information, including product descriptions and the amount of discount being offered on the advertisers' products. Our customisable formats are typically used by utility and content app developers, as well as advertisers in retail and e-commerce sectors. In addition, with the ad creatives being uploaded and stored in the backend of AdTensor, our system provides easy access for our optimisers and designers to obtain existing ad creatives and AdTensor enables our optimisers and designers to seamlessly transform one ad format to another. The screenshot below illustrates how ad format customisation based on product category works on AdTensor:



After the creation of an advertisement, AdTensor also allows for batch editing of a series of advertisements for bulk upload onto various platforms via API. Our optimisers, who are responsible for managing and placing advertisements on top media platforms, continue to optimise the creatives of each advertisement depending on its delivery results. We have designated team of optimisers targeted at serving and managing four specific media publishers.

We believe the delivery of ad creatives with customised ad formats, together with the utilisation of our AdTensor platform, are able to help advertisers achieve better marketing results in an efficient and cost-effective way.

Step 3: Achieving automatic ad composition and optimisation by automatic ad delivery

AdTensor is able to use technology to automatically compose an advertisement based on content categories (such as beauty, fashion and games) and information supplied by the advertiser (such as the amount of discount being offered). After we gather the ad content and ad creatives for our advertisers, we screen their specific target audience and advertising goals to identify suitable ad inventory to

display their advertisements. This process will eliminate advertisements with specific requirements, such as certain geographical target, that do not match the available ad inventory. Based on the ad creatives, we determine a bidding price for the suitable ad inventory we have identified on a specific media publisher's platforms either directly with the media publisher itself or through its designated resellers. Through API connection, AdTensor enables us to bid on ad inventory on behalf of our advertisers and secure the ad inventory most suitable to them. During an ad campaign, AdTensor is able to optimise ad creatives such as images and videos based on ad delivery results through established rules pre-set by our optimisers, the delivery of an advertisement and our designers can continuously expand and enhance the quality of ad creatives.

As we optimise our ad creatives, we may also adjust our ad placement strategies. Through AdTensor, ad placement can be automatised based on established rules pre-set by our optimisers, allowing the elimination of any need for human intervention during each ad campaign. These pre-set rules include setting up schedules to dictate the start and end of an ad campaign which will be fine-tuned according to pre-set advertising strategies. The below screenshot illustrate creation of a new schedule to manage an ad placement:

Create New Schedule

You can select a date range from above calendar to specify the start and end date of your campaign.

Campaign Name ?

adtiger_SAMPLE_BR_samuel0_(date)_0.5_

Variables in {} will be replaced by real value during campaign creation, currently supported variables are: date

Start Date ?

2019-07-15 00:00:00

Stop Date ?

2019-07-22 00:00:00

Specify the start date for your campaign using the timezone of related ad account.

Specify the stop date for your campaign using the timezone of related ad account.

Choose Ad Account ?

AdTiger- (USD) (act_193662)

Please choose an ad account to create campaigns on selected date.

Notifications ?

Once the campaign creation is finished, we will send a notification email to the addresses above. Please separate email addresses by a comma .

Mode ?

Multi Device Images

Predefined modes that tells the system how to use each creatives.

☒ Group creatives with the same key(e.g, device code) into one ad set

	Ad Set Name	User Device	Ad Name	Creative Type	Image Hash	_image_name
1	Zte Maven 3	maven 3	Zte Maven 3 - 1	Link Page Post Ad	193662541493031:9c8cb52a24	Zte Maven 3.b.jpg
2	Zte Maven 3	maven 3	Zte Maven 3 - 2	Link Page Post Ad	193662541493031:d0c9ea603f	Zte Maven 3.a.jpg

Each row's data will be used to create a new ad, overwriting the homonymic fields in the strategy's campaign settings. Columns starting with _ are not for ad creation, just for reference.

CHOOSE CREATIVES ...

ADD COLUMN

PUBLISH

BUSINESS

AdTiger
虎股传媒

Dashboard Beta | Ads Manager | Automations | Video Express | Tools | Admin

Avatar / Strategy Form

New Advertising Strategy

Name ?

Please input the name of this advertising strategy.

Product ?

Please choose a product, We will use corresponding price strategy to delivery campaigns.

Countries ?

Please input countries to delivery campaigns, e.g. BR/US or BR,US

Campaign Name Format ?

Please input the name format for the campaign created by this advertising Strategy. Variables in {} will be replaced by real value during campaign creation.

Campaign Settings

CANCEL

SAVE

Prices SAMPLE

Current prices on 2019-07-25:

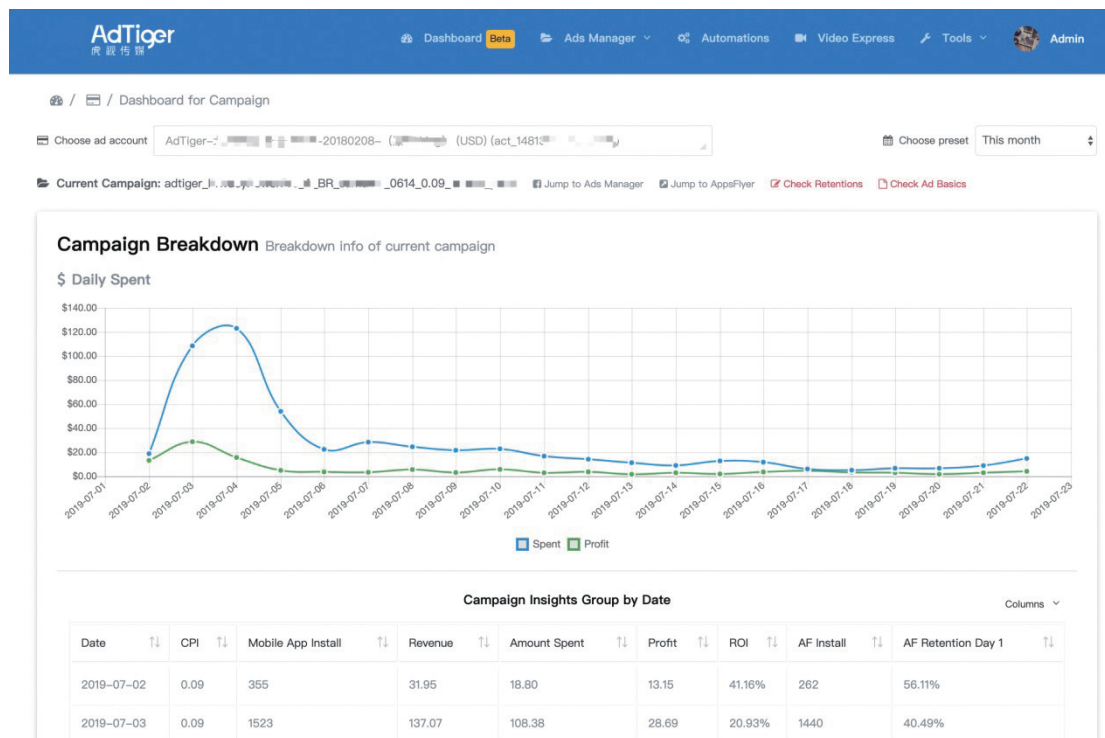
T1: JP/US 0.5

T2: FR/GB/GE/UK 0.4

T3: BR/MX 0.2

T4: IN/VN 0.1

Step 4: Monitoring the effectiveness of advertisements



BUSINESS

AdTensor utilises performance indicators supplied by our media publishers to effectively monitor, analyse and generate comprehensive reports with data for each ad placement. Our intelligent reports breakdown delivery analysis using the following indicators: mobile app install (in the case for app developers using CPI as pricing model), amount spent on advertising, profit generated, ROI, installation rate and retention rate. AdTensor allows us to accurately and quickly predict ad CTR of various traffic entrances and allows advertisements to be placed more precisely, and in turn allows advertisers to achieve higher ROI.

AdTensor is able to report statistics, such as advertising spending, total installations, impressions, retention rate. AdTensor's capabilities are able to generate on a real time basis or specified time basis and send them to the relevant advertisers periodically. Leveraging the performance monitoring and intelligent reporting functions of AdTensor, we are able to help our advertisers track, monitor, analyse and improve the performance of their advertisements. Our optimisers also continuously fine tune the ad content and placement strategies based on the intelligent report generated. Our operations team can also utilise the reports to handle settlement with our customers in an efficient manner.

AdTensor is able to continuously optimise the advertisements and automatically terminates an advertisement if it underperforms, such as failing to reach certain browse of click targets or if the estimated revenue falls below the traffic acquisition cost. Through pre-determined rules and continuously fine-tuning ad placement via AdTensor and advertising budgets, our advertisers can achieve higher ROI. AdTensor's automated system is currently able to capture approximately 3,000 advertisements per minute and automatically optimise them according to pre-determined rules. Beijing AdTiger is the sole and exclusive owner of all intellectual property rights subsisting in AdTensor. Please refer to "Business — Intellectual Property" and the section headed "Statutory and General Information — B. Information About Our Business — 2. Intellectual property rights of our Group" in Appendix IV to this prospectus for a list of intellectual properties, including our proprietary trademarks, domain names, copyrights, trade secrets and other intellectual property rights critical to our business operations.

KEY OPERATING INDICATORS

AdTensor forms an integral part of our mobile advertising services, offering optimisers a comprehensive analysis in respect of our key operating indicators. The following table sets forth selected operation indicators of our online advertising business for the periods indicated:

	For the year ended 31 December		
	2017	2018	2019
Number of impressions (millions) ⁽¹⁾			
— CPA pricing model	8,783	15,520	18,528
— CPC/CPM pricing model	15,181	25,252	64,501
— Total	23,964	40,772	83,029
Click-throughs (millions) ⁽²⁾			
— CPA pricing model	220.4	282.0	271.3
— CPC/CPM pricing model	356.0	429.5	756.2
— Total	576.4	711.5	1,027.5
Number of installations (millions) ⁽³⁾	72.8	110.7	73.9
Installation rate (%) ⁽⁴⁾	33.1	39.2	27.2

Notes:

(1) Impressions are the total number of views of our ads for the periods indicated.

(2) Click-throughs are the total number of clicks on our ads after users view our ads for the periods indicated.

BUSINESS

- (3) Installations are the total number of installations as a result of our ads applicable only under the CPA pricing model for the periods indicated.
- (4) Installation rate represents the ratio of the total number of installations to the total number of click-throughs applicable only under the CPA pricing model for the periods indicated.

We recorded a drop in revenue of RMB5.2 million from RMB25.2 million in 2017 to RMB20.0 million in 2018 and a drop in gross profit of RMB4.3 million from RMB23.0 million in 2017 to RMB18.7 million in 2018 under the CPC/CPM pricing model, despite the number of impressions and click throughs both increased in the corresponding period. This is primarily due to the fact that our customers base expanded in 2018 that resulted in an increase of ad campaigns and user traffic, however, we increased the rebates returned to CPC/CPM customers in 2018 compared to 31.9% in 2017, which resulted in a decrease in revenue and gross profit in 2018. Our revenue and gross profits under the CPC/CPM pricing model increased to RMB45.0 million and RMB42.6 million, respectively, in 2019. Our rebates returned to CPC/CPM customers decreased in 2019 compared to 2018 resulting in an increase in revenue under the CPC/CPM pricing model in the corresponding year.

The table below set forth the breakdown by country in terms of traffic of users based on number of impressions in the periods indicated:

For the years ended 31 December						
	2017		2018		2019	
	(million)	(%)	(million)	(%)	(million)	%
India	2,205	9.2	5,097	12.5	31,778	38.3
United States	5,919	24.7	6,605	16.2	13,907	16.7
Indonesia	1,821	7.6	8,276	20.3	9,679	11.6
South Africa	431	1.8	489	1.2	7,461	9.0
Brazil	1,079	4.5	1,549	3.8	1,389	1.7
United Kingdom	743	3.1	979	2.4	1,304	1.6
Canada	575	2.4	530	1.3	1,101	1.3
Mexico	623	2.6	775	1.9	892	1.1
Others ^{Note}	10,568	44.1	16,472	40.4	15,518	18.7
Total:	23,964	100.0	40,772	100.0	83,029	100.0

Note: Others comprised of approximately 240 countries and regions where we have delivered user traffic to during the Track Record Period.

OUR TECHNOLOGIES

We believe our API connections with various media publishers' platforms help improve our efficiency in the creation of ads, fine-tuning of ad content and ad placement. Our AI capabilities, supported by big data, are key to improving the efficiency of our ad placement and continuous optimisation.

API Connections

Big Data

Our AI capabilities are based on data mining and big data analysis that begin with our ability to collect data. We obtain data via our API connections with the proprietary platforms of our media publishers and ad services websites which record and allow downloads of performance data derived from user traffic.

Our main source of data mining is via our own API connections, which do not collect data of a specific mobile device or profile users of mobile devices. Instead, APIs monitor the browsing visitors' activities in respect of an advertisement user. The data we collect is based on real-time performance and shows key information about our user traffic including mobile device models, demographics (such as gender, age and language, interests (such as shopping, gaming, food and beverages), behaviours (such as travel) and regions (such as place of residence). All the data collected is within the public domain of the relevant media publisher's platform and does not contain personal data nor enable user identification.

We also use ad services websites to record performance data of our ad placement and supplement our existing database. In 2019, we collected 75 million user data from advertisements. With increasing data collection, we believe our AI capabilities are gradually improving to guide our designers and optimisers in designing ad creatives and optimising our ad placement. We apply imagery recognition tools to complete intelligent analysis and interpretation of images. The application of technologies enables us to analyse user data efficiently and accumulate data in a meaningful way to form a comprehensive database for a specific ad campaign.

After Listing and as our services expand, we may seek to connect with additional medium- and long-tail media publishers through SDK integration, which requires the media publisher to install from our platform in order to provide us further comprehensive data. Through SDK integration, we will be able to collect and analyse user's data and online profiles in order to target audience of advertisements precisely.

Automatic Creation of Ad Content and Delivery of Ads

We have developed and adopted the following features to enable automatic creation of ad, delivering and monitoring of advertisements intelligently:

- Video Express — a meticulously-designed video template function that helps us combine ad creatives into video format for ad delivery in only a few minutes. Video Express enables generation of multiple videos in one batch within a short period of time, which significantly improves our efficiency in ad contents preparation.
- Batch Edit — through this feature, up to 2,000 requests can be optimised across various accounts in a batch edit, which significantly reduces the time required for advertisement editing.
- Automation — this feature embedded in AdTensor enables us to automatically control the delivery of our advertisements based on data traffic generated from advertisements. When an advertisement is performing well, our system is able to notify us, and through our

pre-determined rules, we will increase ad delivery and secure more ad inventory to achieve better ad performance; When an advertisement underperforms, our system will automatically suspend the ad delivery to prevent us from generating losses. The automatic rules functions like a smart assistant, enabling monitoring and optimisation of the delivery of our advertisements according to pre-determined rules.

- Smart Report — this feature combines multiple advertisement accounts and performance data we collected to generate reports containing various ad performance metrics such as advertisement spending, effect analysis, abnormal spending, and blocked account detection. Since multiple data sources and the large quantity of data are involved, it is time-consuming to manually generate these reports. Smart Report enables generation of reports on a real-time or specified time basis and greatly improves the efficiency of our operations, AMs and optimisers.

Through our API connections with media publishers' platforms, these features are being used to improve the efficiency in production, delivery and management of advertisements for our advertisers.

Application of Our AI Capabilities

After collection of user data through our various data mining channels, we cleanse user data obtained from our data mining sources into more valid, meaningful and structured data through our proprietary AdTensor platform to train our AI models and machine learning algorithms within AdTensor, which can be applied to various aspects of our business and allow us to provide advertising strategies to our advertisers. We use machine learning technology framework such as Google's TensorFlow to design, build, and train deep learning models to predict the click-through rates. For example, we are training different learning models offline, such as DeepFM and Wide & Deep models to predict click-through rates. We embed these trained learning models into AdTensor so that we can have suggestions based on click-through rate prediction during ad creation and optimisation to achieve optimal results of ad performance.

When creating an advertisement, we use the trained machine learning models to analyse our various advertisements, so as to automatically allocate more advertising budget to the advertisements with higher click-through rate; and provide recommendations on optimising the delivery of these advertisements, such as the optimal target age, suitable ad inventories and best time of delivery. These initial intelligent optimisation settings enable advertisements to be delivered more efficiently and more accurately to users who meet the conditions.

During the delivery of advertisements, our AI models continuously collect and analyses the performance data, and automatically optimise advertisements in accordance with pre-determined rules. For example, our AI models gradually increase the advertising budget or increase ad delivery for well-performing advertisements or suspend under-performing advertisements. This automation of optimisation is widely applied throughout our platform and significantly improves our accuracy of ad delivery based on our ad placement strategies. AdTensor is currently supported by machine learning models to enable pre-determined rules for automated and continuous management and optimisation of our advertisements.

Through AdTensor and a combination of deep learning tools, we are able to conduct large-scale ad placements that significantly reduce our reliance on manpower and continuously analyse ad performance and optimise our delivery of advertisements in a manner that they are delivered to ad inventories where they are most likely to be converted.

After Listing and as our services expand, we will continue to invest in AI technologies, improve the accuracy of our machine learning model predictions, and apply machine learning algorithm in a broader range.

Prevention of Click Fraud

Click fraud is a common problem in the online advertising industry. It occurs when a person through automated scripts or computer programmes, repeatedly clicks on advertisements to drain revenue from advertisers without a genuine interest in the advertisements. We, through a third party tracking system, monitor user traffic and pay close attention to unusual traffic, which we believe helps us prevent click fraud.

Our IT Infrastructure

Our IT infrastructure is supported by external cloud storage providers. We have maintained cooperation with the two largest cloud computing companies in China, both of which deploy global servers that are able to secure data storage. We also have collaboration with an international web service company as our main cloud storage service provider for storing data from overseas market. These data storage providers support our vast and growing database. As part of our precautionary measures, we have adopted an off-site disaster recovery system to avoid collapse of our operations by the unfortunate demise of a single media publisher. After Listing, we intend to continue to strengthen our computing capabilities, optimise our system architecture and enhance our IT infrastructure.

Our IT and R&D Teams

We have a dedicated team of IT and R&D professionals who are responsible for monitoring the voluminous data collected from top media publishers, as well as developing our AdTensor AI technology and machine learning algorithms with the goal of improving the efficiency of our advertising services through big data and AI technology. Our IT team is led by Mr. Weimin Feng, who previously worked at HSBC Data Processing (Guangdong) Limited (滙豐電子資料處理(廣東)有限公司) from 2004 to 2006 and at HSBC Software Development (Guangdong) Limited (滙豐軟件開發(廣東)有限公司) from 2006 to 2010 with the position of Software Engineering Team Leader immediately before his departure. Mr. Feng is responsible for the internal information system of our operations and development for our AdTensor platform. We also have two long-term external IT teams in Guangzhou and Beijing.

BUSINESS

Our R&D team is led by Mr. Liu Han, who previously served at Beijing Chaoyang District Housing Management Bureau, Beijing Xinfadi Fresh Network Distribution Co., Ltd., China Agriculture Alliance (Beijing) Brand Management Co., Ltd. and had six years of experience in website design, operation and maintenance. Since 2018, Mr. Han is employed to work for Beijing AdTiger where he was in charge of our platform advertising promotion and production of ad creatives and content. Driven by the demands from advertisers and media publishers and the growing competition in the online advertising industry, our R&D team is focused on improving our ad formats and ad creatives as well as supporting the development and maintenance of AdTensor. After Listing, we plan to strengthen our R&D capabilities in big data and AI technology as well as to recruit a team of seasoned AI experts to support the functioning of various new and enhanced IT Systems and strengthen our AI and technology capabilities.

DATA PROTECTION AND PRIVACY

We place great emphasis on consumers' data privacy protections. In the course of our business operations, we do not proactively or directly collect any user-specific or device-specific data such as legal names, device IDs or IP addresses. Instead, we rely on public data released by media publishers derived from users' real-time actions and conduct our own user data analysis, including user demographic, interests and behaviour data. Certain media publishers may impose certain prohibitions or limitations on the use of their data. For example, Facebook has in place advertising policies which impose certain data use restrictions associated with advertising on its platforms. These restrictions include prohibition on using data derived from Facebook for any purpose other than to assess the performance and effectiveness of the advertisers' ad campaigns on Facebook, including retargeting, commingling data across multiple advertisers' campaigns, or allowing piggybacking or redirecting with tags, except on an aggregate and anonymous basis or otherwise authorised by Facebook. Facebook also prohibits the use of advertising data to alter any users' profiles, including profiles associated with any mobile device identifiers or any unique identifiers, and any transfer of such data to any ad network, ad exchange, data broker or other advertising or monetisation related service.

We have implemented measures to comply with the requirements of GDPR on data protection and privacy even though we do not collect or store the raw data nor any users' personal information, such as visitors' IP address or legal names. We implemented internal data privacy protection technical measures and data confidentiality management protocols to prevent improper use or disclosure of data by our employees. After data collection, we analyse the data into meaningful user traffic information which we stored on firewall-protected cloud-based servers operated by reputable third-party cloud computing service providers. We have also configured our databases and servers, including regular system checks, password policy and data back-up, to protect the data on our proprietary advertising platform from theft and manipulation. Furthermore, we have implemented internal data privacy protection technical measures and data confidentiality management protocols to ensure data we collect are not misappropriated or misused and to prevent improper use or disclosure of data by our employees. In addition, we enter into confidentiality agreements with each of our employees to prevent improper use or disclosure of data. As part of our strategies, we plan to develop connections with additional media publishers through SDK integration, which enables us to obtain more comprehensive data when media publishers install SDKs. We seek to comply with applicable laws and regulations in respect of data protection if the scope of the data we collect through SDKs expands. Based on the consultation with the legal advisers of the key jurisdictions of our advertisers' advertising spending, our current business does not require specific licenses and the data privacy laws and regulations do not apply to the categories of data we are collecting.

BUSINESS

INTELLECTUAL PROPERTY

We regard our proprietary trademarks, domain names, copyrights, trade secrets and other intellectual property as critical to our business operations. We rely on a combination of patents, copyrights, trademarks, and trade secret laws and restrictions on disclosure such as confidentiality and licence agreements with our employees, suppliers, partners and others to protect our intellectual property.

In general, our employees are required to enter into a standard employment contract which includes a clause acknowledging that all inventions, trade secrets, developments, and other processes generated by them on our behalf are our property, and assigning to us any ownership rights that they may claim in those works. We do not authorise third parties who collaborate with us to use any of our intellectual property.

As of the Latest Practicable Date, we had registered:

- four registered art design copyrights in China, relating to AdTiger and AdTensor;
- 10 registered software copyrights in China in relation to AdTiger and AdTensor;
- eight registered trademarks in China and four registered trademarks in Hong Kong; and
- two domain names in China and one domain name in Hong Kong in relation to AdTiger and AdTensor.

We are currently applying registration for three trademarks in China and six patents for invention in China.

For detailed information about our material intellectual property, please refer to “Appendix IV — Statutory and General Information — B. Information about our Business — 2. Intellectual property rights of our Group” in this prospectus.

During the Track Record Period, we did not find any of material breaches of our intellectual property rights. As of 31 December 2019, we had not been subject to any material dispute or claims for infringement upon third parties’ trademarks, licences, or other intellectual property rights.

Please refer to “Risk Factors — Risks Relating to Our Business and Industry — We may be subject to intellectual property infringement claims, which may be time consuming and costly to defend” in this prospectus for the risks relating to the protection of our intellectual property rights.

SEASONALITY

In the online advertising industry, companies commonly experience seasonal fluctuations in revenue. For example, many advertisers allocate the largest portion of their advertising budgets in holiday seasons (such as Christmas and Chinese New Year) and on special occasions (such as Black Fridays and Cyber Mondays) when increased consumer spending is expected. We expect our revenue to fluctuate based on seasonal factors that affect the online advertising industry as a whole.

COMPETITION

The market in which we operate is highly competitive with relatively high entry boundaries such as in relation to optimisation capability, advertiser and media publisher base, technology, data and capital barriers. Our competitors are other resellers or agents in the online advertising business and they are primarily based in China.

We believe our ability to compete effectively depends upon many factors, including the quality of our services, advertisers base, media publisher base technology capabilities, pricing and brand recognition and reputation. Please refer to “Risk Factors — Risks Relating to Our Business and Industry — We expect to continue to experience intense competition. If we fail to compete effectively against other online advertising companies, we could lose advertisers or media publishers, and our revenue and profits may decline.” and “Industry Overview” in this prospectus for more information of the competitive landscape of our industry.

We believe that we are differentiated from our competitors in the following areas:

- our ability to acquire advertisers from a broad range of industries;
- our ability to leverage our stable relationship with top media publishers such as Facebook and Google;
- our reputation of providing high quality and reliable traffic on top media platforms;
- our technologies, including AdTensor, which are able to provide photographic and video advertiser content in large quantities, set up automate rules, deliver actual content, generate intelligent reports, etc.;
- our ability to monitor performance of our ad delivery on real-time based on intelligent reports and fine-tune the performance of specific ad campaign;
- our exclusive template database, which can generate materials efficiently and intelligently;
- our localisation advices provided by local consultants incorporating new concepts specific to taste and culture of the users from a specific country or region; and
- our experienced and talented team members with international backgrounds.

SALES AND MARKETING

We have implemented various marketing and promotional measures to promote our platforms. In particular, we promote our platforms through our sales and marketing team. We target advertisers to collaborate with based on a combination of factors, such as good reputation and high in industry ranking. We also look for customers with sufficient cash flow, repayment capability and can offer a stable advertising budget. Our team of sales associates introduces new or potential customers to our business and our AMs strive to achieve the advertising goals set by the customers through conveying such goals to our operation team on one hand and delivering the ad creatives which have been created by the designer team and handled by our optimisers on the other hand. In addition, our AMs also strive to establish the best advertising strategies for our customers based on the delivery results after optimisation. Meanwhile the operations team analyse the traffic data generated by the monthly reports and conclude the settlement amount with the customers. Our AMs also assist our sale associates to ensure we obtain timely payment from our customers. As of 31 December 2019, we had a team consisting of 11 sales and marketing employees. Our marketing and promotion efforts are focused on finding suitable clients, assessing business opportunities and associated risks, working towards collaboration with business partners as well as enhancing our industry reputations.

TOP CUSTOMERS AND SUPPLIERS

Top Customers

Our customers are advertisers that require third-party online advertising service providers to help them conduct online ad campaigns to gain user traffic and to a lesser extent, advertising agents designated by advertisers who require our services. Our top five total customers accounted for 80.2%, 70.7% and 51.9% of our revenue for each of the years ended 31 December 2017 and 2018 and 2019, respectively, on the basis that the net rebates (rebates we receive from the media publishers minus rebates return to advertisers (if any)) under the CPC/CPM pricing model were to be treated as revenue attributable to the corresponding advertisers as adopted in the Accountants' Report in Appendix I.

The below tables set forth details of our overall top five total customers irrespective of their pricing models (CPA or CPC/CPM) used during the Track Record Period on the basis that the net rebates (rebates we receive from the media publishers minus rebates return to advertisers (if any)) under the CPC/CPM pricing model were to be treated as revenue attributable to the corresponding advertisers as adopted in our Group's accounting policies.

For the Year ended 31 December 2017

Customer	Background and principal business	Subject of the advertisement(s)	Years of business relationship	How the Group became acquainted with the customer	Revenue from the customer (RMB'000)	Composition of Revenue ^A (RMB'000)	Types of user acquisition services provided by the Group	Media publishers to which the ad inventories belonged	Revenue from the customer as a percentage of our total revenue	Amount of traffic acquisition costs (recognised as cost of sales under the CPA pricing model) (RMB'000)	Key operating indicators statistics of the ad campaign ^A	Operating country	Currency used for invoice and settlement
Company B	A mobile app developer providing utility and content apps	Utility and content app	3.5	Through Ms. Chang's acquaintance with the contact person of this customer who was a former client of Ms. Chang's former employer. The two maintained relationship ever since	54,282	Service fees: Gross rebate: Returned rebate (if any):	Account opening and subsequent topping-up services, ad optimisation and ad placement	Facebook	46.6%	40,691	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	4,085 China	USD
Baidu (Hong Kong) Limited ^B	A utility and content app developer operating a leading search engine	Utility and content app	4.0	Through Ms. Chang's acquaintance with the contact person of this customer who collaborated together on certain overseas product promotion campaigns during Ms. Chang's former employment. The contact person approached Ms. Chang after she left	20,751	Service fees: Gross rebate: Returned rebate (if any):	Account opening and subsequent topping-up services, ad optimisation and ad placement	Facebook	17.8%	14,308	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	3,440 China	USD

BUSINESS

Customer	Background and principal business	Subject of the advertisement(s)	Years of business relationship	How the Group became acquainted with the customer	Revenue from the customer (RMB'000)	Composition of Revenue ^a (RMB'000)	Types of user acquisition services provided by the Group	Media publisher(s) to which the ad inventories belonged	Revenue from the customer as a percentage of our total revenue	Amount of traffic acquired costs (recognised as cost of sales under the CPA pricing model) (RMB'000)	Key operating indicators statistics of the ad campaign ^a	Operating country	Currency used for invoice and settlement
iHandy Network Limited	A mobile app developer providing utility and content apps	Utility and content app	2.0	The contact person of the customer approached Ms. Chang on his own initiative in 2017 based on referral from one of the media publishers we partner with	6,356	Service fees: Gross rebate: Returned rebate (if any):	Account opening and subsequent topping-up services, ad optimisation and ad placement — N/A [#]	Facebook	5.5%	4,475	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	857 China	USD
Group E ^a	A mobile app developer providing utility apps and an internet digital marketing company acting as a reseller of a top media publisher	Utility and content app	4.5	A subsidiary of this customer group was Ms. Chang's former employer. The contact person of this customer is Ms. Chang's ex-colleague who introduced business to Ms. Chang after she left	6,136	Service fees: Gross rebate: Returned rebate (if any):	Account opening and subsequent topping-up services, ad optimisation and ad placement — N/A [#]	Facebook	5.3%	4,421	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	64 China	USD
Aukey International Limited	An e-commerce and gadget manufacturer	E-commerce app about fashion	4.0	Through Ms. Li's acquaintance with a former client of Ms. Li's former employer, Ms. Li built up good relationship with the former client who introduced the contact person of this customer to Ms. Li in 2016	5,901	Service fees: Gross rebate: Returned rebate (if any):	Account opening and subsequent topping-up services 8,824 (2,923)	Facebook	5.1%	101,519 (not recognised as cost of sale under the CPC/CPM pricing model)	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	3,027 China	USD

BUSINESS

For the Year ended 31 December 2018

Customer	Background and principal business	Subject of the advertisement(s)	Years of business relationship	How the Group became acquainted with the customer	Revenue from the customer (RMB'000)	Composition of Revenue ^a (RMB'000)	Types of user acquisition services provided by the Group	Media publisher(s) to which the ad inventories belonged	Revenue from the customer as a percentage of our total revenue	Amount of traffic acquisition costs (recognised as cost of sales under the CPA pricing model) (RMB'000)	Key operating indicators statistics of the ad campaign ^a	Operating country	Currency used for invoice and settlement
Touchpal HK Co., Limited	A content and utility app developer	Utility and content app	1.5	Through referral from one of our existing customers, who introduced Ms. Chang to the contact person of this customer in 2017. The two maintained relationship ever since then	53,010	Service fees: Gross rebate: Returned rebate (if any):	53,010 — N/A [#] Account opening and subsequent topping-up services, ad optimisation and ad placement	Facebook	30.5%	44,204	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	2,434 China 40 18 44.7%	USD
Company G	A content app developer	Utility and content app	2.0	Through Ms. Chang's personal acquaintance with the referral who introduced the contact person of this customer to Ms. Chang in 2017 for business opportunities	28,477	Service fees: Gross rebate: Returned rebate (if any):	28,477 — N/A [#] Account opening and subsequent topping-up services, ad optimisation and ad placement	Facebook	16.4%	23,642	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	3,954 China 31 7 23.3%	USD
iHandy Network Limited	A mobile app developer providing utility and content apps	Utility and content app	2.0	The contact person of the customer approached Ms. Chang on its own initiative in 2017 based on referral from one of the media publishers we partner with	26,356	Service fees: Gross rebate: Returned rebate (if any):	26,356 — N/A [#] Account opening and subsequent topping-up services, ad optimisation and ad placement	Facebook	15.2%	20,303	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	5,318 China 126 53 41.8%	USD

BUSINESS

Customer	Background and principal business	Subject of the advertisement(s)	Years of business relationship	How the Group became acquainted with the customer	Revenue from the customer (RMB'000)	Composition of Revenue ^A (RMB'000)	Types of user acquisition services provided by the Group	Media publisher(s) to which the ad inventories belonged	Revenue from the customer as a percentage of our total revenue	Amount of traffic acquisition costs (recognised as cost of sales under the CPA pricing model) (RMB'000)	Key operating indicators statistics of the ad campaign ^A	Operating country	Currency used for invoice and settlement
Company H	An utility app developer specialised in marketing digital products in music	Short video app	2.0	Through Ms. Chang's acquaintance with the referral who was a former client of Ms. Chang's former employer. The referral subsequently introduced the contact person of this customer to Ms. Chang in 2017 for business opportunities	8,273	Service fees: Gross rebate: Returned rebate (if any):	8,273 — N/A [#]	Account opening and subsequent topping-up services, ad optimisation and ad placement	Facebook	4.8%	5,746 Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	848 China 11 3 29.3%	USD
Company I	An app developer engaged in tourism	Tourism app	1.0	Through a promotion event of our Company held in Hangzhou in 2018 where Ms. Chang became acquainted with the contact person of this customer	6,823	Service fees: Gross rebate: Returned rebate (if any):	6,823 — N/A [#]	Account opening and subsequent topping-up services, ad optimisation and ad placement	Facebook	3.9%	3,950 Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	163 China 1 0.3 25.2%	USD

BUSINESS

For the Year ended 31 December 2019

Customer	Background and principal business	Subject of the advertisement(s)	Years of business relationship	How the Group became acquainted with the customer	Revenue from the customer (RMB'000)	Composition of Revenue ^a (RMB'000)	Types of user acquisition services provided by the Group	Media publisher(s) to which the ad inventories belonged	Revenue from the customer as a percentage of our total revenue	Amount of traffic acquisition costs (recognised as cost of sales under the CPA pricing model) (RMB'000)	Key operating indicators statistics of the ad campaign ^b	Operating country	Currency used for invoice and settlement
Touchpal HK Co., Limited	A content and utility app developer	Utility and content app	1.5	Through referral from one of our existing customers, who introduced Ms. Chang to the contact person of this customer in 2017. The two maintained relationship ever since then	25,057	Service fees: Gross rebate: Returned rebate (if any):	25,057 — N/A [#]	Account opening and subsequent topping-up services, ad optimisation and ad placement	Facebook, Google & Snapchat	13.1%	21,071 Number of impressions (million): Number of click-throughs (millions): Number of installations (millions): Installation rate: 34.0%	1,748 China	USD
Company Z	A technology company operating video and social networking platforms	Utility and content app	3.0	Through Ms. Chang's acquaintance with the referral who was a former client of Ms. Chang's former employer. The referral subsequently introduced the contact person of this customer to Ms. Chang in 2015 for business opportunities	22,072	Service fees: Gross rebate: Returned rebate (if any):	22,072 — N/A [#]	Account opening and subsequent topping-up services, ad optimisation and ad placement	Facebook, Google, Snapchat & TikTok	11.5%	19,607 Number of impressions (million): Number of click-throughs (millions): Number of installations (millions): Installation rate: 11.0%	4,019 China	USD
Company Y	An e-commerce company providing online shopping	E-commerce app about fashion	2.5	Through Ms. Chang's acquaintance with the contact person of this customer during Ms. Chang's former employment. Such contact person used to supply large quantity of user traffic to app developers but later changed engaged in e-commerce business. The two maintained relationship ever since then	19,790	Service fees: Gross rebate: Returned rebate (if any):	19,790 — N/A [#]	Account opening and subsequent topping-up services	Google	10.4%	17,943 Number of impressions (million): Number of click-throughs (millions): Number of installations (millions): Installation rate: 5.7%	849 China, Uruguay	USD

Customer	Background and principal business	Subject of the advertisement(s)	Years of business relationship	How the Group became acquainted with the customer	Revenue from the customer (RMB'000)	Composition of Revenue ^a (RMB'000)	Types of user acquisition services provided by the Group	Media publisher(s) to which the ad inventories belonged	Revenue from the customer as a percentage of our total revenue	Amount of traffic acquisition costs (recognised as cost of sales under the CPA pricing model) (RMB'000)	Key operating indicators statistics of the ad campaign ^a	Operating country	Currency used for invoice and settlement
Company I	An app developer engaged in tourism	Tourism app	1.0	Through a promotion event of our Company held in Hangzhou in 2018 where Ms. Chang became acquainted with the contact person of this customer	17,321	Service fees: Gross rebate: Returned rebate (if any):	Account opening and subsequent topping-up services, ad optimisation and ad placement	Facebook	9.1%	11,194	Number of impressions (million): Number of click-throughs (millions): Number of installations (millions): Installation rate:	548 China	USD
Company J	An e-commerce company providing internet marketing solution	E-commerce app about household appliances	2.5	Through Ms. Chang's acquaintance with the contact person of this customer during Ms. Chang's former employment. Such contact person used to supply large quantity of user traffic to app developers but later engaged in e-commerce business. The two maintained relationship ever since then	14,717	Service fees: Gross rebate: Returned rebate (if any):	Account opening and subsequent topping-up services	Facebook & Google	7.7%	316,590 (not recognised as cost of sale under the CPC/CPM pricing model)	Number of impressions (million): Number of click-throughs (millions): Number of installations (millions): Installation rate:	3,290 Hong Kong, China	USD

* Overlapping customer and supplier, i.e. who served as both our advertiser and media publisher during the Track Record Period. Our advertiser was spun-off from Baidu (Hong Kong) Limited as a separate entity which however remained as a subsidiary of Baidu (Hong Kong) Limited since 2018.

△ Overlapping customer and supplier, they are two entities within the same group which served as our advertiser and media publisher during the Track Record Period.

^ Calculation basis for our revenue is as follows: (a) for CPA customers, an aggregate service fee we receive from advertisers for our comprehensive user acquisition services; and (b) for CPC/CPM customers, net rebates (rebates we receive from media publishers minus rebates we return to advertisers (if any)) and a small amount of service fees we receive from advertisers (on a limited basis). For details of the calculation basis of key operating indicators used, please refer to "Business — Key Operating Indicators" in this prospectus.

Returned rebate is not applicable to these customers because they used the CPA pricing model during the Track Record Period and we may only return a portion of the rebates obtained from our media publishers to our CPC/CPM customers.

BUSINESS

The following tables set forth details of our top five customers under the CPA pricing model during the Track Record Period.

For the Year ended 31 December 2017

Customer	Background and principal business	Subject of the advertisement(s)	Years of business relationship	How the Group became acquainted with the customer	Revenue from the customer (RMB'000)	Composition of Revenue ^A (RMB'000)	Types of user acquisition services provided by the Group	Media publisher(s) to which the ad inventories belonged	Revenue from the customer as a percentage of our total revenue	Amount of traffic acquisition costs (recognised as cost of sale) (RMB'000)	Key operating indicators statistics of the ad campaign ^A	Operating country	Currency used for invoice and settlement
Company B	A mobile app developer providing utility and content apps	Utility and content app	3.5	Through Ms. Chang's acquaintance with the contact person of this customer who was a former client of Ms. Chang's former employer. The two maintained relationship ever since then	54,282	Service fees: 54,282 Gross rebate: — Returned rebate (if any): N/A	Account opening and subsequent topping-up services, ad optimisation and ad placement	Facebook	46.6%	40,691	Number of impressions (millions): 4,085 Number of click-throughs (millions): 95 Number of installations (millions): 34 Installation rate: 34.4%	China	USD
Baidu (Hong Kong) Limited*	A utility and content app developer operating a leading search engine	Utility and content app	4.0	Through Ms. Chang's acquaintance with the contact person of this customer who collaborated together on certain overseas product promotion campaigns during Ms. Chang's former employment. The contact person approached Ms. Chang after she left	20,751	Service fees: 20,751 Gross rebate: — Returned rebate (if any): N/A	Account opening and subsequent topping-up services, ad optimisation and ad placement	Facebook	17.8%	14,308	Number of impressions (millions): 3,440 Number of click-throughs (millions): 95 Number of installations (millions): 27 Installation rate: 28.2%	China	USD
iHandy Network Limited	A mobile app developer providing utility and content apps	Utility and content app	2.0	The contact person of the customer approached Ms. Chang on its own initiative in 2017 based on referral from one of the media publishers we partner with.	6,356	Service fees: 6,356 Gross rebate: — Returned rebate (if any): N/A	Account opening and subsequent topping-up services, ad optimisation and ad placement	Facebook	5.5%	4,475	Number of impressions (millions): 857 Number of click-throughs (millions): 25 Number of installations (millions): 10 Installation rate: 38.0%	China	USD

BUSINESS

Customer	Background and principal business	Subject of the advertisement(s)	Years of business relationship	How the Group became acquainted with the customer	Revenue from the customer (RMB'000)	Composition of Revenue ^A (RMB'000)	Types of user acquisition services provided by the Group	Media publisher(s) to which the ad inventories belonged	Revenue from the customer as a percentage of our total revenue	Amount of traffic acquisition costs (recognised as cost of sale) (RMB'000)	Key operating indicators statistics of the ad campaign ^A	Operating country	Currency used for invoice and settlement
Group E ^A	A mobile app developer providing utility apps and an internet digital marketing company acting as a reseller of a top media publisher	Utility and content app	4.5	A subsidiary of this customer group was Ms. Chang's former employer. The contact person of this customer is Ms. Chang's ex-colleague who introduced business to Ms. Chang after she left	6,136	Service fees: Gross rebate: Returned rebate (if any):	Account opening and subsequent topping-up services, ad optimisation and ad placement	Facebook	5.3%	4,421	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	64 China	USD
Company W	An app developer operating a mobile search engine	Utility and content app	2.5	Through Ms. Chang's acquaintance with the referral who was a former client of Ms. Chang's former employer. The referral subsequently introduced the contact person of this customer to Ms. Chang when she left. The two maintained relationship ever since then	1,274	Service fees: Gross rebate: Returned rebate (if any):	Account opening and subsequent topping-up services, ad optimisation and ad placement	Facebook	1.1%	788	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	179 China	USD

For the Year ended 31 December 2018

BUSINESS

Customer	Background and principal business	Subject of the advertisement(s)	Years of business relationship	How the Group became acquainted with the customer	Revenue from the customer (RMB'000)	Composition of Revenue ^A (RMB'000)	Types of user acquisition services provided by the Group	Media publisher(s) to which the ad inventories belonged	Revenue from the customer as a percentage of our total revenue	Amount of traffic acquisition costs (recognised as cost of sale) (RMB'000)	Key operating indicators statistics of the ad campaign ^A	Operating country	Currency used for invoice and settlement
Touchpal HK Co., Limited	A content and utility app developer	Utility and content app	1.5	Through referral from one of our existing customers, who introduced Ms. Chang to the contact person of this customer in 2017. The two maintained relationship ever since then	53,010	Service fees: 53,010 Gross rebate: — Returned rebate (if any): N/A [#]	Account opening and subsequent topping-up services, ad optimisation and ad placement	Facebook	30.5%	44,204	Number of impressions (millions): 2,434 Number of click-throughs (millions): 40 Number of installations (millions): 18 Installation rate: 44.7%	China	USD
Company G	A content app developer	Utility and content app	2.0	Through Ms. Chang's personal acquaintance with the referral who introduced the contact person of this customer to Ms. Chang in 2017 for business opportunities	28,477	Service fees: 28,477 Gross rebate: — Returned rebate (if any): N/A [#]	Account opening and subsequent topping-up services, ad optimisation and ad placement	Facebook	16.4%	23,642	Number of impressions (millions): 3,954 Number of click-throughs (millions): 31 Number of installations (millions): 7 Installation rate: 23.3%	China	USD
iHandy Network Limited	A mobile app developer providing utility and content apps	Utility and content app	2.0	The contact person of the customer approached Ms. Chang on its own initiative in 2017 based on referral from one of the media publishers we partner with	26,356	Service fees: 26,356 Gross rebate: — Returned rebate (if any): N/A [#]	Account opening and subsequent topping-up services, ad optimisation and ad placement	Facebook	15.2%	20,303	Number of impressions (millions): 5,318 Number of click-throughs (millions): 126 Number of installations (millions): 53 Installation rate: 41.8%	China	USD

BUSINESS

Customer	Background and principal business	Subject of the advertisement(s)	Years of business relationship	How the Group became acquainted with the customer	Revenue from the customer (RMB'000)	Composition of Revenue ^A (RMB'000)	Types of user acquisition services provided by the Group	Media publisher(s) to which the ad inventories belonged	Revenue from the customer as a percentage of our total revenue	Amount of traffic acquisition costs (recognised as cost of sale) (RMB'000)	Key operating indicators statistics of the ad campaign ^A	Operating country	Currency used for invoice and settlement
Company H	An utility app developer specialised in marketing digital products in music	Short video app	2.0	Through Ms. Chang's acquaintance with the referral who was a former client of Ms. Chang's former employer. The referral subsequently introduced the contact person of this customer to Ms. Chang in 2017 for business opportunities	8,273	Service fees: Gross rebate: Returned rebate (if any):	Account opening and subsequent topping-up services, ad optimisation and ad placement	Facebook	4.8%	5,746	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	848 China	USD
Company I	An app developer engaged in tourism	Tourism app	1.0	Through a promotion event of our Company held in Hangzhou in 2018 where Ms. Chang became acquainted with the contact person of this customer	6,823	Service fees: Gross rebate: Returned rebate (if any):	Account opening and subsequent topping-up services, ad optimisation and ad placement	Facebook	3.9%	3,950	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	163 China	USD

BUSINESS

For the Year ended 31 December 2019

Customer	Background and principal business	Subject of the advertisement(s)	Years of business relationship	How the Group became acquainted with the customer	Revenue from the customer (RMB'000)	Composition of Revenue ^A (RMB'000)	Types of user acquisition services provided by the Group	Media publisher(s) to which the ad inventories belonged	Revenue from the customer as a percentage of our total revenue	Amount of traffic acquisition costs (recognised as cost of sale) (RMB'000)	Key operating indicators statistics of the ad campaign ^A	Operating country	Currency used for invoice and settlement
Touchpal HK Co., Limited	A content and utility app developer	Utility and content app	1.5	Through referral from one of our existing customers, who introduced Ms. Chang to the contact person of this customer in 2017. The two maintained relationship ever since then	25,057	Service fees: 22,057 Gross rebate: — Returned rebate (if any): N/A [#]	Account opening and subsequent topping-up services, ad optimisation and ad placement	Facebook, Google & Snapchat	13.1%	21,071	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate: 34.0%	1,748 China	USD
Company Z	A technology company operating video and social networking platforms	Utility and content app	3.0	Through Ms. Chang's acquaintance with the referral who was a former client of Ms. Chang's former employer. The referral subsequently introduced the contact person of this customer to Ms. Chang in 2015 for business opportunities	22,072	Service fees: 22,072 Gross rebate: — Returned rebate (if any): N/A [#]	Account opening and subsequent topping-up services	Google	11.5%	19,607	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate: 5.7%	849 China	USD
Company Y	An e-commerce company providing online shopping	E-commerce app about fashion	2.5	Through Ms. Chang's acquaintance with the contact person of this customer during Ms. Chang's former employment. Such contact person used to supply large quantity of user traffic to app developers but later engaged in e-commerce business. The two maintained relationship ever since then	19,790	Service fees: 19,790 Gross rebate: — Returned rebate (if any): N/A [#]	Account opening and subsequent topping-up services, ad optimisation and ad placement	Facebook, Google, Snapchat & TikTok	10.4%	17,943	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate: 11.0%	4,019 China, Uruguay	USD

Customer	Background and principal business engaged in tourism	Subject of the advertisement(s)	Years of business relationship	How the Group became acquainted with the customer	Revenue from the customer (RMB'000)	Composition of Revenue ^a (RMB'000)	Type of user acquisition services provided by the Group	Media publisher(s) to which the ad inventories belonged	Revenue from the customer as a percentage of our total revenue	Amount of traffic acquisition costs (recognised as cost of sale) (RMB'000)	Key operating indicators statistics of the ad campaign ^c	Operating country	Currency used for invoice and settlement
Company I	An app developer engaged in tourism	Tourism app	1.0	Through a promotion event of our Company held in Hangzhou in 2018 where Ms. Chang became acquainted with the contact person of this customer	17,321	Service fees: 17,321	Account opening and subsequent topping-up services, ad optimisation and ad placement	Facebook	9.1%	11,194	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	548 China	USD
iHandy Network Limited	A mobile app developer providing utility and content apps	Utility and content app	2.0	The contact person of the customer approached Ms. Chang on its own initiative in 2017 based on referral from one of the media publishers we partner with	14,315	Service fees: 14,315 Gross rebate: — Returned rebate (if any): N/A [#]	Account opening and subsequent topping-up services, ad optimisation and ad placement	Facebook & Google	7.5%	11,355	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	4,233 China	USD

* Overlapping customer and supplier, i.e. who served as both our advertiser and media publisher during the Track Record Period. Our advertiser was spun-off from Baidu (Hong Kong) Limited as a separate entity which however remained as a subsidiary of Baidu (Hong Kong) Limited since 2018.

△ Overlapping customer and supplier, they are two entities within the same group which served as our advertiser and media publisher during the Track Record Period.

△ Calculation basis for our revenue is as follows: (a) for CPA customers, an aggregate service fee we receive from advertisers for our comprehensive user acquisition services; and (b) for CPC/CPM customers, net rebates (rebates we receive from media publishers minus rebates we return to advertisers (if any)) and a small amount of service fees we receive from advertisers (on a limited basis). For details of the calculation basis of key operating indicators used, please refer to “Business — Key Operating Indicators” in this prospectus.

Returned rebate is not applicable to these customers because they used the CPA pricing model during the Track Record Period and we may only return a portion of the rebates obtained from our media publishers to our CPC/CPM customers.

The following tables set forth details of our top five customers under the CPC/CPM pricing model during the Track Record Period on the basis that the net rebates (rebates we receive from the media publishers minus rebates return to advertisers (if any)) under the CPC/CPM pricing model were to be treated as revenue attributable to the corresponding advertisers as adopted in our Group's accounting policies.

For the Year ended 31 December 2017

Customer	Background and principal business	Subject of the advertisement(s)	Years of business relationship	How the Group became acquainted with the customer	Revenue from the customer (RMB'000)	Composition of Revenue ^A (RMB'000)	Types of user acquisition services provided by the Group	Media publisher(s) to which the ad inventories belonged	Revenue from the customer as a percentage of our total revenue	Amount of traffic acquisition costs (not recognised as cost of sale) (RMB'000)	Key operating indicators statistics of the ad campaign ^A	Operating country	Currency used for invoice and settlement
Aukye International Limited	An e-commerce and gadget manufacturer	E-commerce app about fashion	4.0	Through Ms. Li's acquaintance with a former client of Ms. Li's former employer, Ms. Li built up good relationship with the former client who introduced the contact person of this customer to Ms. Li in 2016	5,901	Service fees: Gross rebate: 8,824 Returned rebate (if any): (2,923)	— Account opening and subsequent topping-up services	Facebook	5.1%	101,519	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	3,027 China	USD
Taschh	A branding agency engaged in branding and marketing solutions	E-commerce app about electronics and daily appliances	4.0	Through Ms. Chang's acquaintance with the beneficial owner of Taschh during Ms. Chang's former employment and Taschh had business dealings with it. Taschh also became our IT supporting service partner and became one of our substantial shareholder	3,678	Service fees: Gross rebate: 3,678 Returned rebate (if any): —	— Account opening and subsequent topping-up services	Facebook, Google, Snapchat and Yahoo	3.2%	41,818	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	35 Taiwan, China 2 N/A N/A	USD

BUSINESS

Customer	Background and principal business	Subject of the advertisement(s)	Years of business relationship	How the Group became acquainted with the customer	Revenue from the customer (RMB'000)	Composition of Revenue ^A (RMB'000)	Types of user acquisition services provided by the Group	Media publisher(s) to which the ad inventories belonged	Revenue from the customer as a percentage of our total revenue	Amount of traffic acquisition costs (not recognised as cost of sale) (RMB'000)	Key operating indicators statistics of the ad campaign ^A	Operating country	Currency used for invoice and settlement
Company J	An e-commerce company providing internet marketing solution	E-commerce app about household appliances	2.5	Through Ms. Chang's acquaintance with the contact person of this customer during Ms. Chang's former employment. Such contact person used to supply large quantity of user traffic to app developers but later engaged in e-commerce business. The two maintained relationship ever since then	3,429	Service fees: Gross rebate: 8,263 Returned rebate (if any): (4,854)	— Account opening and subsequent topping-up services	Facebook	2.9%	92,143	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	1,298 Hong Kong, China 49 N/A N/A	USD
Company R	An internet digital marketing company acting as an advertising agent	E-commerce app about electronics and daily appliances	3.0	Through Ms. Chang's acquaintance with the contact person of this customer during Ms. Chang's former employment. Such contact person used to supply large quantity of user traffic to app developers but later engaged in e-commerce business. The two maintained relationship ever since then	3,328	Service fees: Gross rebate: 1,413 Returned rebate (if any): —	1,915 Account opening and subsequent topping-up services	Facebook	2.9%	17,243	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	61 China 3 N/A N/A	USD
Company S	An e-commerce company operating a search engine and providing internet marketing solution	Travel related content for the government sector	3.0	Ms. Li previously served as a customer service director for this customer and her ex-colleague introduced the current contact person of this customer to Ms. Li after she left	1,886	Service fees: Gross rebate: — Returned rebate (if any): —	364 Account opening and subsequent topping-up services	Facebook	1.6%	14,850	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	444 China 7 N/A N/A	RMB

For the Year ended 31 December 2018

BUSINESS

Customer	Background and principal business	Subject of the advertisement(s)	Years of business relationship	How the Group became acquainted with the customer	Revenue from the customer (RMB'000)	Composition of Revenue ^a (RMB'000)	Types of user acquisition services provided by the Group	Media publisher(s) to which the ad inventories belonged	Revenue from the customer as a percentage of our total revenue	Amount of traffic acquisition costs (not recognised as cost of sale) (RMB'000)	Key operating indicators statistics of the ad campaign ^a	Operating country	Currency used for invoice and settlement
Company J	An e-commerce company providing internet marketing solution	E-commerce app about household appliances	2.5	Through Ms. Chang's acquaintance with the contact person of this customer during Ms. Chang's former employment. Such contact person used to supply large quantity of user traffic to app developers but later engaged in e-commerce business. The two maintained relationship ever since then	5,170	Service fees: Gross rebate: 20,665 Returned rebate (if any): (15,495)	— Account opening and subsequent topping-up services	Facebook	3.0%	275,350	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	2,886 Hong Kong, 123 China N/A N/A	USD
Company T	A trading company providing online shopping	E-commerce app about fashion	2.5	Through Ms. Li's acquaintance with the referral who was then a customer of Ms. Li's former employer. The referral subsequently introduced the contact person of this customer to Ms. Li in 2017	1,503	Service fees: Gross rebate: 2,512 Returned rebate (if any): (1,009)	— Account opening and subsequent topping-up services	Snapchat	0.9%	33,941	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	2,945 China 20 N/A N/A	USD
Company U	A leading mobile business service platform providing mobile advertising services	News and utility app	3.5	Through Ms. Chang personal relationship with the director of this customer	1,341	Service fees: Gross rebate: 663 Returned rebate (if any): —	678 Account opening and subsequent topping-up services and ad placement	Facebook, Google and Snapchat	0.8%	7,621	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	1,165 China 12 N/A N/A	RMB

BUSINESS

Customer	Background and principal business	Subject of the advertisement(s)	Years of business relationship	How the Group became acquainted with the customer	Revenue from the customer (RMB'000)	Composition of Revenue ^A (RMB'000)	Types of user acquisition services provided by the Group	Media publisher(s) to which the ad inventories belonged	Revenue from the customer as a percentage of our total revenue	Amount of traffic acquisition costs (not recognised as cost of sale) (RMB'000)	Key operating indicators statistics of the ad campaign ^A	Operating country	Currency used for invoice and settlement
Taschh	A branding agency engaged in branding and marketing solution	E-commerce app about electronics and daily appliances	4.0	Through Ms. Chang's acquaintance with the beneficial owner of Taschh during Ms. Chang's former employment and Taschh had business dealings with it. Taschh also became our IT supporting service partner and became one of our substantial shareholder	1,236	Service fees: Gross rebate: 1,236 Returned rebate (if any): —	— Account opening and subsequent topping-up services	Facebook, Google, Snapchat and Yahoo	0.7%	17,458	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	8 Taiwan, China	USD
Company V	A multimedia production company specialised in video production and providing advertising service	E-commerce app about electronics and daily appliances	2.5	Through Ms. Chang's acquaintance with the contact person of this customer during Ms. Chang's former employment. Such contact person used to supply large quantity of user traffic to app developers but later engaged in e-commerce business. The two maintained contact ever since then	1,105	Service fees: Gross rebate: 1,390 Returned rebate (if any): (285)	— Account opening and subsequent topping-up services	Facebook	0.6%	17,459	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	324 Malaysia	USD

For the Year ended 31 December 2019

BUSINESS

Customer	Background and principal business	Subject of the advertisement(s)	Years of business relationship	How the Group became acquainted with the customer	Revenue from the customer (RMB'000)	Composition of Revenue ^A (RMB'000)	Types of user acquisition services provided by the Group	Media publisher(s) to which the ad inventories belonged	Revenue from the customer as a percentage of our total revenue	Amount of traffic acquisition costs (not recognised as cost of sale) (RMB'000)	Key operating indicators statistics of the ad campaign ^A	Operating country	Currency used for invoice and settlement
Company J	An e-commerce company providing internet marketing solution	E-commerce app about household appliances	2.5	Through Ms. Chang's acquaintance with the contact person of this customer during Ms. Chang's former employment. Such contact person used to supply large quantity of user traffic to app developers but later engaged in e-commerce business. The two maintained relationship ever since then	14,717	Service fees: Gross rebate: Returned rebate (if any):	— 25,356 (10,639)	Facebook & Google	7.7%	316,590	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	3,290 101 N/A N/A	Hong Kong, China USD
Beijing Jiuhe Shidai Information Technology Co., Ltd (北京九合時代智能科技有限公司)	A fintech company providing artificial intelligence solution	E-commerce app about finance	1.0	Through Ms. Li's acquaintance with the contact person of this customer who collaborated together during Ms. Li's former employment. Ms. Li maintained relationship with the contact person ever since then	4,051	Service fees: Gross rebate: Returned rebate (if any):	1,319 2,732 —	Facebook & Google	2.1%	34,676	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	3,570 28 N/A N/A	China CNY
Aukey International Limited	An e-commerce and gadget manufacturer	E-commerce app about fashion	4.0	Through Ms. Li's acquaintance with a former client of Ms. Li's former employer. Ms. Li built up good relationship with the former client who introduced the contact person of this customer to Ms. Li in 2016	2,796	Service fees: Gross rebate: Returned rebate (if any):	— 5,386 (2,590)	Facebook, Google & Snapchat	1.5%	80,205	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	2,456 33 N/A N/A	China USD

Customer	Background and principal business	Subject of the advertisement(s)	Years of business relationship	How the Group became acquainted with the customer	Revenue from the customer (RMB'000)	Composition of Revenue ^a (RMB'000)	Types of user acquisition services provided by the Group	Media publisher(s) to which the ad inventories belonged	Revenue from the customer as a percentage of our total revenue	Amount of traffic acquisition costs (not recognised as cost of sale) (RMB'000)	Key operating indicators statistics of the ad campaign ^a	Operating country	Currency used for invoice and settlement
Company ZA	A computer game developer	Utility and content app	1.0	Through referral from one of our existing customers in 2018. The management of the Company visited the customer in Guangzhou in late 2018 and began working together ever since	2,016	Service fees: Gross rebate: 4,679 Returned rebate (if any): (2,663)	— Account opening and subsequent topping-up services, ad optimisation and ad placement	Facebook, Google, Snapchat & TikTok	1.1%	40,512	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	22,215 China	USD
Company ZB	An online news platform operated by PRC government authorities	News and utility app	3.0	Through referral from Ms. Li's ex-colleague who introduced her to the contact person of this customer in 2015	1,498	Service fees: Gross rebate: 733 Returned rebate (if any): —	765 Account opening and subsequent topping-up services, ad optimisation and ad placement	Facebook & Twitter	0.8%	9,155	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	2,615 China	CNY

* Overlapping customer and supplier, i.e. who served as both our advertiser and media publisher during the Track Record Period. Our advertiser was spun-off from Baidu (Hong Kong) Limited as a separate entity which however remained as a subsidiary of Baidu (Hong Kong) Limited since 2018.

△ Overlapping customer and supplier, they are two entities within the same group which served as our advertiser and media publisher during the Track Record Period.

^ Calculation basis for our revenue is as follows: (a) for CPA customers, an aggregate service fee we receive from advertisers for our comprehensive user acquisition services; and (b) for CPC/CPM customers, net rebates (rebates we receive from media publishers minus rebates we return to advertisers (if any)) and a small amount of service fees we receive from advertisers (on a limited basis). For details of the calculation basis of key operating indicators used, please refer to "Business — Key Operating Indicators" in this prospectus.

Our non-executive Director Mr. Hsia is a beneficial owner of Taschh, which was one of our top five customers in 2017 and 2018 under the CPC/CPM pricing model. Our transaction with Taschh related to its purchases of ad inventories from media publishers via our platform. The revenue from Taschh reflects the rebates we received from media publishers as a result of Taschh's actual advertising spending. Our executive Director Ms. Chang held approximately 29.4% equity interests in Beijing Mihe Technology Co., Ltd. from 9 July 2015 to 30 March 2018, which held 100% shares in Adcare Media Company Limited throughout the Track Record Period. Beijing Mihe Technology Co. Ltd was one of our top five customers in 2018 under the CPC/CPM pricing model. Our transaction with Beijing Mihe Technology Co. Ltd related to the advertising of its products on our platform. Other than as disclosed herein, none of our Directors, their close associates or any shareholders of our Company (who or which to the knowledge of the Directors owned more than 5% of our Company's issued share capital) had any interest in any of our top five customers during the Track Record Period.

The composition of our five largest customers under the CPC/CPM pricing model during the Track Record Period as if the net rebates (rebates we receive from the media publishers minus rebates returned to advertisers (if any)) under the CPC/CPM pricing model were to be treated as revenue from these media publishers rather than revenue attributable to the corresponding advertisers is summarised as follows:

For the Year ended 31 December 2017

Customer	Background and principal business	Subject of the advertisement(s)	Years of business relationship	How the Group became acquainted with the customer	Revenue from the customer (RMB'000)	Composition of Revenue ^a (RMB'000)	Types of user acquisition services	Media publisher(s) to which the ad inventories belonged	Revenue from the customer as a percentage of our total revenue	Amount of traffic acquisition costs (not recognised as cost of sale) (RMB'000)	Key operating indicators statistics of the ad campaign ^a	Operating country	Currency used for invoice and settlement
Company N	An internet digital marketing company and a reseller of a top media publisher	Various	3.0	The customer directly contacted us in 2016. Ms. Chang maintained business relationship with the contact person of the customer since then	8,571	Service fees: — Gross rebate: 10,985 Returned rebate (if any): (2,414)	— Connect advertisers to a reseller and generate user traffic	Facebook	7.4%	123,655	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate: Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	5,801 China	USD
Group E ^a	A mobile app developer providing utility apps and an internet digital marketing company acting as a reseller of a top media publisher	Various	4.5	A subsidiary of this customer group was Ms. Chang's former employer. The contact person of this customer is Ms. Chang's ex-colleague who introduced business to Ms. Chang after she left	8,274	Service fees: — Gross rebate: 14,713 Returned rebate (if any): (6,439)	— Connect advertisers to a reseller and generate user traffic	Facebook	7.1%	167,810	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	8,827 China	USD
Company O	A top media publisher providing ad inventories directly	Various	3.5	Through Ms. Li's acquaintance with the manager of another customer of ours, Ms. Chang maintained business relationship with this customer since then	2,547	Service fees: — Gross rebate: 3,005 Returned rebate (if any): (458)	— Connect advertisers to a media publisher and generate user traffic	Google	2.2%	39,408	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	4,907 China	USD

BUSINESS

Customer	Background and principal business	Subject of the advertisement(s)	Years of business relationship	How the Group became acquainted with the customer	Revenue from the customer (RMB'000)	Composition of Revenue ^A (RMB'000)	Types of user acquisition services	Media publisher(s) to which the ad inventories belonged	Revenue from the customer as a percentage of our total revenue	Amount of traffic acquisition costs (not recognised as cost of sale) (RMB'000)	Key operating indicators statistics of the ad campaign ^A	Operating country	Currency used for invoice and settlement
Company R	An internet digital marketing company acting as an advertising agent	E-commerce app about electronics and daily appliances	3.0	Through Ms. Chang's acquaintance with the contact person of this customer during Ms. Chang's former employment. Such contact person used to supply large quantity of user traffic to app developers but later engaged in e-commerce business. The two maintained relationship ever since then	1,915	Service fees: Gross rebate: Returned rebate (if any):	1,915 — —	Provide additional ad inventories of a media publisher	Facebook	1.6%	17,243 Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	61 China 3 N/A N/A	USD
Group P	An internet digital marketing company and a reseller of a top media publisher	Various	2.5	Ms. Chang directly approached the contact person of this customer in 2017 for business opportunities. The two maintained relationship since then	1,178	Service fees: Gross rebate: Returned rebate (if any):	— 1,388 (210)	Connect advertisers to resellers and generate user traffic	Facebook	1.0%	17,398 Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	989 China 26 N/A N/A	USD

For the Year ended 31 December 2018

BUSINESS

Customer	Background and principal business	Subject of the advertisement(s)	Years of business relationship	How the Group became acquainted with the customer	Revenue from the customer (RMB'000)	Composition of Revenue ^A (RMB'000)	Types of user acquisition services provided by the Group	Media publisher(s) to which the ad inventories belonged	Revenue from the customer as a percentage of our total revenue	Amount of traffic acquisition costs (not recognised as cost of sale) (RMB'000)	Key operating indicators statistics of the ad campaign ^A	Operating country	Currency used for invoice and settlement
Group E ^A	A mobile app developer providing utility apps and an internet digital marketing company acting as a reseller of a top media publisher	Various	4.5	A subsidiary of this customer group was Ms. Chang's former employer. The contact person of this customer is Ms. Chang's ex-colleague who introduced business to Ms. Chang after she left Through Ms. Chang's acquaintance with the contact person of this customer who collaborated together on certain overseas product promotion campaigns during Ms. Chang's former employment. The contact person approached Ms. Chang after she left	5,713	Service fees: — Gross rebate: 16,691 Returned rebate (if any): (10,978)	— Connect advertisers to a reseller and generate user traffic	Facebook	3.3%	214,540	Number of impressions (millions): 8,694 Number of click-throughs (millions): 234 Number of installations (millions): N/A Installation rate: N/A	China	USD
Baidu (Hong Kong) Limited*	An utility and content app developer operating a leading search engine	Various	4.0	Ms. Chang after she left Through Ms. Chang's acquaintance with the contact person of this customer who collaborated together on certain overseas product promotion campaigns during Ms. Chang's former employment. The contact person approached Ms. Chang after she left	4,960	Service fees: — Gross rebate: 7,391 Returned rebate (if any): (2,431)	— Connect advertisers to a reseller and generate user traffic	Snatchat	2.9%	98,494	Number of impressions (millions): 96 Number of click-throughs (millions): N/A Number of installations (millions): N/A Installation rate: N/A	China	USD
Company N	An internet digital marketing company and a reseller of a top media publisher	Various	3.0	The customer directly contacted us in 2016. Ms. Chang maintained business relationship with the contact person of the customer since then	4,823	Service fees: — Gross rebate: 15,646 Returned rebate (if any): (10,823)	— Connect advertisers to a reseller and generate user traffic	Facebook	2.8%	204,116	Number of impressions (millions): 180 Number of click-throughs (millions): N/A Number of installations (millions): N/A Installation rate: N/A	China	USD

BUSINESS

Customer	Background and principal business	Subject of the advertisement(s)	Years of business relationship	How the Group became acquainted with the customer	Revenue from the customer (RMB'000)	Composition of Revenue ^A (RMB'000)	Types of user acquisition services provided by the Group	Media publisher(s) to which the ad inventories belonged	Revenue from the customer as a percentage of our total revenue	Amount of traffic acquisition costs (not recognised as cost of sale) (RMB'000)	Key operating indicators statistics of the ad campaign ^A	Operating country	Currency used for invoice and settlement
Company O	A top media publisher providing ad inventories directly	Various	3.5	Through Ms. Li's acquaintance with the then Google account manager of another customer of ours, Ms. Chang maintained business relationship with this customer since then	2,704	Service fees: — Gross rebate: 4,548 Returned rebate (if any): (1,844)	Connect advertisers to a media publisher and generate user traffic	Google	1.6%	71,784	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	6,180 China	USD
Company U	A leading mobile business service platform providing mobile advertising services	News and utility app	3.5	Through Ms. Chang's personal relationship with the director of this customer	678	Service fees: 678 Gross rebate: — Returned rebate (if any): —	Account opening and subsequent topping-up services and ad placement	Facebook	0.4%	7,621	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	1,165 China 12 N/A N/A	USD

For the Year ended 31 December 2019

BUSINESS

Customer	Background and principal business	Subject of the advertisement(s)	Years of business relationship	How the Group became acquainted with the customer	Revenue from the customer (RMB'000)	Composition of Revenue ^A (RMB'000)	Types of user acquisition services provided by the Group	Media publisher(s) to which the ad inventories belonged	Revenue from the customer as a percentage of our total revenue	Amount of traffic acquisition costs (not recognised as cost of sale) (RMB'000)	Key operating indicators statistics of the ad campaign ^A	Operating country	Currency used for invoice and settlement
Group E ^A	A mobile app developer providing utility apps and an internet digital marketing company acting as a reseller of a top media publisher	Various	4.5	A subsidiary of this customer group was Ms. Chang's former employer. The contact person of this customer is Ms. Chang's ex-colleague who introduced business to Ms. Chang after she left Ms. Chang directly approached the contact person of this customer in 2016 for business opportunities. The two maintained relationship since then	19,301	Service fees: — Gross rebate: 31,781 Returned rebate (if any): (12,480)	— Connect advertisers to a reseller and generate user traffic	Facebook	10.1%	385,623	Number of impressions: 12,742 Number of click-throughs (millions): 313 Number of installations (millions): N/A Installation rate: N/A	China	USD
Company L	An internet digital marketing company and a reseller of a top media publisher	Various	3.0	Ms. Chang directly approached the contact person of this customer in 2016 for business opportunities. The two maintained relationship since then	6,073	Service fees: — Gross rebate: 9,082 Returned rebate (if any): (3,009)	— Connect advertisers to a reseller and generate user traffic	Facebook	3.2%	109,293	Number of impressions: 7,377 Number of click-throughs (millions): 108 Number of installations (millions): N/A Installation rate: N/A	China	USD
Company O	A top media publisher providing ad inventories directly	Various	3.5	Through Ms. Li's acquaintance with the then Google account manager of another customer of ours, Ms. Chang maintained business relationship with this customer since then	4,744	Service fees: — Gross rebate: 8,438 Returned rebate (if any): (3,694)	— Connect advertisers to a media publisher and generate user traffic	Google	2.5%	135,150	Number of impressions: 17,562 Number of click-throughs (millions): 224 Number of installations (millions): N/A Installation rate: N/A	China	USD

Customer	Background and principal business	Subject of the advertisement(s)	Years of business relationship	How the Group became acquainted with the customer	Revenue from the customer (RMB'000)	Composition of Revenue ^A (RMB'000)	Types of user acquisition services provided by the Group	Media publisher(s) to which the ad inventories belonged	Revenue from the customer as a percentage of our total revenue	Amount of traffic acquisition costs (not recognised as cost of sale) (RMB'000)	Key operating indicators statistics of the ad campaign ^A	Operating country	Currency used for invoice and settlement
Baidu (Hong Kong) Limited*	A content and utility developer operating a leading search engine	Various	4.0	Through Ms. Chang's acquaintance with the contact person of this customer who collaborated together on certain overseas product promotion campaigns during Ms. Chang's former employment. The contact person approached Ms. Chang after she left	4,013	Service fees: Gross rebate: 9,505 Returned rebate (if any): (5,492)	— Connect advertisers to a reseller and generate user traffic	Snapchat	2.1%	117,233	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	15,923 China	USD
Company N	An internet digital marketing company and a reseller of a top media publisher	Various	3.0	The customer directly contacted us in 2016. Ms. Chang maintained business relationship with the contact person of the customer since then	3,481	Service fees: Gross rebate: 7,755 Returned rebate (if any): (4,274)	— Connect advertisers to a reseller and generate user traffic	Facebook & Google	1.8%	99,222	Number of impressions (millions): Number of click-throughs (millions): Number of installations (millions): Installation rate:	2,909 China	USD

△ Overlapping customer and supplier, they are two entities within the same group which served as our advertiser and media publisher during the Track Record Period.

* Overlapping customer and supplier, i.e. who served as both our advertiser and media publisher during the Track Record Period. Our advertiser was spun-off from Baidu (Hong Kong) Limited as a separate entity which however remained as a subsidiary of Baidu (Hong Kong) Limited in 2018.

△ Calculation basis for our revenue is as follows: (a) for CPA customers, an aggregate service fee we receive from advertisers for our comprehensive user acquisition services; and (b) for CPC/CPM customers, net rebates (rebates we receive from media publishers minus rebates we return to advertisers (if any)) and a small amount of service fees we receive from advertisers (on a limited basis). For details of the calculation basis of key operating indicators used, please refer to “Business — Key Operating Indicators” in this prospectus.

BUSINESS

Top Suppliers

Our suppliers are primarily resellers who provide us ad inventories on top media platforms. Our suppliers also include IT service providers that provide us with cloud computing services and external optimisers, designers and translators who provide ad optimisation, design and translation services for our online advertising business.

Our top five suppliers accounted for 95.8%, 91.5% and 62.1% of our total costs of sales for each of the years ended 31 December 2017, 2018 and 2019, respectively.

The following tables set forth details of our top five suppliers during the Track Record Period.

For the Year ended 31 December 2017						
Supplier	Background and principal business	Years of business relationship	Types of service(s) supplied to the Group	Costs paid to the supplier (RMB'000)	Costs paid to the supplier as a percentage of our total costs of sale	Media publisher(s) to which the ad inventories belonged
Group E [△]	A mobile app developer providing utility apps and an internet digital marketing company acting as a reseller of a top media publisher	4.5	provision of ad inventories for ad placements	34,305	45.0%	Facebook
Company N . . .	An internet digital marketing company and a reseller of a top media publisher	3.0	provision of ad inventories for ad placements	17,611	23.0%	Facebook
Company M . . .	An optimiser for ad content and ad creatives	3.5	optimisation and design of ads	9,137	12.0%	Facebook and Google
Company L . . .	An internet digital marketing company and a reseller of a top media publisher	3.0	provision of ad inventories for ad placements	8,742	11.5%	Facebook
Group P	An internet digital marketing company and a reseller of a top media publisher	2.5	provision of ad inventories for ad placements	3,278	4.3%	Facebook
For the Year ended 31 December 2018						
Supplier	Background and principal business	Years of business relationship	Types of service(s) supplied to the Group	Costs paid to the supplier (RMB'000)	Costs paid to the supplier as a percentage of our total costs of sale	Media publisher(s) to which the ad inventories belonged
Group E [△]	A mobile app developer providing utility apps and an internet digital marketing company acting as a reseller of a top media publisher	4.5	provision of ad inventories for ad placements	32,703	24.7%	Facebook
Group P	An internet digital marketing company and a reseller of a top media publisher	2.5	provision of ad inventories for ad placements	31,840	24.0%	Facebook and Google
Company L . . .	An internet digital marketing company and a reseller of a top media publisher	3.0	provision of ad inventories for ad placements	24,035	18.1%	Facebook and Google
Company N . . .	An internet digital marketing company and a reseller of a top media publisher	3.0	provision of ad inventories for ad placements	24,004	18.1%	Facebook and Google
Company M . . .	An optimiser for ad content and ad creatives	3.5	optimisation and design of ads	8,811	6.6%	Facebook and Google

BUSINESS

For the Year ended 31 December 2019

Supplier	Background and principal business	Years of business relationship	Types of service(s) supplied to the Group	Costs paid to the supplier (RMB'000)	Costs paid to the supplier as a percentage of our total costs of sale	Media publisher(s) to which the ad inventories belonged
Group E [△]	A mobile app developer providing utility apps and an internet digital marketing company acting as a reseller of a top media publisher	4.5	provision of ad inventories for ad placements	27,002	19.6%	Facebook
Company N . . .	An internet digital marketing company and a reseller of a top media publisher	2.5	provision of ad inventories for ad placements	19,851	14.4%	Facebook & Google
Company L . . .	An internet digital marketing company and a reseller of a top media publisher	3.0	provision of ad inventories for ad placements	13,739	10.0%	Facebook & Google
Company O . . .	A top media publisher providing ad inventory directly	3.5	provision of ad inventories for ad placements	12,596	9.2%	Google
Company X . . .	An internet digital marketing company	0.5	provision of ad inventories for ad placements	12,285	8.9%	Toutiao

[△] Overlapping customer and supplier, they are two entities within the same group which served as our advertiser and media publisher during the Track Record Period.

To the best of our Directors' knowledge, none of our Directors or their respective close associates or any person who owns more than 5% of our issued share capital or of our subsidiary, had any interest in any of our five largest suppliers during the Track Record Period.

Overlapping of Customer and Supplier

We had two major customers who used our user acquisition services and also supplied us with ad inventories based on different departments within the same company as well as different entities within the same group during the Track Record Period. Negotiations of the terms of our sales to and purchases from these customers were conducted on an individual basis by different personnel and the sales and purchases were neither inter-connected or inter-conditional with each other. Our Directors confirmed that all of our sales to and purchases from overlapping customers and suppliers were conducted in the ordinary course of business under normal commercial terms and on an arm's length basis. The revenue from these customers as a percentage of our total revenue was 23.1%, 5.6% and 0.0% in 2017, 2018 and 2019, respectively. The traffic acquisition costs net of rebates from media publishers under the CPA pricing model as cost of sales with respect to Baidu (Hong Kong) Limited as a percentage of our total costs of sales were nil, 0.6% and nil and with respect to Group E were 45.0%, 24.7% and nil for the years ended 2017, 2018 and 2019, respectively. The gross profit margin of sales transactions with Baidu (Hong Kong) Limited was 31.0%, 46.5% and 95% for each of the years ended 2017, 2018 and 2019, respectively. Such fluctuation between 2017 and 2018 was primarily due to new utility and content apps being advertised in 2018 compared to 2017, for which it was relatively easier to generate new users through ad campaigns. In 2019, the Group's sales transactions with Baidu (Hong Kong) Limited were limited to ad campaigns for CPC/CPM advertisers, which resulted in 95% gross profit margin in that year. The gross profit margin of sales transactions with Group E was 28.0%, 24.6% and nil for the years ended 2017, 2018 and 2019, respectively. Such fluctuation between 2017 and 2018 was primarily because it was relatively easier to generate new users when Group E's app developers first launched their apps in 2017. In 2019, the Group did not carry out any ad campaigns for Group E's advertisers.

BUSINESS

The table below sets forth the amount of our revenue and costs of sales involved with respect transactions entered into with Baidu (Hong Kong) Limited and Group E over the Track Record Period:

	Year ended 31 December		
	2017	2018	2019
	(RMB)	(RMB)	(RMB)
Baidu (Hong Kong) Limited			
Amount of revenue involved as a customer . . .	20,750,943	6,153,762	152
Amount of the Group's costs of sales involved as a supplier	1,373	767,178	6,318,038
Group E			
Amount of the Group's revenue involved as a customer	6,135,818	3,653,027	N/A
Amount of the Group's costs of sales involved as a supplier	34,305,342	32,702,513	27,002,432

With respect to Baidu (Hong Kong) Limited, we provided account opening and subsequent topping-up services, ad designs, ad optimisation, ad placements and overall management of ad campaign services to their advertisers in 2017 and 2018, while Baidu (Hong Kong) Limited supplied or procured Snapchat's ad inventories from or to us. In 2019, we limited our services to only account opening and subsequent topping-up services and ad placements for Baidu (Hong Kong) Limited, while it supplied or procured ad inventories from two other media publishers in addition to Snapchat to or from us. The reason for, and the circumstances leading to, the transactions with Baidu (Hong Kong) Limited over the Track Record Period was because we were able to offer a solid advertisers base that could bring more user traffic for their ad inventories, hence we assisted Baidu (Hong Kong) Limited in connecting our advertisers to ad inventories supplied by them. On the other hand, Baidu (Hong Kong) Limited's subsidiary supplied us with ad inventories.

With respect to Group E, we provided account opening and subsequent topping-up services, ad designs, ad optimisation, ad placements and overall management of ad campaign services to their advertisers in 2017 and 2018. In 2019, the Group did not carry out any ad campaigns for Group E. While Group E supplied or procured Facebook's ad inventories to or from us in 2017 and 2018 and only Group E supplied Facebook to the us in 2019. The reason for, and the circumstances leading to, the transactions with Group E over the Track Record Period was because Group E was our first customer since we were established in 2015 and we continued to carry out ad campaigns for them in 2017 and 2018. It was coincidental that the entity supplying Facebook's ad inventories to us was acquired by Group E.

BUSINESS

EMPLOYEES

As of 31 December 2019, we had an office in Beijing and an office in Hong Kong with 48 employees in total.

The table below sets forth our employees by functions as of 31 December 2019:

Function	Number of Employees	% of Total
Optimisers and Designers	23	47.9
Sales and Marketing	11	22.9
Operations	5	10.4
Finance and Administration	7	14.6
IT and R&D	2	4.2
Total	48	100

Depending on the advertising requests we receive, we collaborate with third party individuals in selected overseas markets. We sometimes hire external optimisers and designers depending on the advertisers' need and the quantity of ad campaigns we have at the time. When we receive a demand to place advertisement overseas, we may collaborate with individuals or enterprises in advertising to leverage on local optimisers' and designers' ad content and creatives. Moreover, we may engage these companies to handle the translation for certain advertisements. After Listing, we expect to continue to expand our team of optimisers and designers and carry out these functions solely using our in-house resources.

We believe that maintaining a stable and motivated employee force is critical to the success of our business. As a fast growing company, we provide our employees with competitive salaries and bonuses determined by performance, housing subsidies, regular team building activities, off sites, internal trainings and opportunities of advancement.

We primarily recruit our employees through recruiting websites. We also encourage internal referrals and post our open positions online. We undergo a strict interview process by which we assess the candidate's past industry experience, integrity, academic background and work experience.

We organise induction training for our newly joined employees to help them better integrate to our culture and team and understand our company's values and working environment. We also offer recruitment interview training to our team leaders so that they can hire good employees for our business. Further, we provide regular advertisement placing training for our employees to enhance their work performance and on the job efficiency.

We enter into standard contracts and agreements with our employees typically for three years. These contracts typically include a non-competition provision effective during their employment with us, and a confidentiality provision effective during and after their employment with us. Our standard employment contract also includes specific intellectual property rights provisions such that all intellectual property created or developed during the course of employment are owned by and will belong solely to us.

BUSINESS

As required by PRC laws and regulations, we have made contributions to the various mandatory social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, maternity leave insurance and occupational injury. We also provide our employees with housing fund as well as offer them a body check every year.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material labour dispute or any difficulty in recruiting staff for our operations.

AWARDS AND RECOGNITION

We received various awards and recognitions since our inception, including the following:

Award/Recognition	Award Date	Awarding Institution/Authority
AdTensor — 2019 Recommended Overseas Marketing Platform (AdTensor — 年度推薦出海營銷系統平臺)	2019	Phoenix ADX Festival
The 11th ROI Festival — Business Creative Award — Nomination Award (第十一屆金投賞商業創意獎提名獎)	2018	ROI Festival
Premier Partner Awards 2018 — Google Video Advertising Innovation Award (Mainland China) (視頻廣告創新獎 (中國內地))	2018	Google
The 9th (2017-2018) Tiger Roar Award — Startup Company with the Greatest Potential of the Year (第9屆(2017-2018)虎嘯獎年度最具潛力新創公司大獎)	2018	Tiger Roar Awards Organising Committee
Best E-commerce Service Enterprise Award (最佳電商服務企業獎)	2018	China International E-Commerce Expo Organising Committee (中國國際電子商務博覽會組委會)

HEALTH, WORK SAFETY, SOCIAL, AND ENVIRONMENTAL MATTERS

We base our health and work safety rules on government regulations and require all employees to follow these rules. During the Track Record Period and up to the Latest Practicable Date, there had not been any material incidents concerning occupational health or safety, and we had not been subject to any fines or other penalties due to non-compliance with health, safety or environmental regulations.

INSURANCE

We believe we maintain insurance policies covering risks in line with our industry standards. In line with the general practice in the industry, we do not maintain any business interruption insurance, key-man insurance, insurance policies covering damages to our network infrastructure or information technology systems, or insurance policies for our properties.

BUSINESS

During the Track Record Period, we did not make any material insurance claims in relation to our business. Please refer to “Risk Factors — Risks Relating to Our Business and Industry — Our limited insurance coverage could expose us to significant losses and business disruption” in this prospectus for further details.

PROPERTIES

Our headquarters is located in Beijing. As of the Latest Practicable Date, we did not own any properties and leased one property in the PRC with an aggregate gross floor area of approximately 360 square metres. The table below sets forth the details of our leased property as of the Latest Practicable Date:

Address	Type of property	Lease Term	Expiry Date
Room 1004/05, 10th Floor, Office Tower C, Xintianguojicheng IV (Land parcels D4, 5, 6), Laiguangying Village, Laiguangying County, Chaoyang District, Beijing, PRC	Office	One year and six months with the right of first refusal to lease	25 July 2021

The property is used for non-property activities as defined under Rule 5.01(2) of the Listing Rules.

According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L), this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which require a valuation report with respect to all of our Group’s interests in land or buildings, for the reason that, as of 31 December 2019, none of the properties held or leased by us had a carrying amount of 15% or more of our consolidated total assets.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings, including any bankruptcy or receivership proceedings, which we believe would have a material adverse effect on our business, results of operations, financial condition or reputation.

Our Directors had not been involved in any actual or threatened material claims or litigations as of the Latest Practicable Date. There had been no material legal, arbitral, or administrative proceedings before any court current or pending against, or involving the properties, or the businesses of our Company, which any of the properties or members of our Company was subject during the Track Record Period and the subsequent period up to the Latest Practicable Date. However, we may from time to time become a party to various legal, arbitration or administrative proceedings arising in the ordinary course of business.

During the Track Record Period and up to the Latest Practicable Date, we had complied with applicable laws and regulations in all material respects, including compliance with the requirements relating to the filing of employer's return to the IRD (to the extent applicable) and the enrolment in MPF for our employees based in Hong Kong during the Track Record Period and up to the Latest Practicable Date. However, HongKong AdTiger was not in full compliance with certain requirements under the IRO in Hong Kong as described below.

Non-compliance Incident

HongKong AdTiger was not in full compliance with certain requirements of the IRO during the Track Record Period.

(i) Reason(s) for non-compliance (ii) identity and position of the person involved	Legal consequences, potential maximum penalties and other financial liabilities	Rectification actions taken and status
<p>Non-compliance incident</p> <p>Under the relevant Hong Kong tax laws and regulations, a business entity must notify the IRD in writing of its chargeability to Hong Kong profits tax no later than four months after the end of the basis period for that year of assessment unless it has already been required to furnish a tax return within a reasonable time stated in a written notice given by an assessor of the IRD. During the tax years of 2016/17 and 2017/18, HongKong AdTiger did not timely notify the IRD of its chargeability to Hong Kong profits tax within the stipulated time under section 51(2) of the IRO (the "Tax Incident").</p> <p>HongKong AdTiger commenced its operations in 2015 which represented our Group's first presence in Hong Kong and the Founders were unfamiliar with the relevant requirements under the IRO. The Founders therefore decided to retain a corporate services provider as its external company secretary (the "External Company Secretary") which has been providing services to HongKong AdTiger (including its predecessor) since November 2010 and assigned an accounting staff to liaise with the External Company Secretary. The External Company Secretary was established in 2000 in Hong Kong, and provides comprehensive corporate support to local enterprises, including services on company formation and company secretarial matters, accounting and taxation, trademark registration etc. According to the website of the External Company Secretary as at the Latest Practicable Date, it has over 10 offices in Hong Kong and China, with over 100 team members have been serving over 30,000 enterprises. The Founders honestly and reasonably believed that the External Company Secretary was competent to handle the tax related matters of HongKong AdTiger.</p> <p>HongKong AdTiger did not generate any assessable profits prior to 2016 and no request for submission of profits tax returns in respect of the tax assessment years of 2015/16, 2016/17 and 2017/18 was provided by the IRD to HongKong AdTiger and the accounting staff believed that profits tax returns will be conventionally provided by the IRD at the end of each tax assessment year. The non-compliance was discovered by our Group when it began to prepare for the Listing in early 2019.</p>	<p>As per the Assessments Demanding Final Tax issued by the IRD, HongKong AdTiger's total amount of profits tax for the tax years of 2016/2017 and 2017/2018 in aggregate was HK\$6,371,770 ("IRD Assessed Amount for 2016/17 and 2017/18").</p> <p>Penalty Policy of the IRD and Relevant Statutory Provisions</p> <p>Relevant Statutes</p> <p>In relation to late notification of chargeability of profits tax,</p> <p>(i) the IRD may take penalty action under section 80(2) of the IRO, pursuant to which HongKong AdTiger may be prosecuted, or</p> <p>(ii) if no prosecution under section 80(2) is instituted, HongKong AdTiger may be liable to an additional tax assessed by the Commissioner of Inland Revenue or his deputy under section 82A of the IRO.</p>	<p>Remedial Actions and Provisions</p> <p>Since becoming aware of the non-compliance, our Group immediately engaged a Hong Kong CPA Firm (the "CPA Firm") in May 2019 to prepare the relevant documentation and corresponding profits tax returns of our group companies. We have also engaged the Tax Adviser to perform a study to review and evaluate the arrangement of the intra-group transactions between HongKong AdTiger and Beijing AdTiger during the Track Record Period. HongKong AdTiger has taken initiative to request the IRD to provide it with the profits tax returns for the tax years of 2016/17 and 2017/18. On 18 May 2020, the IRD issued the Assessments Demanding Final Tax for those tax years, and assessed that the total amount of profit tax shall be HK\$6,371,770 on an aggregate basis. No surcharge was imposed by the IRD in its tax assessment.</p> <p>The corporate income tax provision for HongKong AdTiger for the tax years of 2016/17, 2017/18 and 2018/2019 are reflected in the consolidated financial statements for the three financial years ended 31 December 2018, which in aggregate equals to the total income tax payable assessed by IRD for the tax years of 2016/17, 2017/18 and 2018/19 of HK\$7,057,886 (equivalent to approximately RMB6,195,677). We had fully paid total tax payable of HK\$7,057,886, as assessed by the IRD for the tax years of 2016/17, 2017/18 and 2018/19 as of 4 June 2020.</p>

Non-compliance incident	(i) Reason(s) for non-compliance (ii) identity and position of the person involved	Legal consequences, potential maximum penalties and other financial liabilities	Rectification actions taken and status
	<p>While the Tax Incident was primarily due to the inadvertent oversight of the External Company Secretary and the misconception of our Group's accounting staff, it also involved our Directors' inadvertent oversight. During the relevant periods leading to the Tax Incident, our Directors were primarily focused on our Group's operations in China where substantially all of our management and key personnel conducted our Group's businesses. Our Directors were not familiar with the requirements of the IRO at the time and had delegated the tax affairs of HongKong AdTiger to the External Company Secretary without sufficient direct supervision. However, the Tax Incident did not involve any wilful intent or act to evade tax on the part of our Directors. As soon as our Directors became aware of the Tax Incident, we immediately proceeded to rectify the non-compliance. We have also been in compliance with applicable laws and regulations in all material respects in the PRC where our operations are primarily located, including compliance with relevant tax laws and regulations, during the Track Record Period and up to the Latest Practicable Date.</p> <p>The Sole Sponsor has (i) discussed with the relevant Directors to understand the background and facts leading to the Tax Incident and our Group's remedial actions; (ii) reviewed documentary proof showing that our Group had fully paid the total tax as assessed by the IRD for the tax years of 2016/17, 2017/18 and 2018/19; (iii) reviewed the Legal Counsel's legal opinion in respect of the Tax Incident and the relevant analysis; (iv) reviewed the PRC legal opinion, which demonstrates that our Group has been in compliance with applicable laws and regulations in all material respects in the PRC where our operations are primarily located, including compliance with relevant tax laws and regulations, during the Track Record Period and up to the Latest Practicable Date; and (v) discussed with the internal control consultant and our management with respect to the enhanced internal control measures, including the training received. In view of the above and considering that the Tax Incident was a one-off non-compliance, the Sole Sponsor is of the view that although the Tax Incident involved the Directors' inadvertent oversight, the Directors had no wilful involvement in the tax non-compliance and the Tax Incident will not affect the Directors' ability to operate our Group's business in a law-compliant manner.</p>	<p>We had sought legal advice from the Legal Counsel who advised us that, based on the available documents provided to him and in consideration of the circumstances in relation to the incident which are further elaborated in the paragraph below, the maximum penalty is highly unlikely to be imposed or levied against HongKong AdTiger. In practice, additional tax at statutory maximum level is rarely imposed or levied against a taxpayer unless the breach is of the most serious nature and there are multiple aggravating factors justifying its imposition, such as deliberate tax evasion, refusal to cooperate and disclose tax information with the IRD, history of previous breaches and absence of remedial actions, all of which are not present in our circumstances.</p>	<p>Indemnity from Controlling Shareholders</p> <p>Ms. Chang, Feteck, Rowel, Ms. Li, Hera and Westel, each being a Controlling Shareholder, will jointly and severally indemnify and keep our Group indemnified against any penalty and additional tax that may be imposed on HongKong AdTiger for its breach of section 51 of the IRO under the Deed of Indemnity. Details of the Deed of Indemnity 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.</p> <p>Enhanced Internal Controls</p> <p>We have also implemented adequate internal control system including, among others, the appointment of our chief financial officer and joint company secretary, Ms. Zhao Xiaojun, who is a certified accountant with extensive experience in accounting, is responsible for ensuring that tax returns of our Group are submitted in a timely manner and a tax consultant will be appointed, if necessary. We also engaged the CPA Firm on an ongoing basis to handle HongKong AdTiger's tax filing. As the business of our Group has since grown to a more sizeable scale, we have deployed additional resources including the hiring of three more staff in our accounting department, among which two staff were specifically delegated to handle all tax-related matters during our course of business and their job responsibilities comprise monitoring and handling of tax filings and other administrative filings and registrations required under applicable laws, and reporting periodically to our Group's senior management, with the aim to avoid any recurrence of such incident. We will ensure Ms. Zhao and our accounting department has sufficient knowledge on tax issue and filing by engaging a professional firm, who will provide regular training and updates on changes of the tax regime in Hong Kong, to reinforce their awareness on Hong Kong tax obligations that may arise during our course of business.</p> <p>Policies were also adopted to review our compliance with tax legislation, in particular, (i) a register has been established to record different natures of taxes to be filed and their respective deadline; and a responsible person will be assigned to monitor the status and report to our senior management regularly; and (ii) alerts will be sent to our senior management and accounting department to remind them of the deadlines to file the tax returns and/or to reply the correspondence from the IRD and any other authorities.</p>

Non-compliance incident	(i) Reason(s) for non-compliance (ii) identity and position of the person involved	Legal consequences, potential maximum penalties and other financial liabilities	Rectification actions taken and status
		<p>With reference to section E of the IRD policy for the factors which the IRD will generally consider when imposing penalty, a penalty loading of 10% of the IRD Assessed Amount for 2016/17 and 2017/18 will usually be imposed where the breach is a first offence. As advised by the Legal Counsel, in HongKong AdTiger's case, assuming there is no field audit or investigation initiated by the IRD, as (i) the non-compliance is a first offence; (ii) the delay was not inordinately long; (iii) the major reason for the delay was the inadvertent oversight of the External Company Secretary and the misconception of our accounting staff on its legal responsibility to voluntarily submit tax return, and if the explanation is accepted by the IRD, it can readily be accepted that the breach was not a wilful act to evade liability for payment of profits tax but simply due to inadvertence; (iv) HongKong AdTiger has taken an active role in purging the breach by proactively informing the IRD of its chargeability to profits tax without any request being made by the IRD and engaged the CPA Firm to prepare the relevant report to inform the IRD of the amount of tax which it should be liable to pay; (v) HongKong AdTiger has also taken steps to improve its internal control by engaging certified public accountant firms, consultancy firm and additional staff to ensure that similar non-compliances will not occur, and (vi) HongKong AdTiger has not received any notices, investigation, penalty or fines from the IRD regarding any breach of the provisions under the IRC, hence even though the IRD Assessed Amount for 2016/17 and 2017/18 cannot be said to be a small amount, its effect should be set-off by the abovementioned factors and the likely penalty, if any, loading to be imposed on HongKong AdTiger in light of the circumstances shall be 10% of the IRD Assessed Amount for 2016/17 and 2017/18 (i.e. HK\$637,177) which is based on the penalty policy issued by the IRD for first time offences and is recorded in the account of tax payable of the consolidated financial statement of the Group.</p> <p>As of the Latest Practicable Date and based on the assessments of the IRD on such date, we had not received any notices, inquiries, investigations, field audits, prosecutions or penalties from the IRD regarding HongKong AdTiger's late notification of its chargeability for 2016/17 and 2017/18 profits tax. As advised by the Legal Counsel, although this is not absolute evidence that the IRD will not issue additional assessment for the IRD Assessed Amount for 2016/17 and 2017/18, it remains a positive indication that the IRD will not hold HongKong AdTiger liable for its late notification.</p>	<p>In addition, we have engaged an independent internal control consultant to review the adequacy and effectiveness of our Group's internal control system and provided recommendations for improving our internal control system. Going forward, our Group's Audit Committee, which comprises two independent non-executive Directors and one non-executive Director, will be responsible for reviewing the financial statements and providing advice in respect of financial reporting and overseeing internal control procedures of for our Group. We believe our enhanced internal control system will enable us to enhance our compliance with applicable regulatory requirements. For details, please refer to "Business — Risk Management and Internal Control" in this prospectus.</p>

BUSINESS

Our Directors and the Sole Sponsor are of the view that we have adequate and effective internal control procedures in place and in accordance with the requirements under the Listing Rules, and the Tax Incident will not affect the suitability of the Founders to act as directors of a listed issuer under Rules 3.08 and 3.09 of the Listing Rules and/or the suitability for listing of our Company under Rule 8.04 of the Listing Rules on the following basis:

- the occurrence of the Tax Incident was primarily due to past inadvertent oversight of the External Company Secretary and misconception of our accounting staff. Although it also involved our Directors' inadvertent oversight, it was not related to the character of our Founders and Directors and did not involve dishonesty or fraud on the part on our Founders and Directors or impugn their integrity or competence;
- as soon as our Founders were made aware of the occurrence of the one-off Tax Incident, they immediately proceeded to rectify the non-compliance incident at the first opportunity to the extent applicable;
- as demonstrated by the PRC legal opinion, our Group has been in compliance with applicable laws and regulations in all material respects in the PRC where our operations are primarily located, including compliance with relevant tax laws and regulations, during the Track Record Period and up to the Latest Practicable Date;
- with the occurrence of Tax Incident, our Directors are minded and alert to any issues that might result in any non-compliance, and there are in place measures for preventing recurrence of non-compliance as disclosed above, and such measures are considered adequate and effective;
- upon the training sessions provided to our Directors, our Directors are fully aware of the requirements and obligations as directors of a listed issuer pursuant to the Listing Rules and have undertaken to observe and comply with all the relevant rules and regulations; and
- we have engaged an internal control consultant to review our internal control systems and have adopted and implemented the enhanced internal control policies and measures against the Tax Incident in order to prevent re-occurrence of similar incidents in the future. Since the implementation of the enhanced internal control policies and measures and up to the Latest Practicable Date, our Directors confirmed that our Group had not been accused of any material breach of rules and regulations other than the Tax Incident as disclosed above; and
- the Tax Incident was not material, and did not and will not have any significant financial and operational impact on us in view of the Deed of Indemnity.

INTRA-GROUP TRANSACTIONS BETWEEN HONGKONG ADTIGER AND BEIJING ADTIGER

During the Track Record Period, HongKong AdTiger and Beijing AdTiger provided user acquisition services to our advertisers to help them place advertisements with media publishers. HongKong AdTiger entered into service contracts with overseas customers and mainly engaged in providing online advertising service which assists customers to publish advertisements on various media publishers' platforms, while Beijing AdTiger entered into similar contracts with customers in the PRC and provided advertising services to customers and support services to HongKong AdTiger. HongKong

BUSINESS

AdTiger also entered into contracts with resellers of our media publishers or with media publishers directly for purchases of ad inventories. The intra-group transactions between HongKong AdTiger and Beijing AdTiger primarily involved the provision of ad design services, ad optimisation services, facilitating communications with customers, assistance with invoice settlement and related administrative support by Beijing AdTiger to HongKong AdTiger. HongKong AdTiger's role is to directly deal and enter into service contracts with overseas customers and is responsible for collecting the corresponding trade debts. As such, Beijing AdTiger takes on a larger role and responsibility which includes setting marketing strategies and selling prices, deciding on marketing approach, developing and maintaining customer relationships, corporate reputation and distribution network. Moreover, Beijing AdTiger is responsible for performing advertising design and production as well as the administrative and technical function of our Group.

Beijing AdTiger charged HongKong AdTiger service fees of RMB8.3 million, RMB10.4 million and RMB5.8 million for each of the years ended 31 December 2017, 2018 and 2019, respectively.

We have a service agreement between HongKong AdTiger and Beijing AdTiger that governs the intra-group transactions in accordance with applicable laws and regulations. We have also completed the necessary filing of the service agreement and income tax returns with the relevant local tax authorities. Furthermore, we have in place policies that follow applicable guidelines and regulations.

We have engaged the Tax Adviser to perform a study to review and evaluate the arrangement of intra-group transactions between HongKong AdTiger and Beijing AdTiger during the Track Record Period. The Tax Adviser has performed a function and risk analysis on HongKong AdTiger and Beijing AdTiger and applied the transactional net margin method (“**TNMM**”) to perform benchmarking studies to test whether the intra-group transactions between them were conducted at an arm's length basis in accordance with the relevant laws and regulations in Hong Kong and China. The TNMM is a type of profit-based method prescribed by PRC transfer pricing regulations for performing transfer pricing analysis. This method compares the profitability of one of the parties to the controlled transaction (“**tested party**”) to that of companies that are similar to the tested party. Since the TNMM takes into account the selling and general administration expenses when comparing the operating profit levels between the tested party and the comparable companies, such method is not easily affected by difference in functions performed and risks taken by the entities. The Tax Adviser identified a set of companies that perform broadly similar functions and incur similar risks as HongKong AdTiger and considered TNMM as the best method to test if the arm's length principle was observed in respect of the intercompany transactions between HongKong AdTiger and Beijing AdTiger. Although there are differences in the services performed by the comparable companies and HongKong AdTiger, less service similarity is required under the TNMM to obtain reliable results than under other methods. The Legal Counsel has confirmed that the intra-group transactions between HongKong AdTiger and Beijing AdTiger during the Track Record Period satisfies the arm's length principle and is consistent with the analytic approach recommended under the Organisation for Economic Cooperation and Development (OECD) Rules mentioned in the IRO. Further, our PRC Legal Adviser has confirmed that the terms of the service agreement between HongKong AdTiger and Beijing AdTiger, including the terms of the service scope, service fee, pricing basis and tax liability, do not violate any mandatory provisions of applicable PRC laws and regulations.

The tax provision was made and recorded in the consolidated financial statements of the Group as described in Note 10 of the Accountants' Report. Based on the comprehensive assessment by making reference to the operating profit levels of eight comparable companies for the years ended 31 December 2017, 2018 and 2019, the Tax Adviser came to the view that it would be reasonable to conclude that

BUSINESS

from a transfer pricing perspective, no additional tax provision is required on the intra-group transactions between HongKong AdTiger and Beijing AdTiger during the Track Record Period as they were conducted on an arm's length basis and the chance of the relevant tax authorities imposing transfer pricing adjustments is considered low.

As of the Latest Practicable Date and during the Track Record Period, our Directors were not aware of any outstanding enquiry, audit, investigation or a demand or challenge for additional tax payment by any tax authorities with respect to our intra-group transactions. Our management has been and will continue to closely monitor our Group's intra-group transactions including reviewing the reasonableness of the pricing policy of our intra-group transactions from time to time.

Having considered the study of the Tax Adviser, the aforesaid advice of the Legal Counsel and the PRC Legal Adviser, our Directors and the Sole Sponsor are of the view that the intra-group transactions are conducted on an arm's length basis and complied with the relevant laws and regulations in the PRC in respect of the transfer pricing arrangement during the Track Record Period.

RISK MANAGEMENT AND INTERNAL CONTROL

We engaged an internal control consultant in May 2019 to review the adequacy and effectiveness of our internal control system. The internal control consultant is a professional firm specialising in providing corporate governance, internal audit and internal control review services to new listing applicants and listed companies.

The internal control consultant has conducted a review of our internal control system in certain aspects, including revenue, purchase, fixed assets management, human resources, financial management, information technology and corporate governance.

The internal control consultant provided a number of findings and recommendations after the review. We have subsequently taken remedial actions in response to such findings and recommendations. The internal control consultant performed follow-up procedures in July 2019 on our internal control system with regard to those actions taken by us. After consultation with our internal control consultant, we confirm that there were no material internal control findings outstanding as of the Latest Practicable Date.

Internal Control Measures to Improve Corporate Governance

Our Directors are responsible for the establishment and updating of our internal control systems while our senior management monitors the daily implementation of internal control procedures and measures with respect to our subsidiaries and functional departments. In order to continuously improve our corporate governance, we have implemented and/or will implement the following measures:

- we will engage a PRC and Hong Kong legal adviser to provide legal advices to us in relation to future compliance with the PRC and Hong Kong laws and regulations in all respects. In particular, we will specifically enquire our PRC and Hong Kong legal adviser as to our obligations under applicable tax laws and regulations to prevent any future tax non-compliance;

BUSINESS

- we have arranged for our Directors and senior management to attend a training programme on the relevant applicable laws and regulations, including the Listing Rules, provided by our Company's Hong Kong legal advisers prior to the application for Listing. We will continue to arrange various training programmes to be provided by our legal advisers in Hong Kong and China and/or any appropriate accredited institution to update our Directors, senior management and relevant employees on the relevant laws and regulations. In addition, specific training programme(s) in relation to updates on relevant applicable laws and regulations will also be held when necessary;
- we have appointed Halcyon Capital Limited as our compliance adviser to advise on compliance with the Listing Rules;
- when necessary, we will engage external professionals, including auditors, internal control consultants, tax consultants and external legal advisers to render professional advice as to comply with statutory and regulatory requirements as applicable to us from time to time;
- we have provided training for our employees on compliance matters to enhance their knowledge to better manage our operation risks. We plan to provide training to employees of managerial level on an annual basis and ad hoc training to all relevant employees when necessary; and
- on 22 June 2020, we established an Audit Committee which will implement formal and transparent arrangements to apply financial reporting and internal control principles in accounting and financial matters to ensure compliance with the Listing Rules and other relevant laws and regulations, including timely preparation and filing of accounts. We will also periodically review our compliance status with the Hong Kong laws after the Listing. The Audit Committee will exercise its oversight by:
 - (i) reviewing our internal control and legal compliance; and
 - (ii) discussing the status of our internal control systems with our management to ensure that our management has performed its duty to maintain an effective internal control system.

LICENCES AND PERMITS

As of the Latest Practicable Date, as advised by our PRC Legal Adviser, we had obtained all requisite licences and permits from the relevant government authorities that are material for our current business operations in China, and such licences and permits had remained in full effect and no circumstances existed that would render their revocation or cancellation. According to the applicable PRC Laws and regulations, we are not required to obtain any business-or-industry-specific licences or permits for our current business operations in China. Based on our consultation with relevant overseas counsel, we understand that we are not required to obtain any business-or-industry-specific licences or permits in major overseas jurisdictions from which we generate our revenue.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Each of Ms. Chang and Ms. Li is our Founder. As of the Latest Practicable Date, Rowtel (a company indirectly wholly owned by Ms. Chang) and Westel (a company indirectly wholly owned by Ms. Li) beneficially owned 51% and 29% of the issued share capital of our Company, respectively, and together they are collectively entitled to exercise voting rights of 80% of the issued share capital of the Company. As such, Ms. Chang, Ms. Li, Rowtel, Westel, Feteck and Hera are our Controlling Shareholders as of the date of this prospectus.

Since the Founders founded our Group in June 2015, they have cooperated as parties acting in concert to exercise control over our Group and to develop the business of our Group. They have made key decisions regarding our strategies and plans, including the establishment of HongKong AdTiger and Beijing AdTiger, collectively. Furthermore, the Founders have been the core members of the management team mainly responsible for the management of our Group and generating our financial results and together as a group of controlling shareholders have been able to exert substantial influence on the other directors and management of our Group. The Founders have exercised control over our Group through cooperation with each other. Accordingly, the Founders are presumed to be parties acting in concert under the Takeovers Code and the Founders (through their respective indirectly wholly-owned holding companies, Rowtel and Westel) are the Controlling Shareholders as at the date of this prospectus. The Founders entered into the Acting-in-Concert Agreements, the details of which are set out in “History, Development and Reorganisation — Common control by Acting in Concert” in this prospectus.

Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Post-IPO Share Option Scheme), Rowtel and Westel will collectively be entitled to exercise voting rights of approximately 60% of the total issued share capital of our Company. Accordingly, the Founders (through their respective indirectly wholly-owned holding companies, Rowtel and Westel) will continue to remain as our Controlling Shareholders.

COMPETING INTERESTS

Each of our Controlling Shareholders and Directors confirms that, as of the Latest Practicable Date, he/she or it or their respective close associates did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Company was incorporated in the Cayman Islands on 1 February 2019 as part of our Reorganisation, details of which are set out in “History, Development and Reorganisation — Reorganisation” in this prospectus. Pursuant to our Reorganisation, all companies and businesses of our Controlling Shareholders related to, or incidental to, the operation of our Group were transferred to our Company.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

We believe that our Group is capable of carrying on its business independently of our Controlling Shareholders and their respective close associates (other than our Group) after Listing for the following reasons:

Management Independence

Our business is managed by our Board and senior management. Our Board and members of senior management function independently from our Controlling Shareholders and their respective close associates. Our Board currently comprises two executive Directors, one non-executive Director and three independent non-executive Directors. Our senior management consists of four members. Our Directors and senior management team have sufficient expertise and experience to handle the day-to-day management and operations of our Group.

Our Directors are of the view that our Board together with our senior management team is able to manage our business independently from our Controlling Shareholders for the following reasons:

- (a) there are adequate corporate governance measures in place to manage the existing and potential conflicts of interest. In addition, our Directors shall not vote in any Board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates has a material interest and shall not be counted in the quorum present at the particular Board meeting;
- (b) we have three independent non-executive Directors, who help to enhance the independence of our management;
- (c) all members of our senior management are full-time employees of our Group and will devote full-time capacity to our Group. Most of them have, for the entire or substantially the entire Track Record Period, undertaken senior management supervisory responsibilities in our business. The responsibilities of our senior management team include managing operational and financial matters, the formation and the daily implementation of the business strategies of our Group. This ensures the independence of the daily management and operations of our Group from those of our Controlling Shareholders; and
- (d) each of our Directors is aware of his/her fiduciary duties as a Director, which require, among other things, that he/she acts for the benefit and in the best interests of our Shareholders as a whole and does not allow any conflict between his/her duties as a Director and his/her personal interests to affect the performance of his/her duties as a Director.

Operational Independence

On the basis of the following reasons, our Directors consider that our Company will continue to be operationally independent from our Controlling Shareholders and other companies controlled by our Controlling Shareholders:

- (a) our Group is the holder of all relevant licences material to the operation of our business and has sufficient capital, equipment and employees to operate our business independently;
- (b) our Company has its own operational and administrative resources and corporate governance infrastructure (including its own accounting, legal and human resources departments);

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (c) all of the properties used as our principal place of business and office premises are leased from Independent Third Parties to our Company or our subsidiaries;
- (d) our Company has established a set of internal control procedures to facilitate the effective operation of our business; and
- (e) our Company does not rely on our Controlling Shareholders for access to suppliers and/or customers. Our suppliers and customers are predominantly members of the public, to whom we have independent access.

Based on the above-mentioned arrangements, our Directors are of the view that our Company will be able to operate independently from our Controlling Shareholders.

Financial Independence

All loans, advances and balances due from our Controlling Shareholders and their respective close associates and all loans, advances and balances due to our Controlling Shareholders will be repaid before Listing. All share pledges and guarantees provided by our Controlling Shareholders and their respective close associates on our Group's borrowing will also be fully released upon Listing.

Accordingly, we believe we are able to maintain financial independence from our Controlling Shareholders and their respective close associates. In addition, we have our own internal control systems, accounting and finance department, independent treasury function for cash receipts and payment and independent access to third-party financing. Our Directors believe that we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders.

Based on the above, our Directors are of the view that our Company will have the ability to operate independently from our Controlling Shareholders and their respective close associates from a financial perspective and to maintain financial independence from our Controlling Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code in Appendix 14 to the Listing Rules, which sets out principles of good corporate governance.

Each of our Controlling Shareholders has confirmed that it fully comprehends its obligations to act in our Shareholders' best interests as a whole. Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

- (a) as part of our preparation for the Global Offering, we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provided that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her close associates have a material interest nor shall such Director be counted in the quorum present at the meeting;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (b) a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and absent himself or herself from the board meetings on matters in which such Director or his/her associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;
- (c) we have established internal control mechanisms to identify connected transactions. Upon Listing, if our Company enters into connected transactions with a Controlling Shareholder or any of his/her associates, the Company will comply with the applicable Listing Rules;
- (d) we are committed that our Board should include a balanced composition of executive Directors and independent non-executive Directors. We have appointed independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. Please refer to “Directors and Senior Management — Board of Directors — Independent non-executive Directors” in this prospectus for details of our independent non-executive Directors;
- (e) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company’s expenses; and
- (f) we have appointed Halcyon Capital Limited as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors’ duties and corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders, and to protect minority Shareholders’ interests after the Listing.

CONNECTED TRANSACTIONS

Upon Listing, any transaction between us and our connected persons will constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

CONNECTED PERSON

As of the Latest Practicable Date, Taschh was our substantial shareholder. At the same time, Mr. Hsia, our non-executive Director, is the beneficial owner of approximately 99.99% of the equity interests of the total issued share capital of Taschh. Hence, Taschh is also an associate of Mr. Hsia. Therefore, upon Listing, Taschh will become our connected person and the continuing transactions between Taschh and us will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS — ONLINE ADVERTISING SERVICES FRAMEWORK AGREEMENT

Parties: Taschh (as the service recipient); and
Our Company (as the service provider)

Background and Principal Terms: Since December 2015 and during the Track Record Period, Taschh has been using our advertising platform to place advertisements on media platforms that our Group is in association with (the “**Media Publishers**”), and has been entering into online advertising services agreements with HongKong AdTiger for the provision of the following services: -

- i. opening and maintenance of account(s) (the “**Accounts**”) on Media Publishers’ platforms in order to allow Taschh to place advertisements through the ad inventories available on those platforms: Our Group shall assist Taschh in opening Accounts upon receiving the required information from Taschh and the maintenance of its Accounts;
- ii. topping-up the Accounts: Our Group shall provide advance payment on behalf of Taschh to ensure Taschh’s Accounts has sufficient balance to place advertisements on the Media Publishers’ platforms which are required in Taschh’s ordinary course of business; and
- iii. guidance in relation to the placing of advertisements on Media Publishers: Our Group shall provide Taschh with operation manual and other documents required in order to allow Taschh to operate and manage its Accounts effectively and independently, and offer assistance and consultancy service to Taschh when it encounters any difficulties or has enquiries in relation to the placing of its advertisement materials on the Media Publishers.

(collectively, the “**Advertising Services**”)

CONNECTED TRANSACTIONS

As Taschh has demands for the Advertising Services during the ordinary course of its business operation; and given the long term cooperation of Taschh with us, the quality of our Advertising Services, our media publishers, base, brand recognition and reputation in the industry Taschh intends to continue to enter into such transactions with us. Therefore, we entered into the Online Advertising Services Framework Agreement (the “**Framework Agreement**”) with Taschh on 22 June 2020, pursuant to which we agreed to provide the Advertising Services to Taschh.

Under the Framework Agreement, no fees shall be charged by us for the provision of the Advertising Services. However, certain traffic acquisition costs incurred by us through the provision of the Advertising Services (i.e. Taschh’s actual advertising spending when it places advertisements through the Media Publishers platforms’ ad inventories) (the “**Traffic Acquisition Cost**”) shall be payable by Taschh to us; and such amount shall be equivalent to the traffic acquisition costs payable by us to the Media Publishers or their respective agents.

We will not share the rebate we receive from the Media Publishers for assisting them with monetisation of ad inventories pursuant to the Traffic Acquisition Cost incurred by Taschh; and such rebates received will become the revenue recognised by us through the provision of the Advertising Services.

Term: The Framework Agreement will be with a term commencing on the Listing Date and ending on 31 December 2022.

Historical Figures: The historical revenue recognised by us in relation to the transactions between us and Taschh in 2017, 2018 and 2019 were approximately RMB3,678,000, RMB1,236,000 and RMB561,000, respectively. Such figures are attributable to the rebates received by us from the Media Publishers in relation to the Traffic Acquisition Cost incurred by Taschh.

Annual Caps: The maximum amount of rebates received by us from the Media Publishers in relation to Traffic Acquisition Cost incurred by Taschh together with the fees for the provision of the Advertising Services (if any) (collectively the “**Fees**”) payable to us by Taschh for each of the years ending 31 December 2020, 2021 and 2022 shall not exceed RMB770,000, RMB770,000 and RMB550,000, respectively.

Pricing policy: We will consider the prevailing market rate charged for the provision of the Advertising Services and the rate of sharing of the rebates received from the Media Publishers when determining the fees in relation to such services.

Basis of Caps: In determining the above annual caps, we have considered (i) the historical Fees recognised by us in our revenue from the Traffic Acquisition Cost incurred by Taschh during the Track Record Period; (ii) the estimated Fees to be paid to us by Taschh and the Media Publishers pursuant to the Traffic Acquisition Cost incurred by Taschh, taking into account the anticipated demand of Taschh for ad inventories purchased through its Accounts; (iii) the estimated changes in the percentage of rebate that we will receive from each of the Media Publishers and the price of ad inventories; and (iv) other factors such as Taschh’s business plans. The significant decrease in the annual caps and actual transaction amount for the year ended 31 December 2019, compared to the historical figures in 2017 and 2018, was due to the change in Taschh’s advertising strategy whereby its demand and budget for online advertisements placed through the Media Publishers has decreased.

CONNECTED TRANSACTIONS

Listing Rules Implications: The Framework Agreement was entered into on normal commercial terms or on terms no more favourable than those offered to Independent Third Parties and as the highest applicable percentage ratios (other than the profits ratio) for the Advertising Services are, on an annual basis for each of the years ending 31 December 2020, 2021 and 2022, less than 5% and the total consideration is less than HK\$3,000,000, they will, upon Listing, constitute continuing connected transactions of our Company but will be exempted from the announcement, disclosure, annual review and reporting, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board currently consists of six Directors, comprising two executive Directors, one non-executive Director and three independent non-executive Directors. The powers and duties of our Board include convening general meetings and reporting our Board's work at our Shareholders' meetings, determining our business and development plans, preparing our annual financial budgets and financial reports, formulating proposals for dividend distributions and for the increase or reduction of our authorised share capital as well as exercising other powers, functions and duties as conferred by our Memorandum and Articles of Association. We have entered into a service contract with each of our executive Directors. We have also entered into a letter of appointment with each of our non-executive Director and independent non-executive Directors.

The table below shows certain information with respect to our Directors and senior management:

Members of our Board

Name	Age	Date of joining our Group	Date of appointment as Director	Existing position(s) in our Group	Roles and responsibilities	Relationship with other Directors and senior management
CHANG Sufang (常素芳)	33	30 June 2015	1 February 2019	Executive Director; chairperson of the Board; and chief executive officer	Responsible for the overall strategic planning, management and operations, and research & development of our Group	Nil
LI Hui (李慧)	33	1 July 2015	1 February 2019	Executive Director and senior vice president	Responsible for overseeing the marketing, business development and formulation of operation plans of our Group	Nil
HSIA Timothy Chunhon	35	10 July 2019	12 September 2019	Non-executive Director	Responsible for providing strategic guidance for the overall development of our Group	Nil
YAO Yaping (姚亞平)	38	22 June 2020	22 June 2020	Independent non-executive Director	Responsible for supervising and providing independent advice to the Board	Nil
CHAN Foon (陳歡)	47	22 June 2020	22 June 2020	Independent non-executive Director	Responsible for supervising and providing independent advice to the Board	Nil
ZHANG Yaoliang (張耀亮)	35	22 June 2020	22 June 2020	Independent non-executive Director	Responsible for supervising and providing independent advice to the Board	Nil

DIRECTORS AND SENIOR MANAGEMENT

Members of our senior management

Name	Age	Date of joining our Group	Date of appointment as senior management	Existing position(s) in our Group	Roles and responsibilities	Relationship with Directors and other senior management
CHANG Sufang (常素芳)	33	30 June 2015	30 June 2015	Executive Director; chairperson of the Board; and chief executive officer	Responsible for the overall strategic planning, management and operations, and research & development aspect of our Group	Nil
LI Hui (李慧)	33	1 July 2015	1 May 2016	Executive Director and senior vice president	Responsible for overseeing the marketing, business development and formulation of operation plans of our Group	Nil
ZHAO Xiaojuan (趙曉娟)	29	1 January 2016	1 December 2018	Chief financial officer and joint company secretary	Responsible for overseeing the accounting and financial management of our Group, and handling company secretarial matters	Nil
LI Wenjing (李文靜)	30	1 January 2016	1 December 2016	Head of advertising	Responsible for the provision of consultancy and optimisation services and the relationship management with our Group's advertisers	Nil

Executive Directors

Ms. CHANG Sufang (常素芳), aged 33, joined the Group since June 2015 and is one of our Founders. She was appointed as our Director on 1 February 2019 and was re-designated as executive Director on 12 September 2019. Ms. Chang is the chairperson of the Board and chief executive officer of our Company and is primarily responsible for the overall strategic planning, management and operations, and research & development aspect of our Group. She serves as the chairperson of the nomination committee and a member of the remuneration committee. Ms. Chang has approximately 10 years of working experience in advertising, marketing and technology.

Ms. Chang currently holds directorships in our Operating Companies. She has been serving as a director of HongKong AdTiger and Beijing AdTiger since June 2015 and May 2016, respectively.

Prior to starting up our Group in July 2015, from September 2009 to February 2012, she served as a sales worked in GuoDu Securities Co., Ltd. (國都證券股份有限公司), a company quoted on NEEQ (stock code: 870488). From March 2012 to October 2012, Ms. Chang worked in Lehuohang (Beijing) Technology Limited (樂活行(北京)科技有限公司) and provided marketing and sales services. From November 2012 to September 2015, Ms. Chang worked in Beijing Kingsoft Internet Security Software Co., Ltd. (北京金山安全軟件有限公司) (a wholly-owned subsidiary of Cheetah Mobile Inc., a company

DIRECTORS AND SENIOR MANAGEMENT

listed on the New York Stock Exchange (stock code: CMCM)), where she served as a business development manager in its overseas advertising department, primarily responsible for the business development with various media publishers.

Ms. Chang was a director or supervisor of the following companies which were dissolved by deregistration and she confirmed that the dissolved companies were solvent immediately prior to their dissolution and had no outstanding claims or liabilities. The relevant details are as follows:

Company name	Place of incorporation	Position	Status	Date of dissolution	Reason for deregistration
Slanissue Hong Kong Limited (芝蘭玉樹香港有限公司)	Hong Kong	Director	Dissolved by deregistration	21 June 2019	No business operations
Khorgas AdTiger Information Technology Company Limited (霍爾果斯虎視信息科技有限公司)	PRC	Supervisor	Dissolved by deregistration	18 April 2019	No business operations
Beijing Hu Shi Hao Yu Culture Media Co., Ltd. (北京虎世浩宇文化傳媒有限公司)	PRC	Director	Dissolved by deregistration	30 April 2020	No business operations

Ms. Chang obtained her bachelor degree in international business from Guangdong University of Foreign Studies (廣東外語外貿大學) in the PRC in June 2009.

Ms. LI Hui (李慧), aged 33, joined the Group since July 2015 as our consultant. She was appointed as our senior vice president in July 2016 and our Director on 1 February 2019 and was re-designated as executive Director on 12 September 2019. Ms. Li is the senior vice president of our Company and is primarily responsible for overseeing the marketing, new client development and formulation of operation plans of our Group. Ms. Li has over 10 years working experience in the online marketing service sector.

Ms. Li currently holds directorships in our Operating Companies. She has been serving as a director of Beijing AdTiger and HongKong AdTiger since February 2019 and July 2019, respectively.

Prior to joining our Group, from March 2009 to June 2014, she served as a customer service director in Beijing Jishi Interactive Online Marketing Technology Co., Ltd. (北京吉獅互動網絡營銷技術有限公司). From July 2014 to July 2016, she served as a manager in the overseas business division in Beijing Kingsoft Internet Security Software Co., Ltd. (北京金山安全軟件有限公司) (a wholly-owned subsidiary of Cheetah Mobile Inc., a company listed on the New York Stock Exchange (stock code: CMCM)), and was responsible for customer services and optimisation of advertisements.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Li was previously a supervisor of the following companies which was dissolved by deregistration; and she confirmed that it was solvent immediately prior to its dissolution and had no outstanding claims or liabilities. Details are shown in the table below.

Company Name	Place of establishment	Status	Date of dissolution	Reason for deregistration
Khorgas AdTiger Information Technology Company Limited (霍爾果斯虎視信息科技有 限公司)	PRC	Dissolved by deregistration	18 April 2019	No business operations
Beijing Hu Shi Hao Yu Culture Media Co., Ltd. (北京虎世浩宇文化傳媒有 限公司)	PRC	Dissolved by deregistration	30 April 2020	No business operations

Ms. Li obtained her bachelor degree in accounting from the Hebei University of Engineering (河北工程大學) in the PRC in June 2013, which is a distance education degree.

Non-executive Director

Mr. HSIA Timothy Chunhon, aged 35, joined the Group since July 2019, was appointed as our non-executive Director on 12 September 2019. Mr. Hsia is responsible for providing strategic guidance for the overall development of our Group. He serves as a member of the audit committee. As our non-executive Director, Mr. Hsia participates in our Board meetings to make decisions on key matters of our Group. He is not involved in the day-to-day management of our Group. Mr. Hsia has over 13 years working experience in the online marketing service and system development sector.

From 2007 to 2008, Mr. Hsia served as a database administrator in Celco Partnership (trading as Verizon Wireless). Since June 2008, he has been the chief marketing officer and founder of Tetra Communications LLC and has been responsible for the management of its business. From September 2011 to April 2012, Mr. Hsia served as the director of global marketing in Appitalism Inc.

Mr. Hsia was a director of Chakrify Limited which was dissolved by deregistration by the Registrar of Companies in Hong Kong pursuant to section 751 of the Companies Ordinance. Mr. Hsia confirmed that the dissolved company below was solvent immediately prior to dissolution and had no outstanding claims or liabilities. The relevant details are as follows:-

Company name	Place of incorporation	Status	Date of dissolution	Reason for deregistration
Chakrify Limited	Hong Kong	Dissolved by deregistration	15 July 2016	No business operations

Mr. Hsia obtained his bachelor of science degree in computer science from the Rutgers University in the United States of America in May 2006.

DIRECTORS AND SENIOR MANAGEMENT

Independent non-executive Directors

Mr. YAO Yaping (姚亞平), aged 38, joined the Group since 22 June 2020, was appointed as our independent non-executive Director on 22 June 2020, and is responsible for supervising and providing independent advice to our Board. He serves as a member of the remuneration and nomination committees. From February 2006 to April 2009, Mr. Yao served as a senior investment manager in The Hina Group (漢能投資集團). From March 2010 to July 2011, he worked in Baidu Inc., a company listed on NASDAQ (stock code: BIDU) and served as a senior business development manager. From August 2011 to April 2014, he served as a vice president in Keytone Ventures (凱旋創投). From April 2014 to April 2016, Mr. Yao served as an executive director and partner in Highland Capital Partners. Since May 2016, he was part of the senior management team and supervisor in Feidian Asset Management (Tianjin) Limited (沸點資產管理(天津)有限公司).

Mr. Yao obtained his bachelor of engineering degree from the Xi'an Jiaotong University (西安交通大學) in the PRC in July 2004, and his master's degree in business administration from the Tsinghua University (清華大學) in the PRC in July 2010. He was named as one of the Top 100 Best Start-up Investors in 2018 (2018中國最佳創業投資人TOP 100) by Forbes China.

Mr. CHAN Foon (陳歡), aged 47, joined the Group since 22 June 2020, was appointed as our independent non-executive Director on 22 June 2020, and is responsible for supervising and providing independent advice to our Board. He serves as the chairperson of the audit committee and a member of the nomination committee. From January 1998 to May 2000, Mr. Chan served as an accountant in the audit department of Deloitte Touche Tohmatsu. From October 2000 to July 2003, he served as a senior associate in the assurance and business advisory services department of PricewaterhouseCoopers. From August 2003 to April 2004, Mr. Chan served as an assistant internal auditor in Shui On Construction and Materials Limited (now known as SOCAM Development Limited), a company listed on the Stock Exchange (stock code: 983). From December 2004 to April 2007, he served as the group financial controller and company secretary in Reyoung Pharmaceutical Holdings Limited whose shares were delisted from the Singapore Exchange Securities Trading Limited ("SGX-ST") in April 2011. Since May 2007, Mr. Chan has been serving as the financial controller and joint company secretary of Li Heng Chemical Fibre Technologies Limited whose shares were delisted from the SGX-ST in February 2017. He has been an independent non-executive director of China Crystal New Material Holdings Co., Ltd., a company listed on KOSDAQ of the Korea Exchange (stock code: 900250) since July 2012 and China Supply Chain Holdings Limited (formerly known as Yat Sing Holdings Limited), a company listed on the Stock Exchange (stock code: 3708) since January 2017. Mr. Chan has also been a director in the supervisory board of Highsun Chemical Holdings B.V. and Fibrant B.V. since October 2018.

Mr. Chan obtained his bachelor of science degree in accounting from the University of Southern California in the United States of America in May 1997 and has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants since July 2003.

Mr. ZHANG Yaoliang (張耀亮), aged 35, joined the Group since 22 June 2020, was appointed as our independent non-executive Director on 22 June 2020, and is responsible for supervising and providing independent advice to our Board. He serves as the chairperson of the remuneration committee and a member of the audit committee. From July 2010 to December 2011, Mr. Zhang served as a consultant in International Business Machines Corporation, a company listed on New York Stock Exchange (stock code: IBM). From December 2011 to June 2012, he served as a senior R&D engineer in Baidu Inc., a company listed on NASDAQ (stock code: BIDU). From June 2012 to February 2014,

DIRECTORS AND SENIOR MANAGEMENT

he served as a senior manager in Renren Inc., a company listed on New York Stock Exchange (stock code: RENN) and was in charge of the mergers and acquisitions. From March 2014, he was the chief executive officer of Beijing CooHua Online Internet Technology Co., Ltd. (北京酷劃在線網絡技術有限公司).

Mr. Zhang obtained his bachelor of engineering degree in mechanical engineering from Tsinghua University (清華大學) in the PRC in July 2007, and his masters of engineering degree in information technology from the Institute of Acoustics, Chinese Academy of Sciences (中國科學院聲學研究所) in the PRC in July 2010.

Save as disclosed above, each of our Directors has confirmed that he/she had not held directorships in the last three years in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas as at the Latest Practicable Date. Each of our Directors also confirmed that as at the Latest Practicable Date, (i) he/she was independent from and not related to any of our other Directors, members of senior management, substantial shareholders or Controlling Shareholders; and (ii) save as disclosed in the section headed “Statutory and General Information — C. Further information about our Directors and substantial shareholders” in Appendix IV to this prospectus, he/she did not have any interest in the Shares within the meaning of Part XV of the SFO. Save as disclosed above, there are no matters in respect of each of our Directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other material matters relating to our Directors that need to be brought to the attention of our Shareholders.

SENIOR MANAGEMENT

Our executive Directors and senior management are responsible for the day-to-day management and operation of our business.

For information concerning our senior management who also serve as executive Directors, please refer to “Directors and Senior Management — Executive Directors” in this prospectus. The senior management team of our Group, in addition to the executive Directors listed above, is as follows:

Ms. ZHAO Xiaojuan (趙曉娟), aged 29, is our chief financial officer and our joint company secretary of our Group. She joined our Group in January 2016 as a consultant and was appointed as Beijing AdTiger’s finance controller and our chief financial officer in December 2018 and June 2019, respectively. She is primarily responsible for overseeing the accounting and financial management of our Group. Ms. Zhao has over eight years working experience in accounting and finance.

Prior to joining our Group, from July 2011 to September 2012, she served as a financial analyst in Shandong Bohi Industry Co., Ltd. (山東渤海實業股份有限公司). From October 2012 to November 2015, Ms. Zhao was an assistant manager in Ruihua Certified Public Accountants (Special General Partnership) (瑞華會計師事務所 (特殊普通合夥)), and was responsible for the planning and supervision of audit projects.

From November 2015 to November 2018, Ms. Zhao served as a financial manager in Huanle Chengzhang (Beijing) Asset Management Company Limited (歡樂成長(北京)資產管理有限公司), and was responsible for the preparation of financial reports and the performance of financial forecasting and analysis. Ms. Zhao obtained her bachelor’s degree in accounting from the Shandong University (山東大

DIRECTORS AND SENIOR MANAGEMENT

學) in the PRC in July 2011. Ms. Zhao has been a certified accountant in the PRC since November 2017, and has obtained the practitioner qualification from the Asset Management Association of China in December 2016.

Ms. LI Wenjing (李文靜), aged 30, is our head of advertising. She joined our Group since January 2016 as a consultant; and was appointed as our advertisement optimiser in August 2016 and became our head of advertising since December 2016. She is responsible for the provision of consultancy and optimisation services and the maintenance of relationship with the Group's advertisers.

Prior to joining the Group, from June 2014 to October 2015, Ms. Li served as an English teacher at Global Languages Education Center (環球金語教育機構), and was responsible for teaching and handling enquires and concerns. Ms. Li obtained her bachelor degree in English from the Hebei Normal University (河北師範大學) in the PRC in June 2014. From November 2015 to June 2016, she served as the head of customer services at Beijing Zhenshi Automotive Technology Co., Ltd. (北京臻勢汽車科技有限公司), and was responsible for handling complaints from major clients and organising staff training.

None of our senior management members holds or has held any directorships in any other company listed in Hong Kong or overseas during the three years immediately preceding the date of this prospectus.

JOINT COMPANY SECRETARIES

Ms. ZHAO Xiaojuan (趙曉娟) is our joint company secretary, please refer to “Directors and Senior Management — Senior Management” in this prospectus.

Ms. LAM Shi Ping (林仕萍) was appointed as our joint company secretary on 20 September 2019.

Ms. Lam is nominated by Boardroom Corporate Services (HK) Limited (“**Boardroom**”) pursuant to an engagement letter made between the Company and Boardroom, pursuant to which Boardroom has agreed to provide certain corporate secretarial services to the Company. She has over eight years of experience in company secretarial matters, which is gained from her working experience with various listed companies in Hong Kong. She was admitted as an associate member of The Hong Kong Institute of Chartered Secretaries in April 2015 and an associate member of The Institute of Chartered Secretaries and Administrators in the United Kingdom in April 2015.

Ms. Lam obtained a diploma of commerce from Australian Institute for University Studies in Australia in December 2001. She obtained a bachelor's degree in business administration from Curtin University of Technology in Australia in July 2003. She subsequently obtained a master's degree in corporate governance from The Hong Kong Polytechnic University in Hong Kong in October 2014.

DIRECTORS AND SENIOR MANAGEMENT

BOARD COMMITTEE

Audit Committee

We have established an audit committee on 22 June 2020 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The audit committee consists of three members, two of whom are independent non-executive Directors, being Mr. CHAN Foon and Mr. ZHANG Yaoliang, and one of whom is a non-executive Director, being Mr. HSIA Timothy Chunhon. The audit committee is chaired by Mr. CHAN Foon who is an independent non-executive Director who has a professional qualification in accountancy. The primary duties of the audit committee are to assist the Board by providing an independent view on the effectiveness of the financial reporting process, internal control and risk management system of our Group, to oversee the audit process, to develop and review our policies and to perform other duties and responsibilities as assigned by our Board.

Remuneration Committee

We have established a remuneration committee on 22 June 2020 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The remuneration committee consists of three members, two of whom are independent non-executive Directors, being Mr. YAO Yaping and Mr. ZHANG Yaoliang, and one of whom is an executive Director, being Ms. CHANG Sufang. The remuneration committee is chaired by Mr. ZHANG Yaoliang. The primary duties of the remuneration committee are to make recommendations to the Board regarding our policy and structure for the remuneration of all our Directors and senior management, the establishment of a formal and transparent procedure for developing remuneration policies and the remuneration packages of our Directors and senior management; and to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.

During the Track Record Period, our remuneration policy for our Directors and senior management members was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the operational performance of our Group and the individual performance of our Directors and senior management members. We intend to adopt the same remuneration policy after the Listing, subject to review by and the recommendations of our remuneration committee.

Nomination Committee

We have established a nomination committee on 22 June 2020 with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The nomination committee consists of three members, one of whom is an executive Director, being Ms. CHANG Sufang, and two of whom are independent non-executive Directors, being Mr. CHAN Foon and Mr. YAO Yaping. The nomination committee is chaired by Ms. CHANG Sufang. The primary duty of the nomination committee is to make recommendations to our Board on the appointment of members of our Board.

DIRECTORS AND SENIOR MANAGEMENT

CORPORATE GOVERNANCE

Our Company complies or intends to comply with all code provisions of the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the Listing Rules with the exception for code provision A.2.1 of the Corporate Governance Code, which requires division of responsibilities between the chairperson and chief executive.

Under code provision A.2.1 of the Corporate Governance Code and Corporate Governance Report, the roles of chairperson and chief executive should be separate and should not be performed by the same individual. Ms. Chang currently holds both positions. Since the inception of our Group, Ms. Chang has been our key leadership figure who has been primarily involved in the formulation of business strategies and the determination of overall direction of our Group. She has also been chiefly responsible for the operations as she directly supervises our senior management. Taking into account the continuous implementation of our business plans, our Directors (including our independent non-executive Directors) consider Ms. Chang as the best candidate for both positions and the present arrangements are beneficial and in the interests of our Company and our Shareholders as a whole.

Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code and Corporate Governance Report each financial year, and comply with the “comply or explain” principle in our corporate governance report which will be included in our annual reports upon Listing.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our executive Directors, who are also our employees, receive, in their capacity as our employees, compensation in the form of Directors fees, salaries, housing allowances and other allowances, benefits in kind, the employer’s contribution to the pension schemes and discretionary bonuses. The remuneration package of the senior management is similar to that of our Directors. Our non-executive Director and independent non-executive Directors receive compensation according to their duties (including serving as members or chairperson of the Board committees).

The aggregate amount of remuneration including fees, salaries, contributions to pension schemes, housing allowances and other allowances, benefits in kind and discretionary bonuses which were paid by our Group to our Directors for the years ended 31 December 2017, 2018 and 2019 was RMB2,115,000, RMB3,160,000 and RMB4,002,000, respectively.

The five highest paid individuals of our Group for the years ended 31 December 2017, 2018 and 2019 included two Directors, whose remuneration is included in the aggregate amount of remuneration (including fees, salaries, discretionary bonuses, allowances, benefits in kind, and contributions to pension schemes) as set out above. The aggregate amount of fees, salaries, discretionary bonuses, allowances, benefits in kind, and contributions to pension schemes paid for the remaining three individuals for the years ended 31 December 2017, 2018 and 2019 was approximately RMB917,000, RMB1,106,000 and RMB1,455,000, respectively.

No remuneration was paid by our Group to the Directors or past directors or the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office in respect of the years ended 31 December 2017, 2018 and 2019. Further, none of our Directors waived any remuneration during the same periods.

DIRECTORS AND SENIOR MANAGEMENT

Under our arrangements currently in force, the aggregate remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind) of our Directors for the year ending 31 December 2020 is estimated to be no more than RMB5.6 million.

COMPLIANCE ADVISOR

We have appointed Halcyon Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our compliance advisor will advise us in the following circumstances:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (c) where we propose to use the net proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- (d) where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of the appointment shall commence on the Listing Date and end on the date which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

SUBSTANTIAL SHAREHOLDERS

So far as is known to our Directors or chief executive officer as of the Latest Practicable Date, the following persons will, immediately prior to and following the completion of the Global Offering and the Capitalisation Issue (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued pursuant to the post-IPO Share Option Scheme), have interests or short positions in our Shares or underlying Shares which fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, 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:

Name of Shareholders	Nature of Interest	Shares held immediately prior to the Capitalisation Issue and the Global Offering ⁽¹⁾		Shares held immediately following the completion of the Capitalisation Issue and the Global Offering ^{(1), (2)}	
		Number	Percentage (approximate)	Number	Percentage (approximate)
Rowtel ⁽³⁾	Beneficial owner	102,000,000 (L)	51%	229,500,000 (L)	38.2%
Fetech ⁽³⁾	Interest in a controlled corporation	102,000,000 (L)	51%	229,500,000 (L)	38.2%
Ms. Chang ⁽³⁾⁽⁶⁾	Interest in a controlled corporation	102,000,000 (L)	80%	229,500,000 (L)	60%
	Interest of party acting in concert	58,000,000 (L)		130,500,000 (L)	
Westel ⁽⁴⁾	Beneficial owner	58,000,000 (L)	29%	130,500,000 (L)	21.8%
Hera ⁽⁴⁾	Interest in a controlled corporation	58,000,000 (L)	29%	130,500,000 (L)	21.8%
Ms. Li ⁽⁴⁾⁽⁶⁾	Interest in a controlled corporation	58,000,000 (L)	80%	130,500,000 (L)	60%
	Interest of party acting in concert	102,000,000 (L)		229,500,000 (L)	
Taschh ⁽⁵⁾	Beneficial owner	40,000,000 (L)	20%	90,000,000 (L)	15%
Tiequan LLC ⁽⁵⁾	Interest in a controlled corporation	40,000,000 (L)	20%	90,000,000 (L)	15%
Southpac Trust International, Inc. ⁽⁵⁾	Trustee of a trust	40,000,000 (L)	20%	90,000,000 (L)	15%
Mr. Hsia ⁽⁵⁾	Beneficiary of a trust	40,000,000 (L)	20%	90,000,000 (L)	15%

Notes:

- (1) The letter “L” denotes the person’s long position in our Shares.
- (2) The calculation is based on the total number of 600,000,000 Shares in issue immediately following the completion of the Global Offering and assuming that the Over-allotment Option is not exercised.
- (3) Rowtel is beneficially and wholly owned by Fetech, which is in turn beneficially and wholly owned by Ms. Chang. As such, each of Fetech and Ms. Chang is deemed to be interested in the Shares held by Rowtel.
- (4) Westel is beneficially and wholly owned by Hera, which is in turn beneficially and wholly owned by Ms. Li. As such, each of Hera and Ms. Li is deemed to be interested in the Shares held by Westel.
- (5) Taschh is beneficially and 99.99% owned by Tiequan LLC. Tiequan LLC is in turn beneficially and wholly owned by Tiequan Trust, while Southpac Trust International, Inc. acts as the trustee of Tiequan Trust. Mr. Hsia is the sole beneficiary of Tiequan Trust. As such, each of Tiequan LLC, Tiequan Trust, Southpac Trust International, Inc. and Mr. Hsia is deemed to be interested in the Shares held by Taschh.

SUBSTANTIAL SHAREHOLDERS

- (6) Pursuant to the Acting-in-Concert Agreements, Ms. Chang and Ms. Li have acknowledged and confirmed, among other things, that they are acting in concert with each other in all material aspects in managing and exercising voting rights in our Group since Ms. Li was beneficially interested in the shares of our group companies. Accordingly, Ms. Chang and Ms. Li are parties acting in concert (having the meaning ascribed to it under the Takeovers Code); and each of Ms. Chang and Ms. Li is deemed to be interested in all the Shares in which each of them is interested under the SFO. For further details, please refer to “History, Development and Reorganisation — Common Control by Acting in Concert Agreement” in this prospectus.

Except as disclosed above and in the section headed “Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders — 1. Disclosure of Interests” in Appendix IV to this prospectus, our Directors are not aware of any person who will, immediately to and following the completion of the Global Offering and the Capitalisation Issue (assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued pursuant to the Post-IPO Share Option Scheme), have interests or short positions in any Shares or underlying Shares, which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in the circumstances at general meetings of any member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Group.

SHARE CAPITAL

AUTHORISED AND ISSUED SHARE CAPITAL

The following is a description of the authorised and issued share capital of our Company as of the Latest Practicable Date and the issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately before and following the completion of the Capitalisation Issue and the Global Offering:

		<u>Nominal value</u>
		<i>US\$</i>
<i>Authorised share capital as of the Latest Practicable Date and immediately before the completion of the Global Offering:</i>		
<u>1,000,000,000</u>	Shares of US\$0.0005 each	<u>500,000</u>
		<u>Nominal value</u>
		<i>US\$</i>
<i>Shares issued and to be issued, fully paid or credited as fully paid upon completion of the Global Offering</i>		
200,000,000	Shares in issue as of the date of this prospectus	100,000
250,000,000	Shares to be issued pursuant to the Capitalisation Issue	125,000
<u>150,000,000</u>	Shares to be issued under the Global Offering	<u>75,000</u>
<u>600,000,000</u>	Shares in issue immediately following the Global Offering	<u>300,000</u>

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and Shares are issued pursuant to the Global Offering and Capitalisation Issue. It takes no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the post-IPO Share Option Scheme, the general mandates granted to our Directors to issue and allot Shares or repurchase Shares as described below.

RANKING

The Offer Shares will be ordinary shares in the share capital of our Company and will rank *pari passu* in all respects with all Shares in issue or to be issued as mentioned in this prospectus and, in particular, will rank 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 the entitlement under the Capitalisation Issue.

SHARE CAPITAL

GENERAL MANDATE TO ALLOT AND ISSUE NEW SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to allot, issue and deal with Shares in the share capital of our Company with a total nominal value of not more than the sum of:

- (1) 20% of the total nominal amount of the share capital of our Company in issue immediately following the completion of the Global Offering and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the post-IPO Share Option Scheme); and
- (2) the total nominal amount of share capital of our Company repurchased by us (if any) pursuant to the general mandate to repurchase Shares granted to our Directors referred to below.

This general mandate to issue Shares will remain in effect until the earliest of:

- (i) the conclusion of our Company's next annual general meeting; or
- (ii) the expiry of the period within which our Company is required by any applicable laws or its Articles of Association to hold its next annual general meeting; or
- (iii) when varied or revoked by an ordinary resolution of the Shareholders in general meeting.

Further information on this general mandate is set out in the section headed "Statutory and General Information — A. Further information about our Company — 3. Resolutions in writing of our Shareholders passed on 22 June 2020" in Appendix IV to this prospectus.

Our Directors may, in addition to our Shares which they are authorised to issue under this general mandate, allot, issue or deal with Shares under a rights issue, scrip dividend scheme or similar arrangement.

REPURCHASE MANDATE

Subject to the Global Offering becoming unconditional, our Directors have been granted a general mandate to exercise all the powers of our Company to repurchase Shares with a total nominal amount of not more than 10% of the total nominal amount of the share capital of our Company in issue immediately following the completion of the Global Offering and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the post-IPO Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange or any other stock exchange on which our Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed "Statutory and General Information — A. Further information about our Company — 6. Repurchases by our Company of its own securities" in Appendix IV to this prospectus.

SHARE CAPITAL

This general mandate to repurchase Shares will remain in effect until the earliest of:

- (i) the conclusion of our Company's next annual general meeting; or
- (ii) the expiry of the period within which our Company is required by any applicable laws or the Articles of Association to hold its next annual general meeting; or
- (iii) when varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Further information on this general mandate is set out in the section headed "Statutory and General Information — A. Further information about our Company — 3. Resolutions in writing of our Shareholders passed on 22 June 2020" in Appendix IV to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of shares, namely ordinary shares, each of which ranks *pari passu* with the other shares.

Pursuant to the Cayman Companies Law and the terms of the Memorandum and the Articles, our Company may from time to time by ordinary resolution of Shareholders (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into several classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may, subject to the provisions of the Cayman Companies Laws, reduce its share capital or capital redemption reserve by its Shareholders passing special resolution. For further details, please refer to "Summary of the Constitution of Our Company and the Cayman Companies Law — 2. Articles of Association — 2.1 Shares — (c) Alteration of capital" in Appendix III to this prospectus.

Pursuant to the Cayman Companies Law and the terms of the Articles of Association, all or any of the special rights attached to our Shares or any class of our Shares may 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 our Shares of that class. For further details, please refer to "Summary of the Constitution of Our Company and the Cayman Companies Law — 2. Articles of Association — 2.1 Shares — (b) Variation of rights of existing shares or classes of shares" in Appendix III to this prospectus.

FINANCIAL INFORMATION

You should read the following discussion in conjunction with the consolidated financial statements included in the Accountants' Report and the notes thereto included in Appendix I to this prospectus and the selected historical financial information and operating data included elsewhere in this prospectus. The consolidated financial statements have been prepared in accordance with HKFRS.

Our historical results do not necessarily indicate results expected for any future periods. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results may differ from those anticipated in these forward-looking statements as a result of any number of factors, including those set out in "Forward-looking Statements" and "Risk Factors" in this prospectus.

OVERVIEW

We are an online advertising platform that connects our advertisers with our media publishers, either directly or indirectly through resellers designated by our media publishers. We primarily provide overseas online advertising services to China-based advertisers. We have strategically focused on covering top media publishers, including Facebook, Google, Snapchat, Twitter and Yahoo. We are a CEP of Facebook, and we ranked first amongst Facebook's 23 CEPs in terms of advertising spending for Facebook's ad inventories in 2019. We have also become Google's partner in the Google AdWords Reseller Programme since 2016. In addition, we have become a Baidu-authorized Snapchat Sales Agent since 2018. We generally act as an agent that connects advertisers to top media publishers through placing their ads in ad inventories from other third party online advertising platforms who are resellers of top media publishers, such as MeetSocial (HongKong) Digital Marketing Co., Limited as the reseller of Facebook; Hongkong Onesight Technology Co., Limited as the reseller of Twitter; and Vidoads Co., Limited as the reseller of Google. We also contract directly with media publishers as their resellers.

We enable advertisers to optimise their ad placement and acquire users globally by advertising on various media platforms, particularly on top media platforms. We connect media publishers with advertisers on our platform that enables media publishers to monetise their available ad inventories. Our services, in turn, allow us to continuously collect and analyse user data including mobile device models, demographics (such as gender, age and language), interests (such as shopping, gaming, food and beverages), behaviours (such as travel) and regions (such as place of residence) from our media publishers' platforms, which enables us to provide more precise and targeted services for our advertisers, improve the monetisation efficiency for our media publishers and enhance our big data and AI capabilities.

Our services are empowered by our proprietary ad optimisation and management platform — AdTensor. AdTensor utilises AI technology to conduct ad optimisation and management automatically, intelligently and in real time. We collect the user data from our media publishers' platforms and analyse these data on our AdTensor platform on a real-time basis. API is a common interface implemented separately in the media publishers' app codes by themselves and in the advertising system by third-party advertising platforms, allowing exchange of data to achieve automatic ad delivery and feedback on ad interaction events. SDKs are sets of programming codes developed by third-party advertising platforms for app developers (as media publishers) to integrate into their own app codes to achieve programmatic advertising functions such as automatic ad delivery and feedback on ad interaction events. API connection is typically used by advertising agents to connect with top media publishers since it allows top media publishers to have higher control over media publisher's traffic. Since we have strategically focused on covering top media publishers in our initial stage of

FINANCIAL INFORMATION

development, our service through AdTensor and collection of data is currently limited to using API connections with media publishers' platforms. We plan to develop connections with medium or long-tail media publishers through SDK integration which has lower technical requirements for those media publishers and enables us to obtain more comprehensive data.

Our big data and AI capabilities enable us to achieve advertising targets for our advertisers by delivering appropriate ad content to ad inventories across various platforms and locations where they are most likely to be converted, and at the same time maximising the monetisation potential of our media publishers. AdTensor also possesses a template library comprising a wide collection of templates for ad content including texts, images, videos and audios, developed by our in-house design team as well as external designers, that enable our advertisers to generate ad content within minutes.

Our coverage of media publishers enabled our advertisers to place their ads to users in approximately 250 countries and regions and to achieve approximately 83,029 million impressions of their ads in aggregate in 2019. During the Track Record Period, our total revenue increased from RMB116.4 million in 2017 to RMB191.1 million in 2019, representing a CAGR of 28.1%.

BASIS OF PRESENTATION

Pursuant to the Reorganisation, as more fully explained in the section “History, Development and Corporate Structure” in this prospectus, our Company became the holding company of the companies now comprising our Group on 26 June 2019. The companies now comprising our Group were under the common control of the Controlling Shareholders before and after the reorganisation. Accordingly, the historical financial information in the Accountants' Report has been prepared on a consolidated basis by applying the principles of merger accounting as if the reorganisation had been completed at the beginning of the Track Record Period. The consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of our Group for the Track Record Period include the results and cash flows of all companies now comprising our Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the controlling shareholders, where this is a shorter period. The consolidated statements of financial position of our Group as of 31 December 2017, 2018 and 2019 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the controlling shareholders' perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation. Equity interests in subsidiaries and/or businesses held by parties other than the controlling shareholders, and changes therein, prior to the reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting. All intra-group transactions and balances have been eliminated on consolidation.

Our historical financial information has been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 January 2019, together with the relevant transitional provisions, have been early adopted by our Group in the preparation of the Historical Financial Information throughout the Track Record Period.

The Historical Financial Information has been prepared under the historical cost convention.

FINANCIAL INFORMATION

The impacts of the adoption of HKFRS 9 Financial Instruments, HKFRS 15 Revenue from Contracts with Customers and HKFRS 16 Leases to our Group are as follows:

HKFRS 9

HKFRS 9 replaces HKAS 39 and introduces new requirements for classification and measurement and impairment. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and our Group's business model for managing them.

We consider that the adoption of HKFRS 9 does not have significant impact on our financial position and performance.

HKFRS 15

The adoption of HKFRS 15 does not affect the timing and amount of revenue recognition during the Track Record Period. As of 31 December 2017, 2018 and 2019, our Group did not have any contract liabilities which represented the obligation to transfer goods or services to customers for advanced proceeds received from customers.

We consider that the adoption of HKFRS 15 does not have significant impact on our financial position and performance.

HKFRS 16

Under HKFRS 16, at the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Our Group applies the available practical expedients wherein it applies the short-term lease exemptions to leases with a lease term that ends within 12 months at the lease commencement date.

By applying HKFRS 16, there are increases in both total assets and liabilities of our Group when comparing to that under HKAS 17, and other than this, there is no significant impact on our financial position and performance. As of 31 December 2017, 2018 and 2019, we recognised right-of-use assets of nil, nil and RMB0.5 million, respectively, and recognised lease liabilities of nil, nil and RMB0.6 million, respectively.

We consider that the adoption of HKFRS 16 does not have significant impact on our financial position and performance.

FINANCIAL INFORMATION

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, financial position and results of operations have been, or may be expected to be in the future, significantly affected by a number of factors, many of which may be beyond our control. A discussion of certain of these key factors is set out below.

Growth of the Online Advertising Industry and Our Competitive Positioning within the Industry

The growth of our business has been in part driven by the overall growth of the online advertising industry. According to iResearch, global total online advertising spending and its proportion of total media advertising spending have witnessed significant growth in recent years. For the years ended 31 December 2017, 2018 and 2019, our revenue generated from our online advertising services reached RMB116.4 million, RMB173.9 million and RMB191.1 million, respectively. According to iResearch, the total online advertising spending will continue its growth and we believe it will continue to increase demand for our online advertising services. However, if the online advertising industry develops or grows more slowly than expected, our historical growth may not be indicative of our future performance. In addition, we expect to continue to experience intense competition in the online advertising industry. If we fail to compete effectively against other online advertising companies, we could lose advertisers or media publishers, and our revenue may decline.

Our Pricing Models

We recognise revenue by utilising a combination of pricing models. We charge our advertisers on a CPA, or cost per action, basis once agreed actions are performed. These agreed actions are typically measured by the number of new installations of the advertisers' mobile apps as a result of the advertisements. We receive from our advertisers an aggregate service fee, which we recognise on a gross basis as revenue. We pay our media publishers traffic acquisition costs for placing advertisers' ads in their ad inventories, which constitute a major component of our cost of sales. We obtain rebates from our media publishers that are based on contractually stipulated percentages of advertisers' actual advertising spending once certain spending thresholds are achieved. These rebates are recorded as a deduction in our cost of sales. Under the CPA pricing model, we act as the principal and therefore recognise revenue earned and costs incurred on a gross basis that reflects advertisers' actual advertising spending on media publishers' platforms through us.

We also use CPC, or cost per click (based on the number of clicks of the ad), and CPM, or cost per mille (based on per one thousand impressions of the ad), as pricing models. Our revenue under the CPC/CPM pricing model primarily consists of rebates from our media publishers that are based on contractually stipulated percentages of advertisers' actual spending once certain spending thresholds are achieved. We may return a portion of these rebates to our advertisers to incentivise them and recognise net rebates as our revenue. On a limited basis, we also request our advertisers to pay a small percentage of their actual advertising spending as our service fees for opening and/or topping-up advertisers' accounts on media publishers' platforms, and recognise these fees as revenue. Our advertisers pay traffic acquisition costs to media publishers through our platform and their traffic acquisition costs do not constitute our cost of sales. Under the CPC/CPM pricing model, we act as an advertising agent for advertisers by connecting them with media publishers' platforms and therefore recognise revenue earned and costs incurred on a net basis without accounting for advertisers' actual advertising spending on media publishers' platforms through us.

FINANCIAL INFORMATION

Our gross profit margin for charging advertisers using the CPC/CPM pricing model is higher compared to our gross profit margin for charging advertisers using the CPA pricing model because we recognise revenue generated from utilising the CPC/CPM pricing model on a net basis. Consequently, the proportion of revenue contribution from advertisers using different pricing models affects our total revenue and gross profit margin. During the Track Record Period, 78.3%, 88.5% and 76.4% of our revenue was derived from charging our advertisers using the CPA pricing model in the years ended 2017, 2018 and 2019, respectively. There is no assurance that our historical revenue contribution from CPA and CPC/CPM pricing models will be indicative of our future revenue distribution, and our gross profit margin may fluctuate materially as a result.

Advertiser Base and Online Advertising Spending of Advertisers

Our results of operations are affected by the quality, size and diversity of our advertiser base and the advertising spending of each advertiser. We have grown our advertiser base since our inception, and we now serve a sizeable base of advertisers from a variety of industries, including utility and content app developers, as well as companies in games, e-commerce, media, tourism, finance and education industries. We believe the size, diversity and quality of our advertiser base has enabled us to grow our revenue and position us for continued sustainable growth. In particular, our advertiser base is driven by large and medium-sized enterprises and high retention rates for our top advertisers. 80% of our top 10 advertisers in 2018 were still our advertisers in 2019. If we fail to retain existing advertisers, deepen or expand our relationships with advertisers, or attract new advertisers, our results of operations and prospects may be adversely affected.

Please refer to “Risk Factors — Risks Relating to our Business and Industry — If we fail to retain existing advertisers and media publishers, deepen or expand our relationships with advertisers and media publishers, or attract new advertisers and media publishers, our financial condition, results of operations and prospects may be materially and adversely affected.” in this prospectus for further details.

Relationship with Media Publishers and Supply of Ad Inventories by Media Publishers

Our results of operations are affected by the types of media publishers that utilise our monetisation services and the ad inventories that are available from such media publishers. We require access to high quality ad inventories from a variety of media publishers in order to meet the needs of our advertisers, which ultimately drives our revenue. In order to gain access to media publishers and their ad inventories, our monetisation services need to enable media publishers to obtain appropriate ad contents to match their ad inventories. Top media publishers generally have a stringent selection process for advertising partners and place a heavy emphasis on working with partners who can deliver them quality ad campaigns that are relevant, engaging and viral for their user base. Therefore, if we are unable to effectively meet media publishers’ monetisation needs, we may not be able to offer effective user acquisition services and maintain our cooperation with them.

Please refer to “Risk Factors — Risks Relating to our Business and Industry — If we fail to retain existing advertisers and media publishers, deepen or expand our relationships with advertisers and media publishers, or attract new advertisers and media publishers, our financial condition, results of operations and prospects may be materially and adversely affected.” in this prospectus for further details.

FINANCIAL INFORMATION

Cost of Talent

We believe our future success depends on our ability to attract, hire, retain and motivate highly skilled employees. In particular, experienced optimisers and designers are critical for creating ad content and formulating ad strategies that help advertisers achieve their advertising targets. Technology experts are critical for creating AI algorithms for our machine learning models and the continued development of our technology capabilities. In addition, our contemplated global expansion plan requires more local talent with deep understanding of various local markets. Competition for highly skilled and experienced professionals is extremely intense, which has and may continue to increase our costs to attract and retain talented employees. In 2017, 2018 and 2019, our staff costs amounted to RMB4.9 million, RMB9.6 million and RMB12.8 million, respectively. If we fail to effectively hire and retain high-quality talent, or otherwise manage our staff costs, our business and results of operations will be adversely affected.

Technology Advancement

Our results of operations depend upon our technology capabilities, including our big data and AI capabilities and the strength of our IT infrastructure. We believe our ability to develop and apply improved technologies affects our ability to achieve better user acquisition performance for our advertisers' ads and greater monetisation efficiency for our media publishers, and in turn generate revenue for our online advertising services. Our services to advertisers and media publishers are empowered by our proprietary ad optimisation and management platform — AdTensor. We expect that future technological improvements to AdTensor and our IT infrastructure will increase our ability to leverage AI in designing and optimising our advertising and continue to drive our revenue growth. Additionally, our ability to strengthen our technology capabilities and IT infrastructure will impact our ability to serve increased number of advertisers and media publishers and impact our operating efficiency.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The discussion and analysis of our financial position and results of operations are based on the consolidated financial statements prepared in accordance with the significant accounting policies set out in the Accountants' Report included in Appendix I to this prospectus. Preparation of our individual and consolidated financial information requires us to make estimates and judgements in applying certain critical accounting policies which may have a significant impact on our consolidated results. We base our estimates on historical experience and other assumptions which our management believes to be reasonable under the circumstances. Results may differ from these estimates under different assumptions and conditions.

The following discussion provides supplemental information on our critical accounting policies, certain of which require estimates and assumptions from our management.

Revenue Recognition

We generate revenue from the provision of online advertising services utilising a combination of pricing models. Please refer to “Business — Our Business Model” and “Business — Our Pricing Models” in this prospectus for further details.

FINANCIAL INFORMATION

We recognise revenue when the related services are delivered based on the specific terms of the contract, which are commonly based on (i) specified actions and related campaign budgets, depending on the advertisers' preferences and their campaigns launched; or (ii) agreed rebates to be earned.

We recognise revenue once agreed actions are performed. While none of the factors individually are considered presumptive or determinative, because our Group is the primary obligor and are responsible for (i) identifying and contracting with third-party advertisers which the Group views as customers; (ii) identifying online media publishers to provide ad inventories where the Group views the online media publishers as suppliers; (iii) establishing the selling prices; (iv) performing all billing and collection activities, including retaining credit risk; and (v) bearing sole responsibility for fulfilment of the advertising, we act as the principal of these arrangements and therefore recognise revenue earned and costs incurred related to these transactions on a gross basis. Rebates from the relevant media publishers are deducted from the corresponding traffic acquisition costs in recording the cost of sales.

We earn rebates from media publishers based on contractually stipulated amounts once certain spending thresholds are achieved. We record such rebates as net revenue without accounting for advertisers' actual advertising spending on media publishers' platforms through the Group where we act as the agent. Rebates are calculated on a quarterly basis in accordance with the terms as agreed in the arrangements with our media publishers.

In 2017, 2018 and 2019, our revenue was RMB116.4 million, RMB173.9 million and RMB191.1 million respectively. In 2017, 2018 and 2019, our revenue generated from the CPA pricing model was RMB91.2 million, RMB153.8 million and RMB146.1 million, respectively, accounting for 78.3%, 88.5% and 76.4% of our total revenue for the respective period. In 2017, 2018 and 2019, our revenue generated from the CPC pricing model amounted to RMB25.2 million, RMB20.0 million and RMB45.0 million respectively, accounting for 21.7%, 11.5% and 23.6% of our total revenue for the respective period. Please refer to Note 3 of the Accountants' Report set out in Appendix I to this prospectus for further details.

Impairment of Non-financial Assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use 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 the 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 only if the carrying amount of an asset exceeds its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine

FINANCIAL INFORMATION

the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises. Please refer to Note 3 of the Accountants' Report set out in Appendix I to this prospectus.

Right-of-use Assets

We recognise right-of-use assets at the commencement date of the lease, which is the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless we are reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. Please refer to Note 3 of the Accountants' Report set out in Appendix I to this prospectus for further details.

Lease Liabilities

At the commencement date of the lease, we recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by our Group and payments of penalties for terminating a lease, if the lease term reflects us exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, we use the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

We apply the available practical expedients wherein we apply the short-term leases exemptions to leases with a lease term that ends within 12 months at the lease commencement date. Please refer to Note 3 of the Accountants' Report set out in Appendix I to this prospectus for further details.

FINANCIAL INFORMATION

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of profit or loss for the periods indicated derived from our consolidated statements of profit or loss set out in the Accountant's Report included in Appendix I to this prospectus:

	Year ended 31 December		
	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	116,446	173,850	191,126
Cost of sales	(76,308)	(132,581)	(137,424)
Gross profit	40,138	41,269	53,702
Other income and gains	70	427	1,143
Selling and distribution expenses	(2,902)	(4,202)	(4,893)
Administrative expenses	(2,872)	(6,815)	(21,507)
Other expenses	(37)	(8)	(607)
Finance costs	—	—	(48)
Profit before tax	34,397	30,671	27,790
Income tax expense	(7,550)	(5,934)	(5,742)
Profit for the year	26,847	24,737	22,048

Non-HKFRS Measures

To supplement our consolidated financial statements which are presented in accordance with HKFRSs, we also use a non-HKFRS measure, adjusted profit for the year, as an additional financial measure, which is not required by, or presented in accordance with, HKFRSs. We believe that such non-HKFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of the one-off Listing expenses that our management do not consider to be indicative of our operating performance. We believe that such measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management.

The following table sets forth our profit and normalised profit, which is adjusted by adding back one-off Listing expenses, for the period indicated:

	Year ended 31 December		
	2017	2018	2019
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Profit for the year	26,847	24,737	22,048
Add back: Listing expenses	—	—	12,570
Non-HKFRS Measure			
Adjusted profit for the year ^(Note)	26,847	24,737	34,618

Note: Adjusted profit for the year is defined as profit for the year excluding one-off Listing expenses.

FINANCIAL INFORMATION

KEY COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

During the Track Record period, we generated all of our revenue from the provision of online advertising services. Our revenue generated from charging customers utilising the CPA pricing model consists of the aggregate service fees we receive from our advertisers for our comprehensive user acquisition services encompassing account opening and/or topping-up advertisers' accounts on media publishers' platforms, ad designs, ad optimisation and overall management of ad campaign, which are recognised on a gross basis. Our revenue generated from charging customers utilising the CPC/CPM pricing model consists of net rebates (rebates we receive from media publishers minus rebate we return to advertisers (if any)) once certain spending thresholds are achieved and, to a lesser extent, a small percentage of our advertisers' actual advertising spending as our service fees for opening and/or topping-up advertisers' accounts on media publishers' platforms.

The following table set forth the breakdown of revenue by CPA and CPC/CPM pricing models for the periods indicated:

	Year ended 31 December					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
Revenue						
CPA pricing model						
— specified action revenue	91,205	78.3	153,842	88.5	146,100	76.4
CPC/CPM pricing model						
— specified action revenue.	3,524	3.0	1,106	0.6	2,715	1.4
— agreed rebates	21,717	18.7	18,902	10.9	42,311	22.2
— Sub-total	25,241	21.7	20,008	11.5	45,026	23.6
Total	116,446	100.0	173,850	100.0	191,126	100.0

For the years ended 31 December 2017, 2018 and 2019, our revenue was RMB116.4 million, RMB173.9 million and RMB191.1 million, respectively. The growth of our revenue during the Track Record Period was mainly attributable to the expansion of our business scale and the increase in our advertiser base which we believe primarily resulted from the improvement in our AdTensor offerings enabling enhanced optimisation and real time adjustment and execution of ad placement strategies. For the years ended 31 December 2017, 2018 2019, our number of advertisers reached 140, 200 and 273 respectively. AdTensor is our proprietary ad optimisation and management platform that utilises AI technology to conduct advertising optimisation and management automatically, intelligently and in real time. AdTensor is currently supported by algorithm tools to enable pre-determined rules for automated and continuous management and optimisation of our advertisements to help advertisers achieve higher ROI intelligently. Its machine learning capabilities also allow for automatic selection and generation of ad content which enhances the efficiency of optimisers and designers. Further, it has the capability to conduct historical analysis on past performance of a particular ad and user data, establish automated rules and generate intelligent reports on real time or a specified time basis, making the ad delivery through our platform more effective and efficient. We believe the improvement in our AdTensor offerings attracts new advertisers and enables us to deepen our cooperation with existing advertisers.

FINANCIAL INFORMATION

We currently provide our online advertising services primarily to the following types of advertisers: utility and content app developers, as well as companies in e-commerce, tourism, finance, games, media, education, medical and film industries. The following table sets forth a breakdown of our revenue by advertisement types and their respective percentages of our total revenue for the periods indicated:

	For the year ended 31 December					
	2017		2018		2019	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Utility and content app developers .	90,864	78.0	145,103	83.5	100,908	52.8
E-commerce	21,460	18.5	16,236	9.3	61,774	32.3
Tourism	1,886	1.6	6,832	3.9	17,321	9.1
Finance	—	—	3,824	2.2	7,662	4.0
Others ^{Note}	2,236	1.9	1,855	1.1	3,461	1.8
Total	116,446	100.0	173,850	100.0	191,126	100.0

Note: Others primarily include advertisements in the games, media, education, medical and film industries.

Cost of Sales

Our cost of sales primarily consists of (i) traffic acquisitions costs we paid to media publishers who provide us with ad inventories either directly or through their resellers; (ii) expenses for external optimisers and designers for designing ad content and optimising our ad placements; (iii) salaries and benefits for internal optimisers and designers; and (iv) server costs.

Our traffic acquisition costs are costs we pay to media publishers when we adopt the CPA pricing model, net of any rebates we receive from media publishers under the CPA pricing model. Traffic acquisition costs may vary due to a number of factors, including the number of impressions, quality of ad campaigns, the geographic origin of traffic, targeted audience of the traffic, the scale of traffic and the number of target impression. During the early stage of our development, we primarily engaged external independent third-party optimisers to assist us with monitoring and optimising our ad placements as we considered it was more cost-effective to do so. As our operations expanded, we recruited additional optimisers and designers internally and began to shift a larger proportion of ad optimisation and design work to our internal resources. Our server costs primarily represented the cloud service fees we paid to third party cloud computing service providers who provided us with cloud space for storing the data we collected and analysed, as well as other network-related service fees incurred directly in connection with our online advertising services.

FINANCIAL INFORMATION

The following table sets forth a breakdown of our cost of sales, including the breakdown of the traffic acquisition costs recognised in the cost of sales which only relate to the CPA pricing model, as well as the breakdown of the traffic acquisition costs by major media publishers, for the periods indicated:

	For the year ended 31 December					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
Cost of Sales						
Traffic acquisition costs <i>(Note)</i>						
Facebook	63,937	83.8	112,541	84.9	51,007	37.1
Google	2,232	2.9	8,163	6.2	45,171	32.8
Snapchat	1	0.0	767	0.6	6,290	4.5
TikTok	—	—	—	—	2,570	1.9
Others	—	—	—	—	21,697	15.9
	<u>66,170</u>	<u>86.7</u>	<u>121,471</u>	<u>91.7</u>	<u>126,735</u>	<u>92.2</u>
Expenses for external optimisers and designers	9,137	12.0	8,811	6.6	6,120	4.5
Salaries and benefits for internal optimisers and designers	995	1.3	2,284	1.7	4,488	3.2
Server costs	6	0.0	15	0.0	81	0.1
Total	<u>76,308</u>	<u>100.0</u>	<u>132,581</u>	<u>100.0</u>	<u>137,424</u>	<u>100.0</u>

Note: Traffic acquisition costs only incurred by and related to the CPA pricing model.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales. Our gross profit margin represents our gross profit as a percentage of our revenue. For the years ended 31 December 2017, 2018 and 2019, our gross profit was RMB40.1 million, RMB41.3 million and RMB53.7 million, respectively, and our gross profit margin was 34.5%, 23.7% and 28.1% for the respective period.

FINANCIAL INFORMATION

Our gross profit margin for charging advertisers using the CPC/CPM pricing model is higher compared to our gross profit margin for charging advertisers using the CPA pricing model, because we recognise revenue generated from utilising the CPC/CPM pricing model on a net basis. The following table sets forth a breakdown of our gross profit and gross profit margin of CPA pricing model and CPC/CPM pricing model for the periods indicated:

	Year ended 31 December		
	2017	2018	2019
	(RMB'000/%)	(RMB'000/%)	(RMB'000/%)
CPA pricing model			
Revenue	91,205	153,842	146,100
Cost of sales	(74,110)	(131,303)	(135,041)
Gross profit	17,095	22,539	11,059
Gross profit margin	18.7%	14.7%	7.6%
CPC/CPM pricing model			
Revenue	25,241	20,008	45,026
Cost of sales	(2,198)	(1,278)	(2,383)
Gross profit	23,043	18,730	42,643
Gross profit margin	91.3%	93.6%	94.7%
Total revenue	116,446	173,850	191,126
Total cost of sales	(76,308)	(132,581)	(137,424)
Total gross profit	40,138	41,269	53,702
Total gross profit margin	34.5%	23.7%	28.1%

Our gross profit margin under the CPA pricing model decreased from 18.7% in 2017 to 14.7% in 2018 primarily due to an increase of traffic acquisition costs associated with our new-joining optimisers and time they took to familiarise themselves with AdTensor and develop effective ad placement strategies. Our team of optimisers are vital in the process of carrying out a cost-effective ad campaign as they are responsible for setting and executing specific ad placement strategies by utilising the analytical tools on the AdTensor platform. Please refer to “Business — User Acquisition Services for Advertisers — Our User Acquisition Services for advertisers” for further details of the roles of our optimisers in an ad campaign. At the beginning, our new-joining optimisers would have incurred more traffic acquisition costs as more user traffic were purchased from media publishers given the types of user traffic they selected might not be the most effective ones in order to achieve the target advertising objectives, whereas experienced optimisers would be able to use the analytical tools on our platform effectively to help them achieve similar target advertising objectives through the purchase of user traffic in a more cost-effective way. After a period of learning, our optimisers would be able to utilise the analytic tools of AdTensor more effectively in formulating ad placement strategies (for example, setting the types of target audience and the regions or time slot of ad placements) and thereby increasing our gross profit margin. Our gross profits margin under the CPA pricing model decreased from 14.7% to 7.6% in 2019 primarily due to a decrease in revenue contribution from utility app developers which had a higher gross profit margin. Our number of utility app developers advertisers dropped from 14 as at 31 December 2018 to 12 as at 31 December 2019, while our total revenue contributed by utility app developers advertisers dropped from RMB106.8 million in 2018 to RMB39.6 million in 2019, representing a drop of 40.7% from 61.4% in 2018 to 20.7% in 2019 of our total revenue contribution from utility app developers. Due to the different accounting treatment for CPA and CPC/CPM pricing models, the gross profit margin under the CPA pricing model is substantially lower than that under the CPC/CPM pricing model as the CPA pricing model absorbs the traffic acquisition costs as its cost of sales. In addition, our cost of sales under the CPA pricing model for 2019 increased

FINANCIAL INFORMATION

due to increase in traffic acquisition costs from placing ads for new advertisers that year. Under the CPA pricing model, we recognise revenue and costs incurred on a gross basis reflective of advertisers' actual advertising spending. In contrast, we recognise revenue earned and cost incurred under the CPC/CPM pricing model on a net basis without accounting for advertisers' actual advertising spending on media publishers' platforms through the Company's platform.

Our gross profit margin under the CPC/CPM pricing model continued to increase from 2017 throughout 2019. Such increase was primarily due to stronger bargaining power with advertisers and media publishers resulting from our expanded operational scale and an increase of advertiser base, which enabled us to receive higher rebates from media publishers. Our cost of sales under the CPC/CPM pricing model, which consisted of a portion of salaries and benefits for internal optimisers in relation opening accounts and a portion of server costs, remained relatively stable in 2017 and 2019. Our cost of sales under the CPC/CPM pricing model decreased in 2018 primarily because we had a lower proportion of advertisers using the CPC/CPM pricing model and therefore the number of internal optimisers working on account opening for CPC/CPM customers was reduced in 2018. Our rebates returned to CPC/CPM customers increased in 2018 compared to 2017 causing a decrease in revenue under the CPC/CPM pricing model in 2018. Our rebates returned to CPC/CPM customers decreased in 2019 compared to 2018 causing an increase in revenue under the CPC/CPM pricing model in 2019 in the corresponding year.

Other Income and Gains

Our other income and gains primarily consist of (i) our other advertising income comprising sponsorship fees received from media publishers for our marketing services at joint promotion events; (ii) our bank interest income; and (iii) foreign exchange gains. For the years ended 31 December 2017, 2018 and 2019, our other income and gains were RMB70,000, RMB0.4 million and RMB1.1 million, respectively. The following table sets forth a breakdown of our total other income and gains for the periods indicated:

	Year ended 31 December		
	2017	2018	2019
	(RMB'000)	(RMB'000)	(RMB'000)
Other Income and Gains			
Other advertising income	—	—	401
Bank interest income	31	337	300
Foreign exchange gains	39	90	362
Others	—	—	80
Total	70	427	1,143

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of: (i) salaries and benefits for our sales and marketing team; (ii) bonus payments, which primarily consist of bonus payments to our sales and marketing staff based on job performance; and (iii) other selling and distribution expenses, which primarily consist of award application fees and other expenses that are directly related to our marketing and promotion activities.

FINANCIAL INFORMATION

The following table sets forth a breakdown of our selling and distribution expenses, by amount and as a percentage of our total selling and distribution expenses, for the periods indicated:

	For the year ended 31 December					
	2017		2018		2019	
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
Selling and Distribution Expenses						
Bonus payments	1,941	66.9	2,519	60.0	3,402	69.5
Salaries and benefits	961	33.1	1,263	30.0	1,377	28.2
Others	—	—	420	10.0	114	2.3
Total	2,902	100.0	4,202	100.0	4,893	100.0

Administrative Expenses

Our administrative expenses primarily consist of: (i) Listing expenses in preparation for the Listing; (ii) employee salaries and benefits, which primarily consist of salaries and benefits for our management, operations team, finance and administration team, IT team and R&D team; (iii) depreciation of right-of-use assets in relation to our leased property; (iv) consultancy fees, which primarily consist of service fees we pay to third party professionals for general operational matters such as recruitment agent fees, trademark registration fees and translations fees; (v) impairment of trade receivables, which primarily consist of the provisions we make for certain past due trade receivables; (vi) lease expenses and utilities for our office; (vii) depreciation and amortisation expenses in relation to our fixed assets comprising mainly computers and equipment; and (viii) other administrative expenses, which primarily consist of travel expenses, office expenses and other miscellaneous expenses.

The following table sets forth a breakdown of our administrative expenses, by amount and as a percentage of our total administrative expenses, for the periods indicated:

	For the year ended 31 December					
	2017		2018		2019	
	RMB'000	%	RMB'000	%	RMB'000	%
Administrative Expenses						
Listing expenses	—	—	—	—	12,570	58.4
Salaries and benefits	1,017	35.4	3,722	54.6	4,250	19.8
Depreciation of right-of-use assets . .	—	—	—	—	915	4.3
Consultancy fees	217	7.6	1,238	18.2	1,626	7.6
Impairment of trade receivables . . .	511	17.8	96	1.4	804	3.7
Lease and utilities	558	19.4	811	11.9	159	0.7
Depreciation and amortisation expenses	—	—	46	0.7	194	0.9
Others	569	19.8	902	13.2	989	4.6
Total	2,872	100.0	6,815	100.0	21,507	100.0

Other Expenses

Our other expenses primarily consist of bank service charges. For the years ended 31 December 2017, 2018 and 2019, our other expenses were RMB37,000, RMB8,000 and RMB607,000, respectively.

FINANCIAL INFORMATION

Finance Costs

Our finance costs consist of RMB48,000 of interest expenses associated with our lease liabilities under HKFRS 16 for the year ended 31 December 2019. We did not have any finance costs for the years ended 31 December 2017 and 2018 because our lease agreements during these periods did not require classification as lease liabilities under the applicable accounting standards.

Income Tax Expenses

Our income tax expenses consist of current income tax and deferred tax. For the years ended 31 December 2017, 2018 and 2019, our income tax expenses were RMB7.6 million, RMB5.9 million and RMB5.7 million, respectively. We are subject to various rates of income tax under different jurisdictions. The following table sets forth the breakdown of our income tax expenses for the periods indicated:

	Year ended 31 December		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Income Tax Expenses			
Current income tax — Hong Kong	1,882	3,333	2,402
Current income tax — Mainland China	5,757	2,618	3,553
Deferred income tax	(89)	(17)	(213)
Total	7,550	5,934	5,742

Our tax payments in respect of tax liabilities for the three years ended 31 December 2019 was RMB3.7 million, of which RMB3.6 million was fully paid in May 2019. Our tax payments from 2016 to 2018 were materially lower than the corresponding tax expenses because HongKong AdTiger did not furnish tax returns with the IRD on a timely basis due to past inadvertent oversight of the External Company Secretary and misconception of our accounting staff. It also involved our Directors' inadvertent oversight. HongKong AdTiger did not generate any assessable profits prior to 2016 and no request for submission of profits tax returns in respect of the tax assessment years of 2015/16, 2016/17 and 2017/18 was provided by the IRD to HongKong AdTiger and the accounting staff believed that profits tax returns will be conventionally provided by the IRD at the end of each tax assessment year. The non-compliance was discovered by our Group when our Group began to prepare for the Listing in early 2019. HongKong AdTiger's corresponding tax liabilities which have been provided for in our consolidated financial statements were therefore not settled. Since becoming aware of the non-compliance, our Group immediately implemented enhanced internal control measures.

According to the tax assessment by the IRD, the total income tax payable by HongKong AdTiger for the tax years of 2016/17, 2017/18 and 2018/19 in aggregate shall be HK\$7,057,886. No surcharge was imposed by the IRD in its tax assessment. The corporate income tax provision of an aggregate amount of RMB6,195,677 for HongKong AdTiger for the tax years of 2016/17, 2017/18 and 2018/2019 was made in the consolidated financial statements for the financial years ended 31 December 2016, 2017 and 2018, and equals to the total income tax payable assessed by IRD of HK\$7,057,886 (equivalent to RMB6,195,677). We had fully paid total tax payable of HK\$7,057,886, as assessed by the IRD for the tax years of 2016/17, 2017/18 and 2018/19 as of 4 June 2020. As of the Latest

FINANCIAL INFORMATION

Practicable Date, we had not received any notices, inquiries, investigations, field audits, prosecutions or penalties from the IRD regarding HongKong AdTiger's late notification of its chargeability for 2016/17 and 2017/18 profits tax.

Ms. Chang, Fetech, Rowtel, Ms. Li, Hera and Westel, each being a Controlling Shareholder, will jointly and severally indemnify and keep our Group indemnified against any penalty and additional tax that may be imposed on HongKong AdTiger for its breach of section 51 of the IRO under the Deed of Indemnity. Details of the Deed of Indemnity 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.

Please refer to "Business — Legal Proceedings and Compliance — Non-compliance Incident" in this prospectus for further details.

The following summarises certain tax laws and regulations applicable to us in Hong Kong and the PRC.

Hong Kong

Hong Kong profits tax rate is at a current rate of 16.5% on our assessable profits unless such profits are chargeable under the half-rate of 8.25% that may apply for the first HK\$2 million of assessable profits for years of assessment beginning on or after 1 April 2018.

PRC

Under the PRC Enterprise Income Tax Law effective from 1 January 2008, our PRC subsidiaries are subject to enterprise income tax ("EIT") at the statutory rate of 25%, in the absence of preferential tax treatments available to qualified enterprises in certain encouraged sectors of the economy. We are in the process of applying for approval as a High and New Technology Enterprise with State Tax Bureau of the PRC in order to receive the preferential EIT rate of 15% reduced income tax, compared to the 25% statutory tax rate, pursuant to the PRC Enterprise Income Tax Law.

Please refer to Note 10 of the Accountants' Report set out in Appendix I to this prospectus for further details on applicable tax rate we received during the Track Record Period.

FINANCIAL INFORMATION

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

Year Ended 31 December 2019 Compared to Year Ended 31 December 2018

Revenue

Our total revenue increased by RMB17.3 million, or 9.9%, from RMB173.9 million in 2018 to RMB191.1 million in 2019, primarily as a result of an increase of RMB45.5 million in revenue from e-commerce advertisers attributable to our promotional efforts in returning an increasing amount of rebates to e-commerce advertisers in 2019 to attract new customers, an increase of RMB10.5 million in revenue from advertisements in the tourism industry and an increase of RMB3.8 million revenue from advertisements in the finance industry, which was consistent with our industry focus and business expansion plan. These increases were partially offset by a decrease of RMB44.2 million in revenue from advertisements in utility and content apps developers as there was decreased advertising spending by certain advertisers in this industry and our increased focus on advertisers in e-commerce, tourism and finance industries.

Cost of Sales

Our total cost of sales increased by RMB4.8 million, or 3.7%, from RMB132.6 million in 2018 to RMB137.4 million in 2019, which primarily reflected an increase of RMB5.2 million in traffic acquisition cost and an increase of RMB2.2 million in salaries and benefits to internal optimisers and designers. These increases were partially offset by a decrease of RMB2.7 million in salaries and benefits to external optimisers, mainly because our in-house optimiser team has expanded and our needs for external optimisers decreased in 2019, which is consistent with our business growth plans.

Gross Profit and Gross Profit Margins

Our total gross profit increased by RMB12.4 million, or 30.1%, from RMB41.3 million in 2018 to RMB53.7 million in 2019. Our overall gross profit margin increased from 23.7% in 2018 to 28.1% in 2019. The increases in our total gross profit and overall gross profit margin were primarily due to an increase in the number of advertisers that used CPC/CPM pricing models, the revenue for which was recorded on a net basis. These increases were partially offset by a decrease in revenue from charging advertisers using the CPA pricing model, because of a decrease in revenue contribution from utility app developers which had a higher gross profit margin.

Other Income and Gains

Our other income and gains increased by RMB0.7 million, or 167.7%, from RMB0.4 million in 2018 to RMB1.1 million in 2019, primarily as a result of (i) an increase of RMB0.4 million in other advertising income comprising sponsorship fees received from media publishers for our marketing services at joint promotion events; (ii) an increase of RMB0.3 million in foreign exchange gains resulting from the appreciation of the RMB against the USD in 2019 as compared to 2018; and (iii) an increase of RMB80,000 in other income generated from the new input VAT super-credit policy in China (Ministry of Finance General Administration of Taxation Announcement No. 39 of 2019); partially offset by a decrease of RMB37,000 in interest income.

FINANCIAL INFORMATION

Selling and Distribution Expenses

Our selling and distribution expenses increased by RMB0.7 million, or 16.4%, from RMB4.2 million in 2018 to RMB4.9 million in 2019, primarily as a result of an increase in salaries and bonuses paid to our sales and marketing personnel. As a percentage of revenue, our selling and distribution expenses increased from 2.4% in 2018 to 2.6% in 2019.

Administrative Expenses

Our administrative expenses increased by RMB14.7 million, or 215.6%, from RMB6.8 million in 2018 to RMB21.5 million in 2019, primarily as a result of (i) an increase of RMB12.6 million Listing expenses in relation to the preparation for Listing; (ii) an increase of RMB0.4 million in consultancy fees associated with services fees we pay to third party professionals for trademark registration fees, Hong Kong profit tax filings fees and translation fees; and (iii) an increase of RMB0.5 million in salaries and benefits primarily resulting from an increase in the number of management personnel and their compensation. The increase in our administrative expenses in 2019 compared to 2018 was also attributable to an increase in the depreciation of right-of-use assets in relation to our leased property as well as impairment of trade receivables. These increases were partially offset by a decrease in lease and utilities and other miscellaneous administrative expenses.

Other Expenses

Our other expenses increased by RMB599,000, or 7,487.5%, from RMB8,000 in 2018 to RMB0.6 million in 2019, principally due to an increase in foreign exchange loss resulting from exchange loss.

Finance Costs

Our finance costs increased from nil in 2018 to RMB48,000 in 2019, reflecting interest expenses associated with our lease liabilities in 2019 under HKFRS 16. We did not have any finance costs in 2018 because our lease agreements during this period did not require classification as lease liabilities under the applicable accounting standards.

Income Tax Expenses

Our income tax expenses decreased by RMB0.2 million, or 3.2%, from RMB5.9 million in 2018 to RMB5.7 million in 2019. Our effective income tax rate, calculated as income tax expenses divided by profit before tax, increased from 19.3% in 2018 to 20.7% in 2019, primarily due to a higher proportion of profit before tax contributed by Beijing AdTiger and a lower proportion of profit before tax contributed by HongKong AdTiger in 2019. With regards to the effective income tax rate, most of the Group's Listing expenses were afforded by Beijing AdTiger which benefits from the services provided by professional parties during the preparation for the Listing. These expenses are tax deductible. Please refer to "Financial Information — Key Components of Our Consolidated Statements of Comprehensive Income — Income Tax Expenses" for the applicable income tax rate for Beijing AdTiger and HongKong AdTiger for further details.

Profit for the Year

Our profit for the year decreased by RMB2.7 million, or 10.9%, from RMB24.7 million in 2018 to RMB22.0 million in 2019. Our adjusted profit (which is a non-HKFRS measure and is calculated by excluding one-off Listing expenses of RMB12.6 million) in 2019 was RMB34.6 million, which represents a 39.9% increase compared to our profit in 2018.

FINANCIAL INFORMATION

Year Ended 31 December 2018 Compared to Year Ended 31 December 2017

Revenue

Our total revenue increased by RMB57.5 million, or 49.4%, from RMB116.4 million in 2017 to RMB173.9 million in 2018, primarily driven by an overall increase in our advertisers and their increased advertising spending. Our advertiser base increased by 42.9% from 140 in 2017 to 200 in 2018. We believe our enhanced ability to provide precise targeting for advertisers contributed to the increase in our advertiser base. By advertisements type, we had an increase of RMB54.2 million in revenue generated from advertisements in the sector of utility and content app developers and an increase of RMB4.9 million in revenue generated from advertisements in the tourism industry driven by the general rising user acquisition needs in these industries in 2018. In 2018, we also expanded our reach in the finance industry, generating an amount of RMB3.8 million in revenue from advertisements in this sector in 2018. These revenue increases were partially offset by a decrease of RMB5.2 million in revenue from advertisements in e-commerce compared to 2017. Our revenue from advertisements in e-commerce decreased because we returned an increasing amount of rebates to our e-commerce advertisers as promotional efforts to attract new customers, which resulted in a decrease in net rebates recognised as revenue. These promotional efforts contributed to increased revenue from e-commerce advertisements in 2019.

Cost of Sales

Our total cost of sales increased by RMB56.3 million, or 73.8%, from RMB76.3 million in 2017 to RMB132.6 million in 2018, which primarily reflected (i) an 83.6% increase in traffic acquisition costs of RMB55.3 million in 2018 compared to 2017 resulting from increased number of advertisers; (ii) an increase in salaries of RMB1.3 million for our in-house optimisers and designers as a result of the growth in online advertising business. Our in-house optimisers and designers have grown from 10 employees by the end of 2017 to 17 employees by the end of 2018 resulting in a 129.5% increase in salaries and benefits for in-house optimisers and designers in 2018 compared to 2017. Our needs for external optimisers decreased in 2018 as we shifted a larger portion of our ad optimisation and design work to internal resources, resulting in a decrease in salaries and benefits for external optimisers in 2018 compared to 2017.

Gross Profit and Gross Profit Margin

Our total gross profit increased by RMB1.2 million, or 3.0%, from RMB40.1 million in 2017 to RMB41.3 million in 2018, which was broadly in line with our revenue growth. However, our overall gross profit margin decreased from 34.5% in 2017 to 23.7% in 2018, primarily because (i) we had a revenue contribution from the CPA pricing model of 88.5% in 2018 compared to 78.3% in 2017, and our gross profit margin for charging advertisers using the CPA pricing model is significantly lower than our gross profit margin for charging advertisers using the CPC/CPM pricing model as revenue generated from the CPC/CPM pricing model is recognised on a net basis; and (ii) we had a significant expansion in our optimiser team in 2018 and it took our new-joining optimisers time to familiarise themselves with the analytic tools of our AdTensor platform and develop effective ad placement strategies. Consequently, in order to achieve the target advertising objectives, our new-joining optimisers had to purchase more user traffic from media publishers compared to experienced optimisers who would be able to use the analytical tools on our platform effectively to help them achieve similar target advertising objectives through the purchase of user traffic in a more cost-effective way. After a period of learning, our optimisers would be able to utilise the analytic tools of AdTensor more

FINANCIAL INFORMATION

effectively in formulating ad placement strategies and thereby increasing our overall gross profit margin. Please refer to “Business — User Acquisition Services for Advertisers — Our User Acquisition Services for Advertisers” in this prospectus for further details of the roles of our optimisers in an ad campaign.

Other Income and Gains

Our other income and gains increased by RMB0.3 million, or 471.4%, from RMB70,000 in 2017 to RMB0.4 million in 2018, primarily as a result of: (i) an increase in interest income arising from increasing bank deposits; and (ii) an increase in foreign exchange gains resulting from the appreciation of RMB against USD.

Selling and Distribution Expenses

Our selling and distribution expenses increased by RMB1.3 million, or 44.8%, from RMB2.9 million in 2017 to RMB4.2 million in 2018. In order to gain a deeper understanding of industry trends and to enhance our market reputation as our business expanded, we actively participated in and organised various marketing activities throughout 2018, such as GMIC Global Mobile Internet Conference, Google Salon, Yiwu International Expo and UEE shop E-commerce Marketing Summit, which resulted in increases in our selling and distribution expenses. We also expanded our sales and marketing team and increased their basic salaries and bonus payments. As a percentage of revenue, our selling and distribution expenses remained relatively stable at 2.5% in 2017 and 2.4% in 2018.

Administrative Expenses

Our administrative expenses increased by RMB3.9 million, or 134.5%, from RMB2.9 million in 2017 to RMB6.8 million in 2018, primarily due to: (i) an increase of RMB2.7 million in our salary expenses primarily due to an increase in our number of employees in our operations team; (ii) an increase of RMB0.2 million in lease expenses and general office expenses resulting from the increase in the size of our office; and (iii) an increase of RMB1.0 million in consultancy fees primarily representing auditors’ fees, IT consultancy service fees for upgrading and maintaining IT system and trademarks and copyrights registration. These increases were primarily offset by an RMB0.4 million decrease in the provision of bad debts primarily due to our enhanced management of trade receivables and bad debts. As a percentage of revenue, our administrative expenses increased from 2.5% in 2017 to 3.9% in 2018.

Other Expenses

Our other expenses decreased by RMB29,000, or 78.4%, from RMB37,000 in 2017 to RMB8,000 in 2018, principally due to the opening of our PayPal account in April 2018 to meet customers’ needs for settlement. The collection fees paid by our customers to us when using PayPal account offset our bank administrative fees and as a result led to a decrease in our bank administrative fees.

Income Tax Expenses

Our income tax expenses decreased by RMB1.6 million, or 21.3%, from RMB7.5 million in 2017 to RMB5.9 million in 2018, primarily as a result of a decrease in profit before tax by 10.8%, from RMB34.4 million in 2017 to RMB30.7 million in 2018. Our effective income tax rate, calculated as

FINANCIAL INFORMATION

income tax expenses divided by profit before tax, decreased from 21.9% in 2017 to 19.3% in 2018. The decrease in our effective income tax rate was primarily due to a lower proportion of profit before tax contributed by Beijing AdTiger and a higher proportion of profit before tax contributed by HK AdTiger.

Profit for the Year

Our profit for the year decreased by RMB2.1 million, or 7.8%, from RMB26.8 million in 2017 to RMB24.7 million in 2018. In order to maintain an increase in our advertiser base and to continuously improve our online advertising services in 2018, we continued to invest in strengthening our teams and incurred substantial costs and expenses in recruiting additional experienced optimisers and designers with overseas backgrounds, as well as technical personnel.

LIQUIDITY AND CAPITAL RESOURCES

Overview

During the Track Record Period and up to the Latest Practicable Date, we have funded our cash requirements principally from cash generated from our operating activities. As of 31 December 2017, 2018 and 2019, we had cash and cash equivalents of RMB110.9 million, RMB151.0 million and RMB171.6 million, respectively.

Cash Flow

The following table is a condensed summary of our consolidated statements of cash flows and analysis of balances of cash and cash equivalents for the periods indicated:

	As of 31 December		
	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash flows (used in)/from operating activities.	120,030	47,880	24,840
Net cash flows (used in)/from investing activities.	1,191	1,755	(44)
Net cash flows (used in)/from financing activities.	(11,753)	(16,120)	(4,421)
Net (decrease)/increase in cash and cash equivalents.	109,468	33,515	20,375
Cash and cash equivalent at beginning of year.	4,918	110,907	151,040
Cash and cash equivalent at end of year.	110,907	151,040	171,639

Cash flows generated from/used in operating activities

For the year ended 31 December 2019, our net cash generated from operating activities was RMB24.8 million, consisting of profit before tax of RMB27.8 million, as adjusted by (i) the add-back of non-cash items, comprising financial costs of RMB48,000, impairment of trade receivables and other receivables of RMB0.8 million, depreciation of right-of-use assets of RMB0.9 million and depreciation of items of property, plant and equipment of RMB93,000; (ii) negative net working capital adjustment of RMB0.2 million; and (iii) income tax paid of 4.7 million. Our negative net working capital adjustment primarily consisted of (i) an increase of RMB59.1 million in trade receivables primarily due to increased advertising spending by our customers, expansion of our advertiser base and extension of credit terms to certain customers; (ii) an increase of RMB4.6 million in prepayments, deposits and other receivables primarily due to the capitalisation of RMB4.2 million Listing expenses and prepayment of

FINANCIAL INFORMATION

leases; and (iii) a decrease of RMB4.0 million in other payables and accruals primarily due to decreased prepayments from advertisers resulting from our extension of credit terms to certain advertisers who previously used prepayments and decreased advertising spending by certain customers, partially offset by an increase of RMB67.5 million increase in trade payables primarily resulting from increased purchases of ad inventories associated with our business expansion and better credit terms granted by our media publishers.

For the year ended 31 December 2018, our net cash generated from operating activities was RMB47.9 million, consisting of profit before tax of RMB30.7 million, as adjusted by (i) the add-back of non-cash items, comprising impairment of trade receivables and other receivables of RMB96,000 and depreciation of property, plant and equipment of RMB46,000; (ii) positive net working capital adjustment of RMB17.2 million; and (iii) income tax paid of RMB0.1 million. Our positive net working capital adjustment primarily consisted of (i) a decrease of RMB9.8 million in trade receivables primarily due to our strengthened control over management of credit terms and enhanced collection of trade receivables; (ii) an increase of RMB7.7 million in other payables and accruals primarily due to increased prepayments by advertisers; (iii) an increase of RMB2.8 million in trade payables primarily due to increased purchases of ad inventories associated with our business expansion and improved credit terms granted by our media publishers, partially offset by an increase of RMB3.1 million in prepayments, deposits and other receivables primarily due to increased balances in our Paypal account and our prepayments made to a new media publisher.

For the year ended 31 December 2017, our net cash generated from operating activities was RMB120.0 million, consisting of profit before tax of RMB34.4 million, as adjusted by (i) the add-back of non-cash items of RMB0.5 million impairment of trade receivables and other receivables; and (ii) positive net working capital adjustment of RMB85.1 million. Our positive net working capital adjustment primarily consisted of (i) an increase of RMB130.4 million in trade payables primarily due to increased purchases of ad inventories associated with our business expansion and improved credit terms granted by our media publishers; and (ii) an increase of RMB10.2 million in other payables and accruals primarily due to increased prepayments from advertisers and increased salary payables, partially offset by (i) an increase of RMB49.5 million in trade receivables primarily due to our business expansion; and (ii) a decrease of RMB5.7 million in amounts due to related parties.

Cash flows generated from/(used in) investing activities

For the year ended 31 December 2019, our net cash used in investing activities was RMB44,000, which was primarily related to purchases of computers and equipment.

For the year ended 31 December 2018, our net cash from investing activities was RMB1.8 million, consisting of an RMB2.0 million repayment from other companies, partially offset by an RMB0.3 million in purchases of computers and equipment.

For the year ended 31 December 2017, our net cash from investing activities was RMB1.2 million, consisting an RMB1.2 million repayment from other companies, partially offset by an RMB8,000 in purchase of computers and equipment.

FINANCIAL INFORMATION

Cash flows generated from/(used in) financing activities

For the year ended 31 December 2019, our net cash used in financing activities was RMB4.4 million, primarily as a result of an RMB6.0 million in dividends paid, and an RMB1.0 million in payment of lease liabilities, partially offset by an RMB2.5 million capital contribution from the then equity shareholder of a subsidiary.

For the year ended 31 December 2018, our net cash used in financing activities was RMB16.1 million, which was attributable to the payment of dividends.

For the year ended 31 December 2017, our net cash used in financing activities was RMB11.8 million, consisting of an RMB7.0 million repayment for other borrowings and an RMB4.8 million dividends paid.

SELECTED BALANCE SHEET ITEMS

Net Current Assets

The following table sets forth our current assets and current liabilities as of the balance sheet dates indicated:

	As of 31 December			As of 30 April
	2017	2018	2019	2020
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current Assets				
Trade receivables	88,562	82,373	140,660	202,493
Prepayments, deposits and other receivables	2,191	3,470	8,100	9,992
Amounts due from related parties . . .	96	85	—	—
Cash and cash equivalents	110,907	151,040	171,639	162,453
	<u>201,756</u>	<u>236,968</u>	<u>320,399</u>	<u>374,938</u>
Current Liabilities				
Trade payables	152,269	162,844	230,389	263,162
Other payables and accruals	11,552	20,033	15,995	16,787
Amounts due to related parties	1,960	5,971	—	—
Tax payable	9,228	15,504	16,932	20,316
Lease liabilities	—	—	553	230
	<u>175,009</u>	<u>204,352</u>	<u>263,869</u>	<u>300,495</u>
Net Current Assets	<u>26,747</u>	<u>32,616</u>	<u>56,530</u>	<u>74,443</u>

As of 30 April 2020, being the latest practicable date for the purpose of our net current asset position, we had net current assets of RMB74.4 million, which increased by 31.7% compared to RMB56.5 million as of 31 December 2019, primarily due to (i) an increase of RMB61.8 million in trade receivables resulting from increased advertising spending by our customers, expansion of our advertisers base and extension of credit terms to certain customers, (ii) an increase of RMB1.9 million in prepayments, deposits and other receivables as a result of increased acceptance of Paypal payments

FINANCIAL INFORMATION

from advertisers as a settlement method in paying our service fees, partially offset by (i) an increase of RMB32.8 million in trade payables resulting from more purchases of ad inventories in line with increased advertising spending from our customers and better credit terms granted by our media publishers; and (ii) a decrease of RMB9.2 million in cash and cash equivalents attributable to the acceptance of Paypal payments from advertisers and extended credit periods to certain customers during Chinese New Year.

As of 31 December 2019, we had net current assets of RMB56.5 million, which increased by 73.3% compared to the net current assets of RMB32.6 million as of 31 December 2018, primarily due to (i) an increase of RMB58.3 million in trade receivables as advertising spending by our customers increased, expansion of our advertisers base and extension of credit terms to certain customers; (ii) an increase of RMB20.6 million cash and cash equivalents contributed by the net profits from our operations and shortened trade receivables turnover days; (iii) a decrease of RMB6.0 million in amounts due to related parties as a result of repayment of dividends to shareholders; (iv) an increase of RMB4.6 million in prepayments, deposits and other receivables primarily after the capitalisation of RMB4.2 million Listing expenses and prepayment of leases; and (v) a decrease of RMB4.0 million in other payables and accruals primarily as prepayments from advertisers decreased resulting from our extension of credit terms to certain advertisers who previously used prepayments and decreased advertising spending by certain customers, partially offset by (i) an increase of RMB67.5 million in trade payables as more purchases of ad inventories under business expansion and better credit terms granted by our media publishers; and (ii) an increase of RMB1.4 million in tax payable as revenue grew.

As of 31 December 2018, we had net current assets of RMB32.6 million, which increased by 22.1% compared to the net current assets of RMB26.7 million as of 31 December 2017, primarily due to (i) an increase of RMB40.1 million in cash and cash equivalents primarily due to net profits from our operations and shortened trade receivables turnover days; and (ii) an increase of RMB1.3 million in prepayments, deposits and other receivables primarily due to increased balances of our Paypal account and our prepayments made to a new media publisher, partially offset by (i) an increase of RMB10.6 million in trade payables primarily due to increased purchases of ad inventories associated with our business expansion and better credit terms granted by our media publishers; (ii) increase of RMB8.5 million in other payables and accruals primarily due to increased prepayments by advertisers; (iii) a decrease of RMB6.2 million in trade receivables primarily due to our strengthened control over management of credit terms and enhanced collection of trade receivables; (iv) an increase of RMB6.3 million in tax payable primarily due to our business growth; and (v) an increase of RMB4.0 million in amounts due to related parties in relation to the dividends payable to a shareholder.

Our net assets as of 31 December 2017, 2018 and 2019 were RMB26.9 million, RMB33.0 million and RMB57.6 million, respectively.

Trade Receivables

Our trade receivables primarily represent amounts due from our customers. We generally require prepayments for new customers and grant customers with whom we have established stable relationships credit terms of one month. We may grant up to three months of credit term to major customers on a very limited basis. Each customer has a maximum credit limit. We seek to maintain strict control over our outstanding receivables to help monitor our credit risk. Our credit control personnel regularly review overdue balances.

FINANCIAL INFORMATION

Our trade receivables include amounts due from our related parties of RMB11.4 million, RMB3.0 million and RMB2.1 million as of 31 December 2017, 2018 and 2019, respectively, which are repayable on credit terms from one to 12 months.

The following table sets forth the total amount of our trade receivables as of the balance sheet dates indicated:

	As of 31 December		
	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	89,461	83,455	142,557
Impairment of trade receivables	(899)	(1,082)	(1,897)
Total	88,562	82,373	140,660

Our total trade receivables balances as of 31 December 2017, 2018 and 2019 were RMB88.6 million, RMB82.4 million and RMB140.7 million, respectively.

Our trade receivables decreased by RMB6.2 million, or 7.0%, from RMB88.6 million as of 31 December 2017 to RMB82.4 million as of 31 December 2018, primarily due to our strengthened control over management of credit terms and enhanced collection of trade receivables. Our trade receivables increased by RMB58.3 million, or 70.8%, from RMB82.4 million as of 31 December 2018 to RMB140.7 million as of 31 December 2019, primarily due to an increase of ad campaigns in particular with existing e-commerce customers as a result of our business expansion and our extension of credit terms to certain customers.

As of 31 December 2017, 2018 and 2019, our impairment of trade receivables was RMB0.9 million, RMB1.1 million and RMB1.9 million, respectively. We conduct impairment analysis based on expected credit loss model on the recoverability of trade receivables. The following table sets forth the ageing analysis of our trade receivables based on the invoice date and net of provisions as of the balance sheet dates indicated:

	As of 31 December		
	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one month	81,536	80,008	119,011
One to three months	7,565	2,392	17,675
Three to six months	35	81	1,724
Six to 12 months	320	723	3,408
Over 12 months	5	251	739
Total	89,461	83,455	142,557

FINANCIAL INFORMATION

The following table sets forth our trade receivables turnover days as of the balance sheet dates indicated:

	For the year ended 31 December		
	2017	2018	2019
Trade receivables turnover days ⁽¹⁾	47.9	36.8	35.0

Notes:

- (1) We calculate the trade receivables turnover days using the average of the beginning and ending balance of trade receivables (without taking into account impairment) for the year, divided by revenue for the relevant year, multiplied by 365 days for the years ended 31 December 2017, 2018 and 2019. Because our trade receivables balances are recorded on a gross basis in the Accountants' Report, therefore for purposes of calculating trade receivables turnover days, revenue is adjusted to reflect our revenue under the CPC/CPM pricing model on a gross basis, instead of net basis, by adding back advertisers' actual advertising spending on ad campaign under the CPC/CPM pricing model.

As of 31 December 2017, 2018 and 2019, the balance of our trade receivables turnover days were 47.9 days, 36.8 days, and 35.0 days, respectively. The decreases of our trade receivables turnover days during our Track Record Period primarily reflected our credit control measures to accelerate our collection of trade receivables.

We have adopted the following measures to strengthen our credit control and to mitigate our credit risk: (i) we conduct updated ageing analysis of our trade receivables every ten days and adjust customers' credit limit accordingly; (ii) we require our AMs to accelerate their collection of trade receivables. For any unsettled long-term trade receivables or bad debts identified, we instruct the corresponding AMs who are responsible for the relevant customer to closely follow up payments; and (iii) we adopt a more stringent credit policy for new customers.

As at the Latest Practicable Date, approximately RMB141 million, representing 98.7%, of our trade receivables as at 31 December 2019 had been subsequently settled.

Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables primarily consist of (i) prepayments to media publishers for purchases of ad inventories and, on a more limited basis, prepayments to other vendors for marketing purposes and team building activities; and (ii) other receivables from third parties outside the ordinary course of our business and balances of our Paypal account. We started accepting Paypal payments from advertisers as a settlement method in April 2018 and the balances of our Paypal account represent service fees we received from advertisers that are pending to be transferred to our bank account.

FINANCIAL INFORMATION

The following table sets forth our prepayments, deposits and other receivables based as of the balance sheet dates indicated:

	As of 31 December		
	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments	53	324	742
Deposits and other receivables	2,138	3,146	7,358
Total	2,191	3,470	8,100

Our prepayments, deposits and other receivables balances as of 31 December 2017, 2018 and 2019 were RMB2.2 million, RMB3.5 million and RMB8.1 million, respectively.

As of 31 December 2019, our prepayments, deposits and other receivables increased by RMB4.6 million compared to 31 December 2018, primarily due to the capitalisation of RMB4.2 million Listing expenses and prepayment of leases. As of 31 December 2018, our prepayments, deposits and other receivables increased by RMB1.3 million compared to 31 December 2017, primarily due to increased balances of our Paypal account attributable to a higher number of advertisers using Paypal as a settlement method in paying our service fees in 2018 compared to 2017.

Trade Payables

Our trade payables primarily consist of amounts due to media publishers for purchases of ad inventories. Our trade and bills payables are non-interest-bearing and are normally settled on terms of 60 days.

The following table sets forth the total amounts and ageing analysis of our trade payables as of the balance sheet dates indicated:

	For the year ended 31 December		
	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	152,269	162,844	230,389
Total	152,269	162,844	230,389

Our trade payables balances as of 31 December 2017, 2018 and 2019 were RMB152.3 million, RMB162.8 million and RMB230.4 million, respectively.

The increases in our trade payables during the Track Record Period primarily reflected increased purchases of ad inventories from our media publishers as a result of our business expansion. In addition, we have been granted more favourable credit terms from our media publishers as or cooperation with them deepens.

FINANCIAL INFORMATION

The following table sets forth the number of turnover days for our trade payables for the periods indicated:

	For the year ended 31 December		
	2017	2018	2019
Trade payables turnover days ⁽¹⁾	72.1	74.9	65.6

Notes:

- (1) We calculate the trade payables turnover days using the average of the beginning and ending balance of trade payables for the year, divided by cost of sales for the relevant year, multiplied by 365 days for the years ended 31 December 2017, 2018 and 2019. For purposes of calculating trade payables turnover days, cost of sales is adjusted to reflect our cost of sales under the CPC/CPM pricing model on a gross basis, instead of net basis, by adding back advertisers' traffic acquisition costs paid to media publishers under the CPC/CPM pricing model. Our trade payables balances are recorded on a gross basis in the Accountants' Report.

As of 31 December 2017, 2018 and 2019, the balance of our trade payables turnover days were 72.1 days, 74.9 days, and 65.6 days, respectively. The balance of our trade payables turnover days increased from 72.1 days to 74.9 days in 2018 primarily reflected the improved credit terms granted by our media publishers. Our trade payables turnover days decreased from 74.9 days in 2018 to 65.6 days in 2019 primarily because we made payments to a number of suppliers prior to the balance sheet cut-off date.

As of the Latest Practicable Date, all of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand. Our Directors confirmed that we did not have any material defaults in payment of trade and other payables during the Track Record Period and up to the Latest Practicable Date.

Other Payables

The following table sets forth a breakdown of our other payables and accruals as of the balance sheet dates indicated:

	As of 31 December		
	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other payables	10,920	19,437	15,297
Payroll and welfare payables	200	569	655
Other tax payable	432	27	43
Total	11,552	20,033	15,995

FINANCIAL INFORMATION

Our other payables and accruals as of 31 December 2017, 2018 and 2019 were RMB11.6 million, RMB20.0 million and RMB16.0 million, respectively. The fluctuations in our other payables and accruals between 31 December 2017 to 31 December 2018 primarily due to increased prepayments we received from advertisers recorded as other payables as a result of our business expansion and our effort to enhance credit management by requiring new customers by to pay upfront. Our other payables and accruals as of 31 December 2019 decreased by RMB4.0 million compared to 31 December 2018, primarily due to decreased prepayments from advertisers resulting from our extension of credit terms to certain advertisers who previously used prepayment and decreased advertising spending by certain customers.

NON-CONTROLLING INTERESTS

Non-controlling interests represent the equity interests held by parties other than the controlling shareholders prior to the completion of the Reorganisation. Upon completion of the Reorganisation, the Company had 100% interests in its subsidiaries.

Details of the Group's subsidiary that has material non-controlling interests for the periods indicated are set out below:

	31 December		
	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year allocated to non-controlling interests:			
HongKong AdTiger.	1,905	3,374	810
Dividends paid to non-controlling interests:			
HongKong AdTiger.	1,348	3,980	—
Accumulated balances of non-controlling interests at the reporting date:			
HongKong AdTiger.	990	638	—

Please refer to Note 23 of the Accountants' Report included in Appendix I to this prospectus for additional information on non-controlling interests.

WORKING CAPITAL SUFFICIENCY

Taking into account cash from operating activities and the net proceeds from the Global Offering, our Directors are of the opinion that we will have sufficient funds to meet our working capital requirements and financial requirements for capital expenditure for at least the next 12 months from the date of this prospectus.

FINANCIAL INFORMATION

INDEBTEDNESS AND CAPITAL CONTINGENCY

Bank borrowings

During the Track Record Period and as of 30 April 2020, we did not apply or obtain any banking facilities and the amount of unutilised banking facilities amounted to nil.

As of 31 December 2017, 2018 and 2019 and 30 April 2020, we did not have any outstanding debt securities, mortgage, charges, debentures or other loan capital (issued or agreed to be issued), bank overdrafts, loans, liabilities under acceptance or acceptance credits, or other similar indebtedness, leasing and financial leasing commitments, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors confirm that there has not been any material change in our indebtedness since 30 April 2020.

Lease Liabilities

We adopted IFRS 16 for the track record period as stated in note 3 of the Accountants' Report. As such, leases have been recognised in the form of an asset (for the-right-of-use) and a financial liability (for the payment obligation) in our consolidated statements of financial position. As at 31 December 2019, our total lease liabilities were RMB0.6 million.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of 31 December 2019, we had not entered into any off-balance sheet transactions.

CAPITAL EXPENDITURES

Our capital expenditures during the Track Record Period primarily consisted of purchases of computers and equipment. Our capital expenditures were RMB8,000, RMB0.2 million and RMB44,000 for the years ended 31 December 2017, 2018 and 2019.

We expect to incur capital expenditures of approximately RMB50.4 million in 2020, 2021 and 2022 primarily for our continued expansion plan, which primarily involves strengthening our AI and technology capabilities, enhancing the offering of our AdTensor platform, enhancing our IT infrastructure, management system, ERP system and ORACLE system. Please refer to “Business — Our Strategies” and “Future Plans and Use of Proceeds” in this prospectus for additional details of our current expansion plans.

FINANCIAL INFORMATION

RELATED PARTY TRANSACTIONS

Transactions with Related Parties

The following table sets forth the transactions we had with related parties for the periods indicated:

	Year ended 31 December		
	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Services provided to related parties:			
Taschh	3,678	1,236	561
Beijing Mihe Technology Co., Ltd.	1,053	314	—
Adcare Media Company Limited	34	—	—
Payments on behalf of:			
Runzhi Media	37	—	—
Wulian Shenbiao	24	—	—
Wulian Siguo	24	—	—
Venus.	5	—	—
Dividends Paid:			
Venus.	3,371	10,150	—
Son of Sunrise	2,023	5,770	—
Taschh	1,348	3,980	—

Our transaction with Taschh related to its purchases of ad inventories from media publishers via our platform. The transaction amount set out in the table above reflects the rebates we received from media publishers as a result of Taschh's advertising spending.

Our transactions with Adcare Media Company Limited and Beijing Mihe Technology Co., Ltd related to the user acquisition services we provided to advertisers who were Adcare Media Company Limited's and Beijing Mihe Technology Co., Ltd's direct customers. As Adcare Media Company Limited and Beijing Mihe Technology Co., Ltd were mainly engaged in the development and provision of technology services and did not manage to fully develop their coverage of media publishers or ad optimisation capabilities, both of which were essential to carry out online advertising business. As a result, both companies subsequently became inactive in online advertising business and shifted their roles to referring and connecting advertisers to the Group instead of conducting ad placements themselves. Adcare Media Company and Beijing Mihe Technology Co., Ltd sourced and entered into contracts with advertisers while executed the actual ad placement through us. Eventually, we entered into service agreements directly with these advertisers in 2018 after establishing business relationship with them since 2016.

Our payments on behalf of related parties consist of fees we paid on behalf of these companies in relation company registration and tax filings.

FINANCIAL INFORMATION

Our Directors confirm that any material related party transactions during the Track Record Period were conducted on an arm's length basis, and would not distort our results of operation over the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance.

KEY FINANCIAL RATIOS

The following table sets forth certain key financial ratios as of the dates indicated:

	As of or for the year ended 31 December		
	2017	2018	2019
Return on equity ⁽¹⁾	99.7%	74.9%	60.1% ⁽⁷⁾
Return on total assets ⁽²⁾	13.3%	10.4%	10.8% ⁽⁷⁾
Current ratio ⁽³⁾	1.2	1.2	1.2
Gearing ratio ⁽⁴⁾	—	—	—
Gross profit margin ⁽⁵⁾	34.5%	23.7%	28.1%
Adjusted net profit margin ⁽⁶⁾	23.1%	14.2%	18.1% ⁽⁷⁾

Notes:

- (1) Return on equity ratio is profit for the year as a percentage of total equity as of year-end and multiplied by 100%.
- (2) Return on total assets ratio is profit for the year as a percentage of total assets as of year-end and multiplied by 100%.
- (3) Current ratio is total current assets as of year-end as a percentage of total current liabilities as of year-end.
- (4) Gearing ratio is total interest-bearing bank borrowings as of year-end as a percentage of total assets as of year-end. As of 31 December 2017, 2018 and 2019, we had did not have any interest-bearing bank borrowings.
- (5) Gross profit margin is gross profit for the year as a percentage of revenue.
- (6) Net profit margin is profit for the year as a percentage of revenue.
- (7) Based on adjusted profit for the year which is a non-HKFRS measure and is calculated by excluding the effect of one-off Listing expenses.

Return on Equity

Our return on equity decreased from 99.7% in 2017 to 74.9% in 2018 and to 60.1% (which is a non-HKFRS measure and is calculated by excluding the effect of one-off Listing expenses) in 2019, primarily attributable to increased total equity and decreased net profit resulting from increases in administrative expenses and selling and distribution expenses under our business expansion plan, the return for which takes time to realise. If we account for the one-off Listing expenses of RMB12.6 million, our return on equity in 2019 was 38.3%.

Return on Total Assets

Our return on total assets decreased from 13.3% in 2017 to 10.4% in 2018 and to 10.8% (which is a non-HKFRS measure and is calculated by excluding the effect of one-off Listing expenses) in 2019, primarily attributable to decreased net profit in 2018 resulting from increases in administrative expenses and selling and distribution expenses under our business expansion plan, the return for which takes time to realise. If we account for the one-off Listing expenses of RMB12.6 million, our return on total assets in 2019 was 6.9%.

FINANCIAL INFORMATION

Current Ratio

For the years ended 31 December 2017, 2018 and 2019, our current ratio remained stable at 1.2 for the respective period. Please refer to “Financial Information — Selected Balance Sheet Items — Net Current Assets” in this prospectus for further details of changes in our current assets and current liabilities over the Track Record Period.

Gearing Ratio

As of 31 December 2017, 2018 and 2019, we did not have any interest-bearing bank borrowings.

Gross Profit Margin

For the years ended 31 December 2017, 2018 and 2019, our gross profit margin was 34.5%, 23.7% and 28.1%. Please refer to section headed “Financial Information — Review of Historical Results of Operations” in this prospectus for further details of changes in our gross profit and gross profit margin over the Track Record Period.

Net Profit Margin

For the years ended 31 December 2017, 2018 and 2019, our adjusted net profit margin was 23.1%, 14.2% and 18.1% (a non-HKFRS measure which is calculated by excluding the effect of the one-off Listing expenses). Please refer to section headed “Financial Information — Review of Historical Results of Operations” in this prospectus for further details of changes in our profit for the year over the Track Record Period.

MARKET RISKS

We are exposed to various types of financial and market risks, including foreign currency risk, credit risk and liquidity risk. Our Directors review and agree on financial management policies and practices for managing each of these risks.

Foreign Currency Risk

We mainly operate in Mainland China with most of our monetary assets, liabilities and transactions principally denominated in RMB and US dollars. We are exposed to foreign currency risk arising from fluctuations in exchange rates between RMB, US dollars and other currencies in which we conduct our business. We are subject to foreign currency risk attributable to our trade payables and bank balances denominated in currencies other than RMB and US dollars. We did not use any derivative financial instruments to hedge our foreign currency risk during the Track Record Period.

Please refer to Note 28 of the Accountants’ Report set out in Appendix I to this prospectus for additional information, including a sensitivity analysis of our exposure to changes in foreign currency exchange rates.

FINANCIAL INFORMATION

Credit Risk

Credit risk arises mainly from the risk that counterparties may default on the terms of their agreements. The carrying amounts of our other financial assets, which comprises cash and cash balances, deposits, amounts due from related parties and other receivables represent our maximum exposure to credit risk in relation to these instruments.

We have established policies to evaluate credit risk when accepting new business and to limit our credit exposure to individual customers. We trade only with recognised and creditworthy third parties and retail customers. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, we monitor receivable balances on an on-going basis and our exposure to bad debts is insignificant. Our Directors consider that we did not have a significant concentration of credit risk as of 31 December 2017, 2018 and 2019. As we only trade with recognised and creditworthy third parties and retail customers, we do not require collateral from our customers.

Please refer to Notes 15 and 28 of the Accountants' Report set out in Appendix I to this prospectus for additional information, including certain quantitative disclosure of our credit risk.

Liquidity Risk

We aim to maintain sufficient cash and credit lines to meet our liquidity requirements. We monitor risks of funding shortage using a recurring liquidity planning tool, which takes into consideration the maturity of our financial investments and financial assets (e.g., trade receivables and other financial assets) and projected cash flows from operations.

Please refer to Note 28 of the Accountants' Report set out in Appendix I to this prospectus for additional information, including certain quantitative disclosure of our liquidity risk.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following table of our unaudited pro forma adjusted consolidated net tangible assets was prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the Global Offering on our net tangible assets as of 31 December 2019 as if it had taken place on that date. The table of unaudited pro forma adjusted consolidated net tangible assets of our Group have been prepared for illustrative purpose only and, because of their hypothetical nature, they may not give a true picture of our net tangible assets had the Global Offering been completed as of 31 December 2019 or at any future date.

FINANCIAL INFORMATION

The unaudited pro forma adjusted consolidated net tangible assets set out below are calculated based on our audited consolidated net assets attributable to owners of our Company as of 31 December 2019, as shown in the Accountants' Report, the text of which is included in Appendix I to this prospectus, and is adjusted as described below:

	Consolidated net tangible assets of our Group attributable to owners of our Company as at 31 December 2019	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company	Unaudited pro forma adjusted consolidated net tangible assets per Share	
	<i>(RMB'000)</i> <i>(Note 1)</i>	<i>(RMB'000)</i> <i>(Note 2)</i>	<i>(RMB'000)</i>	<i>(RMB)</i> <i>(Note 3)</i>	<i>(HK\$)</i> <i>(Note 4)</i>
Based on an Offer Price of HK\$0.84 per Offer Share.	57,640	87,721	145,361	0.24	0.27
Based on an Offer Price of HK\$1.00 per Offer Share.	57,640	106,948	164,588	0.27	0.30

Notes:

- (1) The consolidated net tangible assets attributable to owners of our Company as of 31 December 2019 is extracted from the Accountants' Report, which is based on the audited consolidated equity attributable to owners of our Company as of 31 December 2019 of approximately RMB57,640,000, as shown in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$0.84 per Offer Share and HK\$1.00 per Offer Share, after deduction of the underwriting fees and other related expenses payable by our Group and does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted into RMB at an exchange rate of HK\$1.0 to RMB0.9002.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on 600,000,000 Shares in issue immediately following the completion of the Global Offering and does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option or any option which may be granted under the Post-IPO Share Option Scheme or any Shares which may be allotted and issued or repurchased under the general mandates for the allotment and issue or repurchase of the Shares as described in the section headed "Appendix IV — Statutory and General Information" in this prospectus.
- (4) The unaudited pro forma adjusted consolidated net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK\$1.0 to RMB0.9002.
- (5) No adjustment has been made to reflect any trading result or open transaction of our Group entered subsequent to 31 December 2019.

FINANCIAL INFORMATION

DIVIDEND POLICY

Our Company has not paid or declared any dividend since its date of incorporation. For each of the years ended 31 December 2017, 2018 and 2019, a subsidiary of our Company declared dividends to its then shareholders of nil, US\$1.0 million, US\$3.0 million and nil, respectively.

After completion of the Global Offering, our Company's Shareholders will be entitled to receive dividends we declare. Any amount of dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, our development pipeline, capital requirements and surplus, general financial conditions, contractual restrictions and other factors that our Directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws. Please refer to "Appendix III — Summary of the Constitution of Our Company and the Cayman Companies Law" in this prospectus for further details. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Dividends declared in the past may not be indicative of our future dividend policy. Our Directors has the absolute discretion to recommend any dividend.

As we are a holding company, our ability to declare and pay dividends will depend on the availability of dividends received from our subsidiaries, particularly those in the PRC. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including HKFRS. PRC laws also require foreign-invested enterprises, such as all of our subsidiaries in the PRC, to set aside part of their net profit as statutory reserves, and such statutory reserves are not available for distribution as cash dividends. We do not intend to declare or pay any dividend out of Beijing AdTiger in respect of its profits available for distribution generated prior to 2019. Distributions from our subsidiaries may also be restricted if they incur debt or losses or in accordance with any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future.

DISTRIBUTABLE RESERVES

As of 31 December 2019, we did not have any distributable reserves.

LISTING EXPENSES

Assuming an Offer Price of HK\$0.92 per Share (being the mid-point of the indicative offer price range stated in this prospectus), the underwriting fees, commissions, together with the Hong Kong Stock Exchange listing fee, SFC transaction levy and Hong Kong Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the Global Offering, which are payable by us are estimated to amount in aggregate to be approximately RMB43.7 million. For the years ended 31 December 2017, 2018 and 2019, Listing expenses charged to our consolidated profit or loss was nil, nil and RMB12.6 million, respectively. We expect to charge the estimated remaining Listing expenses of RMB10.7 million to our consolidated statement of profit or loss during 2020 and to capitalise approximately RMB16.2 million following the Listing. The Listing expenses above are the latest practicable estimate and are provided for reference only, and actual amounts may differ. The aggregate underwriting commission for the Global Offering is expected to be determined following book closing after publication of this prospectus, and is subject to a number of factors, including, amongst others, the final Offer Price, the quality of investors brought in by the relevant syndicate members and the subscription level of the Global Offering.

FINANCIAL INFORMATION

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

RECENT DEVELOPMENT AND OUTBREAK OF COVID-19

Please refer to “Summary — Recent Development and Outbreak of COVID-19” in this prospectus for further details of the impact of the outbreak of Covid-19 on our business, operations and financial positions.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as of the date of this prospectus, there has been no material adverse change in the financial or operating conditions or prospects of our Group since 31 December 2019, the end of the period reported on in the Accountants’ Report set out in Appendix I to this prospectus. Further, our Directors confirm that there had been no event since 31 December 2019 and up to the date of this prospectus which could materially affect the information shown in the Accountants’ Report set out in Appendix I to this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please refer to “Business — Our Strategies” in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

The table below sets forth the estimated aggregate net proceeds of the Global Offering which we will receive after deduction of underwriting fees, commissions and estimated expenses payable by us in relation to the Global Offering (assuming the payment of aggregate underwriting commission, including incentives fees, if any, amounting to 10% of the Offer Price multiplied by the Offer Shares).

Assuming an Offer Price of HK\$0.92 per Share (being the mid-point of the Offer Price range stated in this Prospectus)	HK\$89.5 million
Assuming an Offer Price of HK\$1.00 per Share (being the high end of the Offer Price range stated in this Prospectus)	HK\$100.2 million
Assuming an Offer Price of HK\$0.84 per Share (being the low end of the Offer Price range stated in this Prospectus)	HK\$78.8 million

We intend to use the net proceeds from the Global Offerings, together with our internal resources, as follows, assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK\$0.92 per Share, being the mid-point of the Offer Price range stated in this prospectus:

Allocation of Proceeds	Specific Purpose	Expected Timeframe
Approximately 35% of our total estimated net proceeds, or HK\$31.3 million, to strengthen our AI and technology capabilities, enhance the offering of our AdTensor platform	(i) strengthening our big data, machine learning and proprietary AI capabilities, including hiring a team of seasoned AI experts; (ii) enhancing the collection of AdTensor’s template library by supplementing additional ad formats for increased ad scenarios by creating additional designs internally and acquiring from third parties; (iii) developing technologies for new forms of ads such as augmented reality and mini-app marketing, as well as interactive ads; and (iv) developing connections with additional media publishers through SDK integration.	To be gradually carried out over the next three years
Approximately 20% of our total estimated net proceeds, or HK\$17.9 million, to enhance our local service capabilities and expand our global footprint	(i) setting up subsidiaries in our key overseas markets, such as the United States, Japan, India and Indonesia; and (ii) recruiting local teams including business development personnel to support sales and marketing and optimisers and designers to provide in-house ad optimisation and designing support to our local markets.	To be gradually carried out over the next three years

FUTURE PLANS AND USE OF PROCEEDS

Allocation of Proceeds	Specific Purpose	Expected Timeframe
Approximately 20% of our total estimated net proceeds, or HK\$17.9 million, to enhance our IT infrastructure, management system, ERP system, ORACLE system and performance monitoring system, with a goal to develop an integrated and transparent system for our global operations	(i) enhancing our system architecture and IT infrastructure; (ii) setting up and upgrading our Group's ERP system to manage our expanding global operations in financial, tax, legal, marketing and human resource aspects; (iii) purchasing an ORACLE system to better monitor the overall operational and financial performance of our Group across offices; and (iv) hiring a chief operating officer with experience in managing international operations to supervise our cross-jurisdiction integration	To be gradually carried out over the next three years
Approximately 15% of our total estimated net proceeds, or HK\$13.4 million, to expand our advertiser base by strengthening our sales and marketing efforts and increasing our local presence in selected regions in China	(i) recruiting an additional 22 sales and marketing staff, 15 of which targeted in selected China regions with extensive experience in the online advertising industry; (ii) enhancing our sales and marketing efforts in selected regions in China, including certain third- and fourth-tier cities; and (iii) establishing approximately eight new offices in selected regions in China, with focuses in southeast coastal regions	To be gradually carried out over the next three years
Approximately 10% of our total estimated net proceeds, or HK\$9.0 million, to explore strategic investments and mergers and acquisitions	investing in or acquiring businesses that will help strengthen our offerings and enhance our business reputation. We have not yet identified any target to be acquired but we seek to acquire or invest in targets in the following areas: (i) can help in bringing additional coverage of media publishers; (ii) can help in bringing additional coverage of advertisers; or (iii) have strong local capabilities that will enable us to create ad content tailored to our target audience in specific local markets. we expect to establish an investment committee comprising one independent non-executive Director and two industry experts to review potential investments and mergers and acquisitions opportunities in connection with our contemplated strategy and use of proceeds.	To be gradually carried out in 2021 and 2022

FUTURE PLANS AND USE OF PROCEEDS

The table below sets forth the specific steps that we will take to implement each of the aforementioned future plans and a breakdown of the net proceeds of the future plans:

General Purpose	Estimated Amounts of Net Proceeds (HK\$ in million)	Year	Specific Steps	Infrastructure Investment (HK\$ in million)	Staff Cost (HK\$ in million)	Office Rental (HK\$ in million)	Sales and Marketing Expense (HK\$ in million)	Working Capital Supplement (HK\$ in million)	Investments and Acquisitions (HK\$ in million)
AI technologies and technology capabilities; offering of our AdTensor platform	31.3	2020	To focus on big data algorithm and purchase well-established database library to run our AI technology architecture and further strengthen the precision and accuracy of our technology	13.4	1.6	—	—	—	—
		2021	To integrate our AI technology with new forms of ads such as augmented reality and interactive ads. To enhance our AI technology to match third-party media platforms' data	10.0	1.6	—	—	—	—
		2022	To develop SDK platform and launch our AI technology to integrate with SDK platform	3.1	1.6	—	—	—	—
		Total		26.5	4.8			—	—
Local service capabilities and global footprint	17.9	2020	Indonesia: To hire a team of two local business development personnel and one translator, and gradually increase business development personnel headcount to two	—	—	—	—	—	—
		2021		0.4	0.4	0.3	0.4	—	—
		2022		0.4	0.5	0.3	0.1	—	—
		2020	India: To hire two local business development personnel, as well as local designs and optimiser team, leveraging the relatively low cost of Indian marketing talent, aim to gradually become a “design and optimising centre” for English speaking content	—	—	—	—	—	—
		2021		0.3	0.9	0.5	0.5	—	—
		2022		0.3	1.0	0.5	0.5	—	—
		2020	Japan: To hire one business development personnel to cover local Japanese clients	—	—	—	—	—	—
		2021		0.5	0.8	0.5	0.5	—	—
		2022		0.5	0.8	0.5	0.4	—	—
		2020	United States: To hire one business development personnel and gradually increase to two to cover Los Angeles clients	—	—	—	—	—	—
		2021		1.1	1.0	0.5	0.6	—	—
		2022		1.1	1.0	0.5	0.3	—	—
		Total		4.6	6.4	3.6	3.3	—	—

FUTURE PLANS AND USE OF PROCEEDS

General Purpose	Estimated Amounts of Net Proceeds (HK\$ in million)	Year	Specific Steps	Infrastructure Investment (HK\$ in million)	Staff Cost (HK\$ in million)	Office Rental (HK\$ in million)	Sales and Marketing Expense (HK\$ in million)	Working Capital Supplement (HK\$ in million)	Investments and Acquisitions (HK\$ in million)	
IT infrastructure, management system, ERP system, ORACLE system and performance monitoring system	17.9	2020	To purchase ORACLE system. To automatically monitor the entire process from bidding to billing and manage account spending information. Also provide real time financial management function to monitor the risk and account receivables for up to thousands of accounts. To hire an experienced Chief Operating Officer for operations. To implement global ERP system for operational needs and internal control	10.8	1.5	—	—	—	—	
		2021	To develop in-house cloud-based project management application to increase collaborations among our AMs, optimisers and finance team for cross-border and cross department projects, also to develop performance review and risk control monitoring function. To upgrade and maintain the ORACLE system and the ERP System	2.8	1.0	—	—	—	—	
		2022		0.8	1.0	—	—	—	—	
		Total			14.4	3.5	—	—		
Sales and marketing and local presence in selected regions in China	13.4	2020	To improve sales and marketing efforts and set up eight subsidiaries in the eastern China and southern China regions as well as in Shaanxi, Sichuan and Hunan	—	2.4	2.2	—	—	—	
		2021		—	2.4	2.2	—	—	—	
		2022			2.0	2.2	—	—	—	
		Total				6.8	6.6	—	—	—
Strategic investments and mergers and acquisitions	9.0	2020	To evaluate and consummate transactions for targets that supplement our business model and continue post-acquisition integration and management	—	—	—	—	—	—	
		2021		—	—	—	—	0.3	4.6	
		2022		—	—	—	—	0.5	3.6	
		Total			—	—	—	—	0.8	8.2

We believe that our expansion plans and contemplated use of proceeds commensurate with our historical development, future business strategies and industry trends.

Strengthen Big Data and Technology Capabilities, Enhancing Our IT infrastructure and Improvement of AdTensor

Our use of proceeds to enhance our big data and technology capabilities and IT infrastructure is in line with our strategy to strengthen our technology capabilities. Historically, we adopted an asset-light approach in the early stage of our development, and our IT infrastructure has been supported by the two largest computing companies in China. To enhance our competitive position in the online advertising industry, we believe we need to strengthen our internal data and technology capabilities. We currently have a relatively lean team specialising in R&D, and the development of big data and AI capabilities requires experienced experts. We expect to invest in hiring a team of seasoned AI experts to support our strategies in strengthening our AI and technology capabilities.

FUTURE PLANS AND USE OF PROCEEDS

We have historically used APIs to obtain data from publishers' platforms. After Listing and as our services expand, we will seek to connect to additional medium- and long-tail publishers through SDK integration, which requires the media publisher to install in order to provide us further comprehensive data. Compared to API connection, SDK integration provides third-party advertising platforms with more control over the advertising process, according to iResearch. For example, third-party advertising platforms have full control over the ad presentation sequence and can ensure that the ads transmitted to the publishers' app have been actually presented to the mobile user. Third-party online advertising platforms can also allow their SDKs to support delivery of more complex ad creatives such as videos and interactive ads and in customisable and native formats. In addition, third-party online advertising platforms can also allow their SDKs to provide more types of feedback data from the media publishers' app compared to API connection. We expect to invest in developing connections with additional media publishers through SDK integration.

We established AdTensor, our proprietary ad optimisation and management platform, to provide enhanced online advertising services to our customers. Our use of proceeds to enhance the offerings of our AdTensor platform including investment in big data algorithm and a well-established database library is in line with our strategy to expand our business with both advertisers and media publishers. Our AdTensor platform has been serving over 100 advertisers for the purpose of creating ad designs, conducting ad optimisation and overall management of ad campaigns under the CPA pricing model and for the purpose of confirming user traffic data in settlement and generation of intelligent reports under both CPA and CPC pricing model. We seek to encourage an increasing number of advertisers to use our AdTensor platform in the future. For example, we plan to enhance the collection of AdTensor's template library by supplementing additional ad formats for increased ad scenarios by creating additional designs internally and acquiring from third parties. We also plan to develop technologies for new forms of ads such as augmented reality and mini-app marketing, as well as interactive ads. We expect the improvement in AdTensor's offerings will enable us to expand the scope and depth our business with advertisers and publishers.

Enhancement of Overseas Local Service Capabilities and Local Footprint

Since our inception, we primarily operate in the "China-to-Global" advertising business in which we help China-based advertisers to reach users in approximately 250 countries and regions. Our use of proceeds to enhance our local service capabilities is in line with our strategy to expand our global footprint. Historically, we have enhanced our local service capabilities by collaborating with individuals in selected overseas markets who assist us with the design and translation of ad content and advise us on the characteristics and interests of local target audience. We plan to continue to enhance our local service capabilities by setting up subsidiaries in key overseas markets to expand our global coverage and increase the scope and depth of our global cooperation with advertisers and publishers. In particular, we wish to set up subsidiaries in Indonesia, India, Japan and the United States. In terms of global online advertising industry, North America holds the leading position with 41.8% of the world's total media advertising spending in 2019 and remains the top advertising spending market, according to iResearch. Moreover, our existing overseas advertisers have consistently been based mainly in the United States and have contributed RMB0.6 million of our total revenue in 2018 and RMB1.7 million of our total revenue in 2019 while 16.2% and 16.7% of our user traffic based on number of impressions have been delivered to the United States in 2018 and 2019, respectively. We plan to set up an office in Los Angeles, California where major sophisticated app developers and e-commerce companies are located in order to capture more business opportunities and expand our advertiser base.

FUTURE PLANS AND USE OF PROCEEDS

According to iResearch, Asian areas including Southeast Asia is rising at a significant pace, and Japan showing modest growth, in terms of mobile Internet users. Japan currently ranks fourth in the global online advertising industry in terms of online advertising spending with an amount of US\$18.8 billion in 2019 estimated to increase to US\$22.4 billion in 2024. On the other hand, Indonesia and India are considered to be the two largest emerging markets in the world. According to iResearch, India is the second largest country in terms of the number of Internet user. However, among its 1.4 billion population, the actual Internet penetration rate is only 35% indicating significant potential for development of online advertising in this region. In 2018, we have delivered 12.5% of our user traffic in terms of number of impressions to India and this percentage increased to 38.3% in 2019 which significantly outgrew our user traffic in the United States for the corresponding year. On the other hand, the e-commerce market in Indonesia is projected to grow up to eightfold from 2017 to 2022, from US\$8 billion of spending in 2017 to US\$55 to US\$65 billion by 2022, similar to China's development trajectory between 2010 and 2015. Meanwhile, 20.3% and 11.6% of our user traffic in terms of number of impressions was delivered to Indonesia in 2018 and 2019, respectively. With improvement in the global Internet infrastructure and increase in Internet penetration rate, there is a solid foundation for Chinese advertisers to acquire users in the emerging market in Southeast Asia. Moreover, as Southeast Asia markets have similar culture to China, it becomes appealing to Chinese advertisers to invest in less competitive markets with huge growth potential. Therefore, we consider it a priority in allocating budgets to Southeast Asia emerging markets in order to tap growth potential in our business expansion. As we expand into these overseas markets, we plan to recruit local business development personnel, additional optimisers who are able to provide us in-house support in optimising our ad strategies and additional local designers who are able to provide us with the designs of ad content tailored to local audience. We also plan to hire a translator to cater to the local customers' demands in selected markets. We may engage foreign legal counsel and other professional advisors in connection with our planned overseas expansion. By setting up local presence in these selected overseas markets, we are able to build closer relations with local designers and translators and our overseas subsidiaries can then advise us on ad content that are most suitable to the local audience in order for us to provide better localised services.

Enhancement of Our IT Infrastructure, Management System, ERP System and ORACLE System

During the Track Record Period, we conducted our operations primarily through our two subsidiaries in Beijing and Hong Kong with the support of a relatively lean IT team. As to implement one of our key strategies to enhance our local service capabilities and set up additional subsidiaries in overseas jurisdictions, we will be required to set up a sophisticated IT system and an enhanced ERP system and to purchase an ORACLE system that are expected to enable us to manage and monitor the operational and financial performance of our Group on an integrated basis.

We are currently using Kingdee's K/3 application to support our financial management, with little support being directed at operational management. Our existing software requires input from both our business team and finance team in different stages as one procedure is required to process settlement and another procedure is required to generate financial report. Considering our expected operational scale in the near future, we wish to upgrade to the ORACLE system to integrate financial and operational management into one advanced system in order to increase management efficiency in light of our business expansion plans. The ORACLE system is well recognised by the industry and is able to offer the following sophisticated financial and operational management functions to our Group: (a) a multi-dimensional accounting and reporting platform enabled by self-reporting functions and multi-dimensional analysis for calculating account balances based on real-time information and monitoring financial data and account receivables efficiently; (b) optical character recognition (OCR)

FUTURE PLANS AND USE OF PROCEEDS

technology for intelligent data recognition and extraction of the invoice attributes in order to eliminate human errors during transactions management; (c) simultaneous accounting applications offering intelligent and mobile financial analysis to multiple accounts and providing for easy adoption of new accounting rules; and (d) an automatised management function to synchronise the process of launching an ad campaign, from bidding to billing, in order to manage multiple accounts simultaneously, facilitate customer service functions seamlessly and improve risk management.

ORACLE is built on open instructions and has the flexibility to link with conventional or third-party applications to support financial and operational management functions in a seamless and sophisticated manner. We believe the ORACLE system can provide immense support to our project management and bring support to AdTensor's reporting functions in order to maximise the performance of ad placement and enhance the efficiency of financial results simultaneously. Overall, we believe implementing the ORACLE system will help with our corporate governance by improving transparency, operational efficiency and risk management. We also plan to upgrade our ERP system to a cloud-based ERP software to manage global projects cost effectively by increasing collaborations among our AMs, optimisers and finance team in order to maximise performance to meet operational needs and to implement risk management procedures intelligently to effectively control risks and eliminate errors in a transaction.

The ORACLE system is expected to serve as the top-level business management architecture and can integrate our financial management and operational management. Our business model requires sophisticated management of a large number of user accounts. Our current ERP system can only monitor the user account activities at the media publisher level, which requires a manual categorisation of different user accounts of the same advertiser in order to collate account information at the advertiser level. By upgrading our ERP system to a cloud-based ERP software, we expect to achieve comprehensive user account management at both the media publisher level and the advertiser level, while automatically aggregate spending of different user accounts on different media publishers' platforms by the same advertiser and to generate performance report at the advertiser level without manual labour, enabling more precise and comprehensive monitoring of account data. The cloud-based ERP system is expected to be designed and developed specifically for our business model and is distinguishable from the ORACLE system, which is a top-level business management architecture without such specific functional module. We believe that the ORACLE system, coupled with specific functional modules supported by an upgraded cloud-based ERP system, will better meet our operating and management needs and thereby improving our operational efficiency, in particular in light of our expansion plans. The cloud-based project management system is part of our AdTensor platform developed primarily for optimisation of our ad placement for advertisers, rather than for our internal operational or financial needs. We expect to continue to develop and improve this system as our AI capability further strengthens. We have decided to purchase ORACLE and upgrade our current ERP system to a cloud-based software instead of investing in an all-in-one integrated management system for cross-team cooperation so as to minimise the Group's reliance on one single software application from a risk control perspective. Moreover, the use of multiple systems can decrease the Group's vulnerability to cyber attacks and hacking leading to a complete shutdown of the Group's IT infrastructure.

We also plan to recruit experienced IT experts to support the functioning of various new systems and to hire a chief operating officer with experience in managing international operations to supervise our cross-jurisdictional integration.

FUTURE PLANS AND USE OF PROCEEDS

Expanding Advertiser Base by Strengthening Sales and Marketing Efforts

We have accumulated a diverse base of advertisers from various industries. The number of our advertisers reached 140, 200 and 273 as of 31 December 2017, 2018 and 2019, respectively. We seek to continue to increase our advertiser base by strengthening our sales and marketing efforts and increasing our local presence in selected regions in China including certain third- and fourth-tier cities.

During the Track Record Period, besides northern China where our Beijing Office is situated, a substantial portion of our revenue was generated from the southern China and eastern China regions. Please refer to the table in “Business — User Acquisition Services For Advertisers” in this prospectus for further details. Of the eight new offices, we aim to set up three offices in the eastern China region, namely in Shanghai, Jiangsu and Zhejiang, two offices in the southern China region, namely in Guangdong and Fujian. Southern and eastern China are important regions for our Group’s business because the majority of our customers have principal places of businesses there. We wish to enhance our presence and build up our reputation in these selected regions by improving our services to existing customers and exploring opportunities with new customers. We plan to hire a total of seven new sales and marketing staff to work at the new Shanghai, Jiangsu and Zhejiang offices and four new sales and marketing staff to work at the new Guangdong and Fujian offices. We aim to set up three additional offices in Shaanxi, Sichuan and Hunan. Shaanxi and Sichuan’s local manufacturing businesses have high demand for overseas export but lack online marketing strategies. We wish to explore collaborations with these businesses and assist them with digitalising and marketing their businesses online. We plan to hire two new sales and marketing staff to work at each of the Shaanxi and Sichuan offices. We believe there is strong business demands in Hunan that is not currently covered by our operations and we therefore plan to hire two new sales and marketing staff to work at the Hunan office to seek more business opportunities.

Strategic Investments and Acquisitions

We established our business in 2015 and was primarily focused on organic growth in the early stage of our development. While we have not made any acquisitions since our inception, mergers and acquisitions as well as industry integration of the overseas mobile advertising industry in China are expected to be a prevalent trend for mobile advertising platforms after the initial stages of their development, particularly when they have the required industry resources to generate synergy from investing in the desired target companies, according to the iResearch Report. Compared with other mobile advertising businesses, overseas mobile advertising industry has a shorter history and is expected to follow a similar development trend as other mobile advertising businesses in the future. Key motivations behind mergers and acquisitions are to promote business development through acquiring resources such as technology solutions, enriched database and advertisers resources in order to improve efficiency and enhance the supply capability of higher-quality traffic, according to the iResearch Report. We have not yet identified any target to be acquired but we seek to acquire or invest in those companies that can help us bring additional coverage of media publishers and advertisers as well as those companies with strong local capabilities that will enable us to create ad content tailored to our target audience in specific local markets. We believe the Listing will enable us to obtain funding and become a more desirable counterparty in our pursuit for strategic investments and acquisitions.

The above allocation of use of net proceeds is projected based on our current business plan and the amount of net proceeds that we expect to receive from the Global Offering. If we are unable to raise the expected amount of net proceeds from the Global Offering, we expect to adjust the allocation of the net proceeds for the above purpose on a pro rata basis.

FUTURE PLANS AND USE OF PROCEEDS

If the Offer Price is set at the high end or low end of the proposed offer price range, the net proceeds of the Global Offering (assuming that the Over-allotment Option is not exercised) will increase to HK\$100.2 million or decrease to HK\$78.8 million, respectively. In this event, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro-rata basis.

If the Over-allotment Option is fully exercised by the Joint Global Coordinators, we will receive net proceeds of approximately HK\$20.7 million for 22,500,000 Shares to be sold and transferred upon the full exercise of the Over-allotment Option, respectively, based on the Offer Price of HK\$0.92 per Share, being the mid-point of the indicative Offer Price range, and after deducting the underwriting fees and commissions payable by us. We intend to apply the additional net proceeds to the above uses in the proportions stated above.

To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit such net proceeds into interest-bearing bank accounts with licensed bank and/or financial institutions.

UNDERWRITING

HONG KONG UNDERWRITERS

CEB International Capital Corporation Limited

SBI China Capital Financial Services Limited

ABCI Securities Company Limited

BOCOM International Securities Limited

CMBC Securities Company Limited

Fortune (HK) Securities Limited

Alpha International Securities (HONG KONG) Limited

Chuenman Securities Limited

Livermore Holdings Limited

Vision Finance International Company Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 15,000,000 Hong Kong Offer Shares and the International Offering of initially 135,000,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in “Structure of the Global Offering” in this prospectus as well as to the Over-allotment Option in the case of the International Offering.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on 26 June 2020. Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares (subject to reallocation) for subscription on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (i) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering on the Main Board of the Stock Exchange; and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement, the

UNDERWRITING

Hong Kong Underwriters have agreed severally to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

If any of the events set out below shall occur at any time prior to 8:00 a.m. on the Listing Date, the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and the Sole Sponsor shall be entitled by notice (orally or in writing) to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect:

- (A) there shall develop, occur, exist or come into effect:
 - (a) any event or series of events or circumstance in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, large scale outbreak of disease (including, without limitation, Severe Acute Respiratory Syndrome (SARS), swine or avian flu, H5N1, H1N1, H7N9, Ebola virus, Middle East respiratory syndrome and such related/mutated forms), accidents or prolonged interruption or delay in transportation, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) (whether or not responsibility has been claimed)) in or affecting Hong Kong, the PRC, the United States, the Cayman Islands, the British Virgin Islands, Indonesia and India (the “**Relevant Jurisdictions**”) or any jurisdiction relevant to the Global Offering; or
 - (b) any change, or any development involving a prospective change or development in, or any event or circumstance or series of events or circumstances resulting or likely to result in or representing any change or development involving a change or development, or a prospective change or development, in any local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market matters or conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including, without limitation, a change in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets or a change in the system under which the value of the Hong Kong dollar is linked to the U.S. dollar or the Renminbi is linked to any foreign currency or currencies or devaluation of Hong Kong dollar or Renminbi against any foreign currencies or a change in any other currency exchange rates) in or affecting any of the Relevant Jurisdictions or any jurisdiction relevant to the Global Offering; or

UNDERWRITING

- (c) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, or the Tokyo Stock Exchange or the Shanghai/Shenzhen Stock Exchange; or
- (d) 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), New York (imposed at Federal or New York State level or other competent Authority), or the Relevant Jurisdictions, or any disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of those places or jurisdictions; or
- (e) any new law, or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in (or in the interpretation or application by any court or other competent authority of) existing laws, in each case, in or affecting the Relevant Jurisdictions; or
- (f) the imposition of economic sanctions, or the withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, the United States or the European Union (or any member thereof) on the Relevant Jurisdictions; or
- (g) a change or development involving a prospective change or amendment in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar, United States Dollar or the Renminbi against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or the Renminbi is linked to any foreign currency or currencies), or the implementation of any exchange control, in the Relevant Jurisdictions; or
- (h) any litigation, legal action, arbitration, proceeding or claim of any third party being threatened or instigated against any Director and/or any member of our Group; or
- (i) a Director or member of senior management of our Company (as disclosed in this prospectus) 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 the commencement by any governmental, political or regulatory body of any investigation or other action against any Director or senior management of our Company (as disclosed in this prospectus) in his or her capacity as such or any member of our Group, or an announcement by any governmental, political or regulatory body that it intends to commence any such investigation or take any such action; or
- (j) the chairman or chief executive officer of our Company, any other Directors or any other member of senior management of our Company vacating her/his office; or

UNDERWRITING

- (k) an authority or a political body or organisation in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director; or
- (l) a contravention by any member of our Group or any Director of the Listing Rules or applicable laws; or
- (m) a prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Shares (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option) pursuant to the terms of the Global Offering; or
- (n) non-compliance of this prospectus by our Company (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or
- (o) the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer, subscription and sale of the Shares) pursuant to the Companies Ordinance or the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC, without the prior written approval of the Sole Sponsor and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters); or
- (p) an order or petition for the winding up or liquidation of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or
- (q) any valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity which would affect the overall working capital position of our Group to meet the working capital requirements; or
- (r) any change or prospective change or development, or a materialisation of, any of the risks set out in “*Risk Factors*” in this prospectus,

which, individually or in the aggregate, in the sole opinion of the Sole Sponsor and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) (1) has or will have or may have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders’ equity, profits, losses, results of operations, position or condition, financial, operational or otherwise, or performance of our Group as a whole; or (2) has or will have or may have a material adverse effect on the success or marketability of the Global Offering or the level of applications or the distribution under the Hong Kong Public Offering or the level of interest under the International Offering; or (3) makes or will make or may make it inadvisable or inexpedient or impracticable or incapable for the Global Offering to be implemented or to proceed as envisaged or to market the

UNDERWRITING

Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by this prospectus and the Application Forms; or (4) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing or delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

- (B) there has come to the notice of the Sole Sponsor or the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters):
- (a) that any statement contained in this prospectus and the Application Forms and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect, inaccurate, incomplete in any material respect or misleading in any respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in this prospectus and the Application Forms and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest and based on reasonable grounds or reasonable assumptions; or
 - (b) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from any of this prospectus and the Application Forms and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or
 - (c) any breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Sole Sponsor, the Hong Kong Underwriters or the International Underwriters); or
 - (d) any event, act or omission which gives or is likely to give rise to any liability of any of the Indemnifying Parties (as defined in the Hong Kong Underwriting Agreement) pursuant to the indemnities given by any of them under the Hong Kong Underwriting Agreement or under the International Underwriting Agreement, as applicable; or
 - (e) any material adverse change, or any development involving a prospective material adverse change, in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial, operational or otherwise, or performance of any member of our Group as a whole; or

UNDERWRITING

- (f) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the warranties given by any of the Warrantors (as defined in the Hong Kong Underwriting Agreement) (as applicable) under the Hong Kong Underwriting Agreement or under the International Underwriting Agreement, as applicable; or
- (g) that approval by or agreement to approve by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares in issue and to be issued or sold (including any additional Shares that may be issued or sold pursuant to the exercise of the Over-Allotment Option) under the Global Offering and Shares which may be issued pursuant to the exercise of share options granted under the Post-IPO Share Option Scheme is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, that the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or
- (h) that any of the experts specified in this prospectus (other than the Sole Sponsor) has withdrawn its respective consent to the issue of this prospectus with the inclusion of its reports, letters and/or opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or
- (i) a withdrawal by our Company of this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or
- (j) that a material portion of the orders placed or confirmed in the bookbuilding process, have been withdrawn, terminated or cancelled or otherwise not fulfilled.

Undertakings to the Stock Exchange pursuant to the Listing Rules

(A) Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that we will not, at any time within six months from the Listing Date, issue any Shares or other securities convertible into equity securities of our Company (whether or not of a class already listed) or enter into any agreement or arrangement to issue any Shares or such other securities (whether or not such issue of the Shares or such other securities will be completed within six months from the Listing Date), except pursuant to the Global Offering (including the Over-allotment Option) or under any of the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to our Company that, except pursuant to the Global Offering or for any lending of the Shares pursuant to the Stock Borrowing Agreement, it/she will not (and will procure that the relevant registered holder(s) will not):

- (i) in the period commencing on the date by reference to which disclosure of its/her shareholding in our Company is made in this prospectus and ending on the date which is six months from the date on which dealings in the Shares commence on the Stock Exchange,

UNDERWRITING

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 it/she is shown by this prospectus to be the beneficial owner; and

- (ii) during the period of six months commencing on the date on which the period referred to in paragraph (i) 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 or securities referred to in the immediately preceding paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a Controlling Shareholder of us,

in each case, save as permitted under the Listing Rules.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to our Company that, within the period commencing on the date by reference to which disclosure of its/her shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the date on which dealings in the Shares commence on the Stock Exchange, it/she will:

- (a) when it/she pledges or charges any Shares or other securities beneficially owned by it/her in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules for a bona fide commercial loan, immediately inform the Company of such pledge or charge together with the number of the Shares so pledged or charged; and
- (b) when it/she receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform our Company of such indications.

Undertakings pursuant to the Hong Kong Underwriting Agreement

(A) Undertakings by our Company

Except for the issue, offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the Over-Allotment Option), during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the “**First Six-Month Period**”), our Company hereby undertakes to each of the Joint Global Coordinators, the Hong Kong Underwriters and the Sole Sponsor not to, and to procure each other member of our Group not to, without the prior written consent of the Sole Sponsor and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase any legal or beneficial interest in any Shares or other securities of our Company or any shares or other securities of

UNDERWRITING

such other member of our Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of our Group, as applicable), or deposit any Shares or other securities of our Company or any shares or other securities of such other member of our Group, as applicable, with a depository in connection with the issue of depository receipts; or

- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any shares or other securities of such other member of our Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of our Group, as applicable); or
- (c) enter into any transaction with the same economic effect as any transaction specified in paragraphs (a) or (b) above; or
- (d) offer to or contract to or agree to or announce or publicly disclose any intention to effect any transaction specified in paragraphs (a), (b) or (c) above,

in each case, whether any of the transactions specified in paragraphs (a), (b) or (c) above are to be settled by delivery of Shares or other securities of our Company or shares or other securities of such other member of our Group, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-month Period). In the event that, during the period of six months commencing on the date on which the First Six-month Period expires (the “**Second Six-Month Period**”), our Company enters into any of the transactions specified in paragraphs (a), (b) or (c) above or offers to or agrees to or contracts to or announces or publicly discloses any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

The Controlling Shareholders undertake to each of the Joint Global Coordinators, the Hong Kong Underwriters and the Sole Sponsor to procure our Company to comply with the undertakings set out above.

(B) Undertakings by the Controlling Shareholders

The Controlling Shareholders jointly and severally undertake to each of our Company, the Joint Global Coordinators, the Hong Kong Underwriters and the Sole Sponsor that, without the prior written consent of the Sole Sponsor and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) save for any lending of Shares by the Controlling Shareholders pursuant to the Stock Borrowing Agreement, she/it will not, and will procure none of her/its affiliates will, at any time during the First Six-Month Period, (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or

UNDERWRITING

dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or deposit any Shares or other securities of our Company with a depositary in connection with the issue of depositary receipts, 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 any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) of this clause, or (iv) offer to or contract to or agree to or announce or publicly disclose any intention to effect any transaction specified in (i), (ii) or (iii) of this clause, in each case, whether any of the transactions specified in (i), (ii) or (iii) of this clause is to be settled by delivery of Shares or other securities of our Company or in cash or otherwise (whether or not the issue of such Shares or other securities of our Company will be completed within the First Six-Month Period);

- (b) she/it will not, and will procure none of her/its affiliates will, during the Second Six-Month Period, enter into any of the transactions specified in (i), (ii) or (iii) of this sub-clause (a) above or offer to or contract to or agree to or announce or publicly disclose any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, she/it will cease to be a “controlling shareholder” (as the term is defined in the Listing Rules) of our Company; and
- (c) until the expiry of the Second Six-Month period, in the event that she/it enters into any of the transactions specified in (i), (ii) or (iii) of this sub-clause (a) above or offers to or contracts to or agrees to or announces or publicly discloses any intention to effect any such transaction, she/it will take all reasonable steps to ensure that she/it will not create a disorderly or false market in the securities of the Company.

The Controlling Shareholders have further undertaken to our Company, the Joint Global Coordinators, the Sole Sponsor and the Hong Kong Underwriters that they will, at any time within the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is 12 months after the Listing Date:

- (a) upon any pledge or charge in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) of any Shares or securities or interests in the Shares or securities of our Company beneficially owned by them for a bona fide commercial loan, immediately inform our Company, the Joint Global Coordinators and the Sole Sponsor in writing of such pledge or charge together with the number of Shares or securities so pledged or charged; and
- (b) upon any indication received by them, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities or interests in the Shares or securities of our Company will be disposed of, immediately inform our Company and the Joint Global Coordinators and the Sole Sponsor in writing of such indications.

UNDERWRITING

Our Company agrees and undertakes to the Joint Global Coordinators, the Sole Sponsor and each of the Hong Kong Underwriters that, upon receiving such information in writing from the Controlling Shareholders, it shall, as soon as practicable, notify the Stock Exchange and make an announcement in accordance with the Listing Rules.

Hong Kong Underwriters' Interests in our Company

Save for their respective obligations under the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement and, if applicable, the Stock Borrowing Agreement, as of the Latest Practicable Date, none of the Hong Kong Underwriters was interested legally or beneficially, directly or indirectly, in any Shares or other securities of our Company or any other member of the Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares or other securities of our Company or any other member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, we and the Controlling Shareholders expect to enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement and subject to the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally and not jointly to procure purchasers for, or themselves purchase, their respective proportions of the International Offering Shares being offered pursuant to the International Offering. Please refer to “Structure of the Global Offering — The International Offering” in this prospectus for further details.

We are expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators on behalf of the International Underwriters at any time from the date of the International Underwriting Agreement until 30 days after the last date for the lodging of applications under the Hong Kong Public Offer, to require the Company to issue and allot up to an aggregate of 22,500,000 additional Offer Shares representing approximately 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering to, among other things, cover over allocations (if any) in the International Offering. It is expected the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors shall be reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Commissions and Expenses

The Hong Kong Underwriters are expected to receive an underwriting commission of 3% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the International Underwriters and not the Hong Kong Underwriters. The

UNDERWRITING

commissions payable to the Underwriters will be borne by our Company with respect to the new Offer Shares to be issued by the Company under the Global Offering (including pursuant to the exercise of the Over-allotment Option). Our Company may, at its sole discretion, pay to the Hong Kong Underwriters an additional incentive fee of up to 0.5% of the Offer Price multiplied by the total number of Hong Kong Offer Shares. The aggregate underwriting commission for the Global Offering is expected to be determined following book closing after publication of this prospectus, and is subject to a number of factors, including, amongst others, the final Offer Price, the quality of investors brought in by the relevant syndicate members and the subscription level of the Global Offering. The aggregated underwriting commission of the Global Offering (including incentive fees, if any) is not expected to exceed 10% of the Offer Price multiplied by the Offer Shares.

The aggregate underwriting commissions and fees payable to the Underwriters, together with the Stock Exchange listing fees, the SFC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses in relation to the Global Offering are estimated to be approximately RMB35.6 million (assuming an Offer Price of HK\$0.92 per Offer Share (which is the mid-point of the indicative Offer Price range), the Over-allotment Option is not exercised) and will be paid by us.

Indemnity

We and the Controlling Shareholders have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

INDEPENDENCE OF THE SOLE SPONSOR

CEB International Capital Corporation Limited satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilising process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trading securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers.

In relation to the Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions

UNDERWRITING

(including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares, which may have a negative impact on the trading price of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilising period described in “Structure of the Global Offering” in this prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members (other than the Stabilising Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Company and our Company’s affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. CEB International Capital Corporation Limited and SBI China Capital Financial Services Limited are the Joint Global Coordinators of the Global Offering.

The Global Offering (subject to reallocation and the Over-allotment Option) comprises:

- (i) the Hong Kong Public Offering of initially 15,000,000 Shares (subject to reallocation) in Hong Kong as described in the subsection headed “— The Hong Kong Public Offering” below; and
- (ii) the International Offering of initially 135,000,000 Shares (subject to reallocation and the Over-allotment Option) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in accordance with Regulation S as described in the subsection headed “— The International Offering” below.

Investors may either:

- (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or
- (ii) apply for or indicate an interest for International Offer Shares under the International Offering,

but may not do both.

The Offer Shares will represent 25.0% of the issued share capital of the Company immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 27.7% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in the subsection headed “— the Hong Kong Public Offering — Reallocation” below.

References in this prospectus to applications, Application Forms, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

We are initially offering 15,000,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 10.0% of the total number of Offer Shares initially available under the Global Offering. The Hong Kong Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent 2.5% of the total issued share capital of the Company immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in the subsection headed “— Conditions of the Global Offering” below.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally (to the nearest board lot) into two pools: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are undersubscribed, such undersubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the “price” for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 7,500,000 Hong Kong Offer Shares are liable to be rejected.

STRUCTURE OF THE GLOBAL OFFERING

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation under the Listing Rules. If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times and (iii) 100 times or more of the total number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 45,000,000 Offer Shares (in the case of (i)), 60,000,000 Offer Shares (in the case of (ii)) and 75,000,000 Offer Shares (in the case of (iii)), representing approximately 30.0%, 40.0% and 50.0% of the total number of Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option (the “**PN 18 Clawback**”). In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate. In addition, the Joint Global Coordinators may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In accordance with Guidance Letter HKEx-GL91-18 issued by the Hong Kong Stock Exchange, if such reallocation is done other than pursuant to Practice Note 18 of the Listing Rules, the maximum total number of Offer Shares that may be reallocated to the Hong Kong Public Offering following such reallocation shall not be more than double the initial allocation to the Hong Kong Public Offering, i.e. 30,000,000 Offer Shares, representing approximately 20% of the total number of Offer Shares initially available under the Global Offering.

According to Guidance Letter HKEx-GL91-18 issued by the Hong Kong Stock Exchange, if (a) the International Offering is undersubscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed; or (b) the International Offering is fully subscribed or oversubscribed and the Hong Kong Public Offering is oversubscribed by less than 15 times of the total number of Offer Shares initially available under the Hong Kong Public Offering, then the Joint Global Coordinators may only reallocate Offer Shares from the International Offering to the Hong Kong Public Offering other than pursuant to Practice Note 18 of the Listing Rules on the following conditions in accordance with Guidance Letter HKEx-GL91-18 (the “**Allocation Cap**”):

- (i) the maximum total number of shares that may be reallocated from the International Offering to the Hong Kong Public Offering shall be not more than double the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering (i.e. 30,000,000 Offer Shares); and
- (ii) the final Offer Price shall be fixed at the bottom of the indicative Offer Price Range stated in the Hong Kong Prospectus.

If the Hong Kong Public Offering is not fully subscribed, the Joint Global Coordinators may have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Global Coordinators deem appropriate. The Allocation Cap will not be triggered. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Global Coordinators subject to the PN 18 Clawback and the Allocation Cap (as applicable).

STRUCTURE OF THE GLOBAL OFFERING

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement which is expected to be published on Thursday, 9 July 2020.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has 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 International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is breached and/or untrue (as the case may be) or if it has been or will be placed or allocated International Offer Shares under the International Offering.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum offer price of HK\$1.00 per Offer Share in addition to the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK\$2,525.20 for one board lot of 2,500 Shares. If the Offer Price, as finally determined in the manner described in the subsection headed “— Pricing and Allocation” below, is less than the maximum offer price of HK\$1.00 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Please refer to “How to Apply for Hong Kong Offer Shares” in this prospectus.

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

Subject to reallocation as described above and the Over-allotment Option, the International Offering will consist of an offering of initially 135,000,000 Offer Shares, representing 90.0% of the total number of Offer Shares initially available under the Global Offering.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in the subsection headed “— Pricing and Allocation” below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the Listing. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Company and the Shareholders as a whole.

STRUCTURE OF THE GLOBAL OFFERING

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allotment of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the clawback arrangement described in the subsection headed “— The Hong Kong Public Offering — Reallocation” above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, we are expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Joint Global Coordinators at any time during the 30 day period from the last day for lodging applications under the Hong Kong Public Offering, to require the Company to issue up to an aggregate of 22,500,000 additional Offer Shares, representing not more than 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to, amongst others, cover over-allocations in the International Offering, if any. If the Over-allotment Option is exercised, an announcement will be made.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the new securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilising Manager, or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilising or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilising action. Such stabilising action, if taken, (i) will be conducted at the absolute discretion of the Stabilising Manager or any person acting for it and in what the Stabilising Manager reasonably regards as the best interest of us; (ii) may be discontinued at any time; and (iii) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

Stabilisation action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (i) over-allocating for the purpose of preventing or minimising any reduction in the market price of the Shares; (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares; (iii) purchasing, or agreeing to purchase, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares; (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases; and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilising Manager or any person acting for it may, in connection with the stabilising action, maintain a long position in the Shares;
- there is no certainty as to the extent to which and the time or period for which the Stabilising Manager or any person acting for it will maintain such a long position;
- liquidation of any such long position by the Stabilising Manager or any person acting for it and selling in the open market, may have an adverse impact on the market price of the Shares;
- no stabilising action can be taken to support the price of the Shares for longer than the stabilisation period, which will begin on the Listing Date, and is expected to expire on Sunday, 2 August 2020, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and
- stabilising bids or transactions effected in the course of the stabilising action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

We will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilisation period.

Over-allocation

Following any over-allocation of the Shares in connection with the Global Offering, the Stabilising Manager (or any person acting for it) may cover such over-allocations by, amongst others, exercising the Over-allotment Option in full or in part, by using Shares purchased by the Stabilising Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price or through the stock borrowing arrangement as detailed below or a combination of these means.

STRUCTURE OF THE GLOBAL OFFERING

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilising Manager or any person acting for it may choose to borrow up to 22,500,000 Shares (being the maximum number of the Shares which may be issued pursuant to the exercise of the Over-allotment Option) pursuant to the Stock Borrowing Agreement, which is expected to be entered into between the Stabilising Manager or any person acting for it and Rowtel on or around the Price Determination Date, or acquire Shares from other sources, including exercising the Over-allotment Option or by making purchases in the secondary market at prices that do not exceed the Offer Price.

If such stock borrowing arrangement with Rowtel is entered into, it will only be effected by the Stabilising Manager or any person acting for it for the settlement of over-allocations in the International Offering and such arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules, provided that the requirements set out in Rule 10.07(3) of the Listing Rules, being that the Stock Borrowing Agreement will be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Offering, are complied with.

The same number of the Shares so borrowed must be returned to Rowtel or its nominees, as the case may be, on or before the third Business day following the earlier of (i) the last day for exercising the Over-allotment Option and (ii) the day on which the Over-allotment Option is exercised in full.

The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Rowtel by the Stabilising Manager or any person acting for it in relation to such stock borrowing arrangement.

PRICING AND ALLOCATION

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Friday, 3 July 2020 and, in any event, not later than Thursday, 9 July 2020, by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and us, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK\$1.00 per Offer Share and is expected to be not less than HK\$0.84 per Offer Share unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering must pay, on application, the maximum offer price of HK\$1.00 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the Offer Price range stated in this prospectus.

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

The Joint Global Coordinators, on behalf of the Underwriters, may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of us, reduce the number of Offer Shares offered and/or the Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we 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 for lodging applications under the Hong Kong Public Offering, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Company and the Stock Exchange at www.adtiger.hk and www.hkexnews.hk, respectively, notices of the reduction. Upon the issue of such a notice, the revised number of Offer Shares and/or the Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators (on behalf of the Underwriters) and us, will be fixed within such revised Offer Price range. Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Joint Global Coordinators (on behalf of the Underwriters) and us, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocation of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in the section headed “How to Apply for Hong Kong Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies” in this prospectus.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional and is subject to the Company and the Joint Global Coordinators (on behalf of the Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarised in the section headed “Underwriting” in this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

- (i) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering on the Main Board of the Stock Exchange (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option), and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (ii) the Offer Price having been agreed between the Company and the Joint Global Coordinators (on behalf of the Underwriters) on or around the Price Determination Date;
- (iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- (iv) the obligations of the Underwriters under each of the Hong Kong Underwriting Agreement and the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the respective Underwriting Agreements

(unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between the Company and the Joint Global Coordinators (on behalf of the Underwriters) on or before Thursday, 9 July 2020, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, amongst others, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by the Company in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.adtiger.hk on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for Hong Kong Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies” in 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).

Share certificates for the Offer Shares will only become valid at 8:00 a.m. on Friday, 10 July 2020 provided that the Global Offering has become unconditional in all respects and the right of termination described in the section headed “Underwriting” in this prospectus has not been exercised.

STRUCTURE OF THE GLOBAL OFFERING

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 10 July 2020, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, 10 July 2020.

The Shares will be traded in board lots of 2,500 Shares each and the stock code of the Shares will be 1163.

HOW TO APPLY FOR HONG KONG OFFER SHARES

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest in International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the eWhite Form service at www.ewhiteform.com.hk; 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.

The Company, the Joint Global Coordinators, the **eWhite Form** Service Provider 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 Hong Kong Offer Shares on a **WHITE** 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 United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **eWhite Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

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 representative capacity, and stamped with your corporation's chop.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at its discretion and on any conditions it thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **eWhite Form** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you:

- are an existing beneficial owner of the Shares in the Company and/or any its subsidiaries;
- are a Director or general manager of the Company and/or any of its subsidiaries;
- are an associate (as defined in the Listing Rules) of any of the above;
- are a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through www.ewhiteform.com.hk.

For Hong Kong 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, 29 June 2020 until 12:00 noon on Friday, 3 July 2020 from:

- (i) any of the following offices of the Hong Kong Underwriters:

CEB International Capital Corporation Limited

22/F, AIA Central
1 Connaught Road Central
Hong Kong

SBI China Capital Financial Services Limited

4/F, Henley Building
No.5 Queen's Road Central
Hong Kong

ABCI Securities Company Limited

10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

BOCOM International Securities Limited

9/F, Man Yee Building,
68 Des Voeux Road Central
Hong Kong

Chuenman Securities Limited

Office A 10/F, Sang Woo Building
227-228 Gloucester Road, Wan Chai
Hong Kong

HOW TO APPLY FOR HONG KONG OFFER SHARES

(ii) any of the following branches of the receiving bank:

Industrial and Commercial Bank of China (Asia) Limited

	Branch	Address
Hong Kong Island	Queen's Road Central Branch	Basement, Ground Floor and First Floor of 122 QRC Nos. 122–126 Queen's Road Central Hong Kong
	Wanchai Branch	117–123 Hennessy Road Wanchai Hong Kong
Kowloon	Yaumatei Branch	542 Nathan Road Yaumatei Kowloon
	Wong Tai Sin Branch	Shop 128, Level One Wong Tai Sin Plaza 103 Ching Tak Street Wong Tai Sin Kowloon
New Territories	Tseung Kwan O Branch	Shop 1025A, Level 1 Metro City Phase II 8 Yan King Road Tseung Kwan O New Territories
	Shatin Branch	Shop 22J, Level 3 Shatin Centre New Territories

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, 29 June 2020 until 12:00 noon on Friday, 3 July 2020 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "ICBC (Asia) Nominee Limited — Adtiger Corporations 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:

- Monday, 29 June 2020 — 9:00 a.m. to 5:00 p.m.
- Tuesday, 30 June 2020 — 9:00 a.m. to 5:00 p.m.
- Thursday, 2 July 2020 — 9:00 a.m. to 5:00 p.m.
- Friday, 3 July 2020 — 9:00 a.m. to 12:00 noon.

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, 3 July 2020, the last day for applications or such later time as described in the section headed "How to Apply for Hong Kong Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists" in this prospectus.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **eWhite Form** service, amongst other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong 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 (Winding Up and Miscellaneous Provisions) Ordinance and the 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;
- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (vi) agree that none of the Company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering 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 Offer Shares under the International Offering nor participated in the International Offering;
- (viii) agree to disclose to the Company, the Hong Kong Share Registrar, the receiving bank, the Joint Global Coordinators, 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 the Company, the Joint Global Coordinators 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 Hong Kong 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 Hong Kong 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 Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise the Company to place your name(s) or the name of the HKSCC Nominees on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any Share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) 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 have chosen to collect the Share certificate(s) and/or refund cheque(s) in person;
- (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;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xvii) understand that the Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allocation of any of the Hong Kong 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** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **eWhite Form** service 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** 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 Terms and Conditions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH THE eWHITE FORM SERVICE

General

Individuals who meet the criteria in the section headed “How to Apply for Hong Kong Offer Shares — 2. Who can apply” in this prospectus may apply through the **eWhite Form** service for the Offer Shares to be allocated and registered in their own names through the designated website at www.ewhiteform.com.hk.

Detailed instructions for application through the **eWhite Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorise the **eWhite Form** service provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **eWhite Form** service.

Time for Submitting Applications under the eWhite Form service

You may submit your application through the **eWhite Form** service at www.ewhiteform.com.hk (24 hours daily, except on the last day for applications) from 9:00 a.m. on Monday, 29 June 2020 until 11:30 a.m. on Friday, 3 July 2020 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, 3 July 2020 or such later time under the section headed “How to Apply for Hong Kong Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists” in this prospectus.

HOW TO APPLY FOR HONG KONG OFFER SHARES

No Multiple Applications

If you apply by means of the **eWhite Form** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **eWhite Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under the **eWhite Form** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

Only one application may be made for the benefit of any person. If you are suspected of submitting more than one application through the **eWhite Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant 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).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong 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.

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 Centre
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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 Hong Kong 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 the Company, the Joint Global Coordinators and the Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong 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 Hong Kong Offer Shares to be allocated 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 Hong Kong 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 Offer Shares under the International Offering;
 - (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 the Company, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allocation of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
 - **authorise** the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between the Company 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;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- **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 the Company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering 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 the Company, the Hong Kong Share Registrar, the receiving bank, the Joint Global Coordinators, 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;
- **agree** that any application made by HKSCC Nominees on your behalf is irrevocable before Monday, 29 June 2020 (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with the Company and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is 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 the Company's announcement of the Hong Kong Public Offering 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 the giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- **agree** with the Company, for itself and for the benefit of each Shareholder (and so that the 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 (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

HOW TO APPLY FOR HONG KONG OFFER SHARES

- **agree** that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

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 the 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 Hong Kong 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 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 2,500 Hong Kong Offer Shares. Instructions for more than 2,500 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions⁽¹⁾

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Monday, 29 June 2020 — 9:00 a.m. to 8:30 p.m.
- Tuesday, 30 June 2020 — 8:00 a.m. to 8:30 p.m.
- Thursday, 2 July 2020 — 8:00 a.m. to 8:30 p.m.
- Friday, 3 July 2020 — 8:00 a.m. to 12:00 noon

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, 29 June 2020 until 12:00 noon on Friday, 3 July 2020 (24 hours daily, except on Friday, 3 July 2020, the last day for applications).

HOW TO APPLY FOR HONG KONG OFFER SHARES

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, 3 July 2020, the last day for applications or such later time as described in the section headed “How to Apply for Hong Kong Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists” in this prospectus.

Note:

- (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.

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 Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong 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 Hong Kong 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, the 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 the Company, the Hong Kong Share Registrar, the receiving bank, the Joint Global Coordinators, 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.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **eWhite Form** service is also only a facility provided by the **eWhite Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day for applications in making your electronic applications. The Company, the Directors, the Joint Bookrunners, the Sole Sponsor, the Joint Global Coordinators and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **eWhite Form** service will be allocated any Hong Kong Offer Shares.

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 connecting to the CCASS Phone System/CCASS

HOW TO APPLY FOR HONG KONG OFFER SHARES

Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** 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 Friday, 3 July 2020.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong 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** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **eWhite Form** service 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;
- 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).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **eWhite Form** service in respect of a minimum of 2,500 Shares Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 2,500 Shares Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.ewhiteform.com.hk.

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, please refer to “Structure of the Global Offering — Pricing and Allocation” in this prospectus.

10. 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,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 3 July 2020. 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 in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, 3 July 2020 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in “Expected Timetable”, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Thursday, 9 July 2020 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the Company’s website at www.adtiger.hk and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company’s website at www.adtiger.hk and the Stock Exchange’s website at www.hkexnews.hk by no later than 9:00 a.m. on Thursday, 9 July 2020;
- from the designated results of allocations website at <https://www.ewhiteform.com.hk/results> with a “search by ID” function on a 24-hour basis from 9:00 a.m. on Thursday, 9 July 2020 to 12:00 midnight on Wednesday, 15 July 2020;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- by telephone enquiry line by calling +852 2153 1688 between 9:00 a.m. and 6:00 p.m. from Thursday, 9 July 2020 to Tuesday, 14 July 2020 (excluding Saturday, Sunday and public holidays in Hong Kong); and
- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 9 July 2020 to Monday, 13 July 2020 at the designated receiving bank branches as set above.

If the Company accepts 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 Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed “Structure of the Global Offering” in 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.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allocated to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through the **eWhite Form** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked before Monday, 29 June 2020 (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 the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked 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 (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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Global Coordinators, the **eWhite Form** Service Provider 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 allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Listing Committee 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 Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected 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) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **eWhite Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Joint Global Coordinators believe 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 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

HOW TO APPLY FOR HONG KONG OFFER SHARES

13. 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\$1.00 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed “Structure of the Global Offering — Conditions of the Global Offering” in 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 or before Thursday, 9 July 2020.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allocated to you under the Hong Kong Public Offering (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** 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 Hong Kong Offer Shares allocated to you (for **YELLOW** Application Forms, 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 Hong Kong 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). 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 encasement 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 dispatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or before Thursday, 9 July 2020. 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).

HOW TO APPLY FOR HONG KONG OFFER SHARES

Share certificates will only become valid at 8:00 a.m. on Friday, 10 July 2020 provided that the Global Offering has become unconditional and the right of termination described in the section headed “Underwriting” in this prospectus has not been exercised. 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 Hong Kong 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 Boardroom Share Registrars (HK) Limited (寶德隆證券登記有限公司) at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 9 July 2020 or such other date as notified by the Company in the newspapers.

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 the Hong Kong 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 Hong Kong Offer Shares, your refund cheque(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on or before Thursday, 9 July 2020, by ordinary post and at your own risk.

(ii) If you apply using a **YELLOW** Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Thursday, 9 July 2020, 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 Thursday, 9 July 2020, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Hong Kong Offering Shares credited to your designated CCASS participant’s stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS participant.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- *If you are applying as a CCASS investor participant*

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in the subsection headed "— 11. Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 9 July 2020 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong 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 through the eWhite Form Service

If you apply for 1,000,000 or more Hong Kong Offer Shares and your application is wholly or partially successful, you may collect your Share certificate(s) from Boardroom Share Registrars (HK) Limited (寶德隆證券登記有限公司) at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 9 July 2020, or such other date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Thursday, 9 July 2020 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong 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 Thursday, 9 July 2020 or on any other date determined by HKSCC or HKSCC Nominees.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the 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 allocation of the Hong Kong Public Offering in the manner specified in the subsection headed “— 11. Publication of Results” above on Thursday, 9 July 2020. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 9 July 2020 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 Hong Kong Offer Shares allocated 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 Hong Kong Offer Shares allocated 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 Thursday, 9 July 2020. Immediately following the credit of the Hong Kong 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 Hong Kong 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 Thursday, 9 July 2020.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we 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 Listing Rules) 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.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

The following is the text of a report received from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, for the purpose of incorporation in this prospectus.



22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

The Directors

Addtiger Corporations Limited

CEB International Capital Corporation Limited

Dear Sirs,

We report on the historical financial information of Addtiger Corporations Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-3 to I-50, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2017, 2018 and 2019 (the “**Relevant Periods**”), and the consolidated statements of financial position of the Group as at 31 December 2017, 2018 and 2019 and the statement of financial position of the Company as at 31 December 2019 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-3 to I-50 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 29 June 2020 (the “**Prospectus**”) in connection with the initial listing of the shares of the Company on the Main Board 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 the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the 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 presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, 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 have 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 financial position of the Group as at 31 December 2017, 2018 and 2019 and the Company as at 31 December 2019 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities 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-3 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Yours faithfully,

Ernst & Young

Certified Public Accountants

Hong Kong

29 June 2020

I HISTORICAL FINANCIAL INFORMATION**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “**Underlying Financial Statements**”).

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	<i>Notes</i>	Year ended 31 December		
		2017	2018	2019
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	6	116,446	173,850	191,126
Cost of sales		(76,308)	(132,581)	(137,424)
GROSS PROFIT		40,138	41,269	53,702
Other income and gains	6	70	427	1,143
Selling and distribution expenses		(2,902)	(4,202)	(4,893)
Administrative expenses		(2,872)	(6,815)	(21,507)
Other expenses		(37)	(8)	(607)
Finance costs		—	—	(48)
PROFIT BEFORE TAX	7	34,397	30,671	27,790
Income tax expense	10	(7,550)	(5,934)	(5,742)
PROFIT FOR THE YEAR		<u>26,847</u>	<u>24,737</u>	<u>22,048</u>
Attributable to:				
Owners of the parent		24,786	21,243	20,017
Non-controlling interests		2,061	3,494	2,031
		<u>26,847</u>	<u>24,737</u>	<u>22,048</u>
EARNINGS PER SHARE				
ATTRIBUTABLE TO OWNERS OF THE PARENT				
Basic and diluted (RMB)	12	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
PROFIT FOR THE YEAR	26,847	24,737	22,048
OTHER COMPREHENSIVE INCOME			
OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS			
Exchange differences on translation of foreign operations	(1,017)	1,265	74
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	25,830	26,002	22,122
Attributable to:			
Owners of the parent	23,973	22,254	20,070
Non-controlling interests	1,857	3,748	2,052
	25,830	26,002	22,122

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	2017	2018	2019
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	8	216	167
Right-of-use assets	14	—	—	541
Deferred tax assets		161	186	402
Total non-current assets		169	402	1,110
CURRENT ASSETS				
Trade receivables	15	88,562	82,373	140,660
Prepayments, deposits and other receivables	16	2,191	3,470	8,100
Amounts due from related parties	25(c)	96	85	—
Cash and cash equivalents	17	110,907	151,040	171,639
Total current assets		201,756	236,968	320,399
CURRENT LIABILITIES				
Trade payables	18	152,269	162,844	230,389
Other payables and accruals	19	11,552	20,033	15,995
Amounts due to related parties	25(c)	1,960	5,971	—
Tax payable		9,228	15,504	16,932
Lease liabilities	14	—	—	553
Total current liabilities		175,009	204,352	263,869
NET CURRENT ASSETS		26,747	32,616	56,530
TOTAL ASSETS LESS CURRENT				
LIABILITIES		26,916	33,018	57,640
Net assets		26,916	33,018	57,640
EQUITY				
Equity attributable to owners of the parent				
Share capital	20	—	—	679
Reserves	21	25,770	32,104	56,961
		25,770	32,104	57,640
Non-controlling interests		1,146	914	—
Total equity		26,916	33,018	57,640

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent								Non-controlling interests	Total equity
	Share capital	Share premium *	Merger reserve*	Capital reserve*	Exchange fluctuation reserve*	Statutory surplus reserve*	Retained profits *	Total		
As at 1 January 2017	—	—	—	—	448	219	6,524	7,191	637	7,828
Profit for the year	—	—	—	—	—	—	24,786	24,786	2,061	26,847
Other comprehensive income for the year	—	—	—	—	(813)	—	—	(813)	(204)	(1,017)
Total comprehensive income for the year	—	—	—	—	(813)	—	24,786	23,973	1,857	25,830
Appropriations to statutory surplus reserve	—	—	—	—	—	1,711	(1,711)	—	—	—
Dividends paid to the then shareholders	—	—	—	—	—	—	(5,394)	(5,394)	(1,348)	(6,742)
As at 31 December 2017 and 1 January 2018	—	—	—	—	(365)	1,930	24,205	25,770	1,146	26,916
Profit for the year	—	—	—	—	—	—	21,243	21,243	3,494	24,737
Other comprehensive income for the year	—	—	—	—	1,011	—	—	1,011	254	1,265
Total comprehensive income for the year	—	—	—	—	1,011	—	21,243	22,254	3,748	26,002
Appropriations to statutory surplus reserve	—	—	—	—	—	774	(774)	(15,920)	(3,980)	(19,900)
Dividends paid to the then shareholders	—	—	—	—	—	—	(15,920)	(15,920)	(3,980)	(19,900)
As at 31 December 2018 and 1 January 2019	—	—	—	—	646	2,704	28,754	32,104	914	33,018
Profit for the year	—	—	—	—	—	—	20,017	20,017	2,031	22,048
Other comprehensive income for the year	—	—	—	—	53	—	—	53	21	74
Total comprehensive income for the year	—	—	—	—	53	—	20,017	20,070	2,052	22,122
Acquisition of non-controlling interests	86	2,414	—	466	—	—	—	2,966	(2,966)	—
Capital injection (note 1)	593	36,451	—	—	—	—	—	37,044	—	37,044
Capital contribution from the then equity shareholder of a subsidiary	—	—	2,500	—	—	—	—	2,500	—	2,500
Deemed distribution (note 2)	—	—	—	—	—	984	(37,044)	(37,044)	—	(37,044)
Appropriations to statutory surplus reserve	—	—	—	—	—	—	(984)	—	—	—
As at 31 December 2019	679	38,865	2,500	466	699	3,688	10,743	57,640	—	57,640

* These reserve accounts comprise the consolidated reserves of RMB25,770,000, RMB32,104,000 and RMB56,961,000 in the consolidated statements of financial position as at 31 December 2017, 2018 and 2019, respectively.

Note 1: On 18 September 2019, the authorised share capital of the Company was further increased from US\$62,500 to US\$100,000, and 19,125, 10,875 and 7,500 additional Shares were allotted to Rowiel, Westel and Taschh, respectively as a result of their capital injection in our Company with a subscription price of RMB18,892,521.96, RMB10,742,806.60 and RMB7,408,832.14, respectively. The total amount of such subscriptions amounted to RMB37,044,160.70.

Note 2: On 26 June 2019, each of Venus Holdings Limited, Son of Sunrise Investment Ltd. and Taschh Limited entered into a reorganisation agreement with Adtiger Company Limited, whereby their respective shareholding in HongKong AdTiger were transferred to Adtiger Company Limited for a cash consideration of RMB18,522,080.35; RMB11,113,248.21 and RMB7,408,832.14, respectively. The total amount of the cash consideration amounted to RMB37,044,160.70. The transfer is considered as deemed distribution to the then shareholders of HongKong AdTiger.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
		2017	2018	2019
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		34,397	30,671	27,790
Adjustments for:				
Finance costs		—	—	48
Impairment of trade receivables and other receivables	7	511	96	804
Depreciation of right-of-use assets	7&14	—	—	915
Depreciation of items of property, plant and equipment	7&13	—	46	93
		34,908	30,813	29,650
(Increase)/decrease in trade receivables. . .		(49,543)	9,786	(59,100)
Increase in prepayments, deposits and other receivables		(130)	(3,107)	(4,636)
(Increase)/decrease in amounts due from related parties		(91)	12	86
Increase in trade payables		130,366	2,811	67,546
Increase/(decrease) in other payables and accruals.		10,239	7,695	(4,044)
Decrease in amounts due to related parties.		(5,719)	—	—
		120,030	48,010	29,502
Income tax paid		—	(130)	(4,662)
		120,030	47,880	24,840
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment.		(8)	(254)	(44)
Repayment from other companies		1,199	2,009	—
		1,191	1,755	(44)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of other borrowings.		(6,971)	—	—
Dividends paid to the then shareholders. . . .		(4,782)	(16,120)	(5,971)
Payment of lease liabilities	22	—	—	(950)
Capital contribution from the then equity shareholder of a subsidiary		—	—	2,500
		(11,753)	(16,120)	(4,421)

	<i>Notes</i>	Year ended 31 December		
		2017	2018	2019
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NET (DECREASE)/				
INCREASE IN CASH AND CASH				
EQUIVALENTS		109,468	33,515	20,375
Cash and cash equivalents at beginning of				
year		4,918	110,907	151,040
Effect of foreign exchange rate changes,				
net		(3,479)	6,618	224
CASH AND CASH EQUIVALENTS AT				
END OF YEAR		<u>110,907</u>	<u>151,040</u>	<u>171,639</u>
ANALYSIS OF BALANCES OF CASH				
AND CASH EQUIVALENTS				
Cash and cash equivalents as stated in the				
consolidated statements of cash flows and				
the consolidated statements of financial				
position		<u>110,907</u>	<u>151,040</u>	<u>171,639</u>

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	31 December 2019
	<i>RMB'000</i>
NON-CURRENT ASSETS	
Investment in subsidiaries	39,544
Total non-current assets	39,544
CURRENT ASSETS	
Cash and cash equivalents	365
Total current assets	365
CURRENT LIABILITIES	
Amounts due to a related party	365
Total current liabilities	365
NET CURRENT ASSETS	—
TOTAL ASSETS LESS CURRENT LIABILITIES	39,544
Net assets	39,544
EQUITY	
Share capital (<i>note 20</i>)	679
Share premium (<i>note 21</i>)	38,865
Total equity	39,544

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 1 February 2019. The registered office address of the Company is 4th Floor, Harbour Place, 103 South Church Street, George Town, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the Company's subsidiaries were engaged in the business of providing online advertising services in the People's Republic of China (the "PRC" or "China") and internationally.

The Company and its subsidiaries now comprising the Group underwent the Reorganisation as set out in the section headed "History, Development and Reorganisation" in the Prospectus. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of business	Nominal value of issued ordinary/registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Adtiger Company Limited (Note (a))	British Virgin Islands 5 March 2019	US\$50,000	100%	—	Investment holding
Adtiger Media Limited (Note (a))	British Virgin Islands 21 February 2019	US\$50,000	100%	—	Investment holding
HongKong AdTiger Media Co., Limited ("HongKong AdTiger") (Note (b))	Hong Kong ("HK") 22 November 2010	HK\$10,000	—	100%	Advertising services
Adtiger International Limited (Note (c))	Hong Kong ("HK") 27 March 2019	HK\$10,000	—	100%	Investment holding
Apotheosis Limited (Note (c))	Hong Kong ("HK") 5 November 2018	HK\$10,000	—	100%	Investment holding
Beijing AdTiger Media Co., Limited * 北京虎示傳媒 有限公司 (Note (a))	PRC/Mainland China 11 May 2016	RMB12,500,000	—	100%	Advertising services
CFormula Technology Media Company Limited ("CFormula") (Note (d))	Hong Kong ("HK") 9 October 2017	US\$1	—	100%	Dormant and no business operations

Notes:

- (a) No audited financial statements have been prepared for these entities since their incorporation as statutory accounts are not required under the relevant rules and regulations in their jurisdiction of incorporation.
- (b) The statutory financial statements of this entity for the years ended 31 December 2017 and 2018 prepared in accordance with Hong Kong Financial Reporting Standard for Private Entities and the Hong Kong Companies Ordinance were audited by Chan Sze Chun, Certified Public Accountant (Practising).
- (c) No statutory accounts have been prepared since the entities were newly incorporated in 2018 and 2019, respectively.

- (d) No statutory accounts have been prepared since this entity is newly incorporated and dormant without assessable profits generated.
- * The English name of the company represents the best effort made by management of the Company to directly translate the Chinese name as it does not register any official English name.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation, as more fully explained in the section headed “History, Development and Reorganisation” in the Prospectus, the Company became the holding company of the companies now comprising the Group on 26 June 2019. The companies now comprising the Group were under the common control of the controlling shareholders before and after the Reorganisation. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a consolidated basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Relevant Periods.

The consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the controlling shareholders, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2017, 2018 and 2019 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the controlling shareholders’ perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

Equity interests in subsidiaries and/or businesses held by parties other than the controlling shareholders, and changes therein, prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting.

All intra-group transactions and balances have been eliminated on consolidation.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 January 2019, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention. The Historical Financial Information is presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Historical Financial Information.

Amendments to HKFRS 3	<i>Definition of a Business</i> ¹
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i> ¹
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
HKFRS 17	<i>Insurance Contracts</i> ²
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2020

² Effective for annual periods beginning on or after 1 January 2021

³ No mandatory effective date yet determined but available for adoption

The management of the Group anticipates that the application of the new and revised HKFRSs will have no material impact on the Group's financial position and financial performance.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

Fair value measurement

The Group measures its financial instruments such as debt instruments and financial liabilities at fair value through profit or loss at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between

market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use 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 the 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 only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where 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 of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group 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 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 Group.

Property, plant and equipment and depreciation

Property, plant and equipment, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Electronic devices.	33.33%
Furniture and fixtures	20.00%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and 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 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.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and

lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group applies the available practical expedients wherein it applies the short-term leases exemptions to leases with a lease term that ends within 12 months at the lease commencement date.

Financial assets***Initial recognition and measurement***

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, an amount due to the ultimate holding company, derivative financial instruments and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Income tax

Income tax comprises 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 year, taking into consideration interpretations and practices prevailing in the countries in which the Group 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:

- where 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 investments in subsidiaries where 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, and the carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward 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 investments in subsidiaries, 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 assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over the service to a customer.

The following is a description of the principal activities from which the Group generates its revenue.

Provision of online advertising services

The Group's principal services are the provisions of online advertising services. The Group utilises a combination of pricing models and revenue is recognised when the related services are delivered based on the specific terms of the contract, which are commonly based on:

- i) Specified actions (i.e., cost per action and related campaign budgets, depending on the advertisers' preferences and their campaigns launched) where the Group acts as the principal, or
- ii) Agreed rebates to be earned where the Group acts as the agent.

Specified actions

Revenue is recognised on a specified action basis once agreed actions are performed. While none of the factors individually are considered presumptive or determinative, because the Group is the primary obligor and is responsible for (1) identifying and contracting with third-party advertisers which the Group views as customers; (2) identifying online publishers to provide online spaces where the Group views the online publishers as suppliers; (3) establishing the selling prices of the specified action pricing model; (4) performing all billing and collection activities, including retaining credit risk; and (5) bearing the sole responsibility for fulfilment of the advertising, the Group acts as the principal of these arrangements and therefore has recognised revenue earned and costs incurred related to these transactions on a gross basis. Rebates from the relevant media publishers are deducted from the corresponding traffic acquisition costs in recording the cost of sales.

Agreed rebates to be earned

The Group earns incentives based on contractually stipulated amounts once certain spending thresholds are achieved. The Group records such incentives as net revenues without accounting for advertisers' actual advertising spending on media publishers' platforms through the Group where the Group acts as the agent. Incentives are calculated on a quarterly basis in accordance with the terms as agreed in arrangements.

Contract balances

Trade receivables

A trade receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

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 to the net carrying amount of the financial asset.

Employee benefits*Pension scheme*

The employees of the Group's subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The Historical Financial Information is presented in RMB. Each entity in the Group determines its own functional currency and items included in the Historical Financial Information of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Principal versus agent considerations — revenue from provision of online advertising service

Determining whether the Group is acting as a principal or as an agent in the provision of online advertising service requires judgements and considerations of all relevant facts and circumstances. The Group is a principal in a transaction if the Group obtains control of services provided before they are transferred to customers. If control is unclear, when the Group is primarily obligated in a transaction, and has latitude in establishing prices and selecting publishers, or has several but not all of these indicators, the Group records revenues on a gross basis. Otherwise, the Group records the net amount earned as commissions from services provided.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each 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, are described below:

Current income taxes

The Group is subject to income taxes in different jurisdictions. Significant judgement is required in determining the provision for income taxes. The Group periodically evaluates positions taken in tax returns with respect to situations in which the application of tax regulations is uncertain and subject to interpretation. The Group also establishes provisions where appropriate on the basis of amounts expected to be paid to the taxing authorities.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the customer industry, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 15 to the Historical Financial Information.

5. SEGMENT INFORMATION

Operating segment information

No operating segment information is presented as the Group's revenue and reported results during each of the Relevant Periods, and the Group's total assets as at the end of each of the Relevant Periods were derived from one single operating segment, i.e., provision of online advertising services.

Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers based on the country/jurisdiction where external customer is registered.

	Year ended 31 December		
	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Hong Kong	102,894	117,269	93,888
Mainland China	4,934	6,950	33,200
Singapore	6,854	48,189	39,691
Others	1,764	1,442	24,347
	<u>116,446</u>	<u>173,850</u>	<u>191,126</u>

The Group's non-current assets are substantially located in Mainland China, and accordingly, no further analysis by geographical segment of non-current assets is presented.

Information about major customers

The revenue generated from sales to customers which individually contributed more than 10% of the Group's total revenue during each of the Relevant Periods is set out below:

	Year ended 31 December		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Customer A	20,751	N/A*	N/A*
Customer B	54,282	N/A*	N/A*
Customer C	N/A*	53,060	25,057
Customer D	N/A*	28,477	N/A*
Customer E	N/A*	26,356	N/A*
Customer F	N/A*	N/A*	19,988

* Less than 10% of the Group's total revenue.

6. REVENUE, OTHER INCOME AND GAINS

Revenue mainly represents revenue from the provision of online advertising services during the Relevant Periods.

An analysis of revenue, other income and gains is as follows:

	Year ended 31 December		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers			
Specified action revenue (where the Group acts as the principal)	94,729	154,948	148,815
— <i>comprehensive user acquisition services under CPA pricing model</i>	91,205	153,842	146,100
— <i>service for opening and/or topping-up advertisers' accounts under CPC/CPM pricing model</i>	3,524	1,106	2,715
Agreed rebates under CPC/CPM pricing model (where the Group acts as the agent) .	21,717	18,902	42,311
	<u>116,446</u>	<u>173,850</u>	<u>191,126</u>
Other income and gains			
Others	70	427	1,143

The Group derives revenue at a point in time in the following category of revenue:

	Year ended 31 December		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Timing of revenue recognition			
Point in time			
Online advertising services	116,446	173,850	191,126

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Year ended 31 December		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Cost of services rendered (excluding those included in employee benefit expense) . . .	75,314	130,297	132,936
Bank interest income	(31)	(337)	(300)
Depreciation of items of property, plant and equipment	13	46	93
Depreciation of right-of-use assets	14	—	915
Impairment of trade receivables and other receivables	511	96	804
Lease expenses arising from short-term leases *	558	810	146
Research and development costs	—	200	768
Listing expenses	—	—	12,570
Auditor's remuneration	—	—	194
Employee benefit expense (including director's remuneration (note 8))			
Salaries, allowances and benefits in kind .	4,475	8,557	11,225
Pension scheme contributions	439	1,031	1,527

* The Group applies the available practical expedients of HKFRS 16 wherein it applies the short-term lease exemptions to leases with a lease term that ends within 12 months from the lease commencement date. Lease expenses arising from short-term leases are related to leases with a lease term that ends within 12 months.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The Company did not have any chief executive, executive directors, non-executive directors and independent non-executive directors before 1 February 2019, the date of incorporation of the Company.

Ms. Chang Sufang and Ms. Li Hui were appointed as executive directors of the Company on 1 February 2019. Mr. Hsia Timothy Chunhon was appointed as the non-executive director of the Company on 12 September 2019. Mr. Yao Yaping, Mr. Chan Foon and Mr. Zhang Yaoliang were appointed as independent non-executive directors of the Company on 22 June 2020, 22 June 2020 and 22 June 2020 respectively.

Certain of the directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors of these subsidiaries. The remuneration of each of these directors as recorded in the financial statements of the subsidiaries is set out below:

	Year ended 31 December		
	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Fees.	—	—	—
Other emoluments			
Salaries, allowances and			
benefits in kind	2,019	2,987	3,769
Pension scheme contributions.	96	173	233
Total directors' remuneration.	<u>2,115</u>	<u>3,160</u>	<u>4,002</u>

(a) Non-executive director

Mr. Hsia Timothy Chunhon was appointed as the non-executive director of the Company on 12 September 2019. There were no fees and other emoluments payable to the non-executive director during the Relevant Periods.

(b) Independent non-executive directors

Mr. Yao Yaping, Mr. Chan Foon and Mr. Zhang Yaoliang were appointed as independent non-executive directors of the Company on 22 June 2020, 22 June 2020 and 22 June 2020 respectively. There were no fees and other emoluments payable to the independent non-executive directors during the Relevant Periods.

(c) Executive directors

	Year ended 31 December 2017			
	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive directors:				
Ms. Chang Sufang.	—	1,259	50	1,309
Ms. Li Hui	—	760	46	806
	<u>—</u>	<u>2,019</u>	<u>96</u>	<u>2,115</u>

Year ended 31 December 2018				
	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:				
Ms. Chang Sufang	—	2,110	85	2,195
Ms. Li Hui	—	877	88	965
	—	2,987	173	3,160
Year ended 31 December 2019				
	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:				
Ms. Chang Sufang	—	2,349	109	2,458
Ms. Li Hui	—	1,420	124	1,544
	—	3,769	233	4,002

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods included two directors, details of whose remuneration are set out in note 8 above. Details of the remaining three highest paid employees for the Relevant Periods are as follows:

Year ended 31 December			
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	853	984	1,225
Pension scheme contributions	64	122	230
	917	1,106	1,455

The number of the non-director highest paid employees whose remuneration fell within the following band is as follows:

Year ended 31 December			
	2017	2018	2019
Nil to HK\$1,000,000	3	3	3

During the Relevant Periods, no remuneration was paid by the Group to the directors or any of the five highest paid employees as an inducement to join or upon joining the Group, or as compensation for loss of office.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the countries/jurisdictions in which members of the Group are domiciled and operate.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax.

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the Relevant Periods, unless such profits are taxable at the half-rate of 8.25% that may apply for the first HK\$2 million of assessable profits for years of assessment beginning on or after 1 April 2018.

The provision for Mainland China corporate income tax is based on the statutory rate of 25% of the assessable profits of the subsidiaries of the Group operating in Mainland China as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008.

The major components of income tax expense of the Group are as follows:

	Year ended 31 December		
	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax — Hong Kong	1,882	3,333	2,402
Current income tax — Mainland China	5,757	2,618	3,553
Deferred income tax	(89)	(17)	(213)
Total tax charge for the year	<u>7,550</u>	<u>5,934</u>	<u>5,742</u>

A reconciliation of the tax expense applicable to profit before tax at the statutory rate applicable in Mainland China to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		
	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit before income tax	34,397	30,671	27,790
Tax calculated at a tax rate of 25%	8,599	7,668	6,948
Effect of different tax rates available to different subsidiaries of the Group	(1,116)	(1,794)	(1,396)
Expenses not deductible for tax purposes	67	60	190
	<u>7,550</u>	<u>5,934</u>	<u>5,742</u>

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividend declared to foreign investors from 1 January 2008 and applies to earnings generated after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group is therefore liable to withholding taxes on dividends distributed by the subsidiary established in Mainland China in respect of earnings generated from 1 January 2008. The applicable tax rate of the Group is 10%. At the end of each of the Relevant Periods, deferred tax has not been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiary established in Mainland China. In the opinion of the directors, it is not probable that the subsidiary will distribute such retained earnings in the foreseeable future as the Group will retain the funding for the development in Mainland China. The aggregate amount of temporary differences associated with investments in subsidiary in Mainland China for which deferred tax liabilities have not been recognised at 31 December 2017, 2018, and 2019 amounted to RMB17,622,000, RMB24,702,000 and RMB35,704,000, respectively. There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

11. DIVIDENDS

No dividend has been paid or declared by the Company since its date of incorporation.

The dividends declared by a subsidiary of the Company to the then shareholders for the year ended 31 December 2017 amounted to US\$1,000,000.

The dividends declared by a subsidiary of the Company to the then shareholders for the year ended 31 December 2018 amounted to US\$3,000,000.

The dividend rate is not presented as such information is not considered meaningful for the purpose of this report.

12. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation.

13. PROPERTY, PLANT AND EQUIPMENT

31 December 2017

	Furniture and fixtures	Electronic devices	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2017			
Cost	—	—	—
Accumulated depreciation	—	—	—
Net carrying amount	—	—	—
At 1 January 2017, net of accumulated depreciation	—	—	—
Additions	—	8	8
At 31 December 2017, net of accumulated depreciation	—	8	8
At 31 December 2017:			
Cost	—	8	8
Accumulated depreciation	—	—	—
Net carrying amount	—	8	8

31 December 2018

	Furniture and fixtures	Electronic devices	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2017 and at 1 January 2018:			
Cost	—	8	8
Accumulated depreciation	—	—	—
Net carrying amount	—	8	8
At 1 January 2018, net of accumulated depreciation	—	8	8
Additions	19	235	254
Depreciation provided during the year	(2)	(44)	(46)
At 31 December 2018	17	199	216
At 31 December 2018:			
Cost	19	243	262
Accumulated depreciation	(2)	(44)	(46)
Net carrying amount	17	199	216

31 December 2019

	Furniture and fixtures	Electronic devices	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2018 and at 1 January 2019:			
Cost	19	243	262
Accumulated depreciation	(2)	(44)	(46)
Net carrying amount	17	199	216
At 1 January 2019, net of accumulated depreciation	17	199	216
Additions	—	44	44
Depreciation provided during the year	(4)	(89)	(93)
At 31 December 2019	13	154	167
At 31 December 2019:			
Cost	19	287	306
Accumulated depreciation	(6)	(133)	(139)
Net carrying amount	13	154	167

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group leased certain of its building for its office. The lease term is one and a half years.

The movements in right-of-use assets and lease liabilities during each of the Relevant Periods are as follows:

	As at 31 December		
	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Right-of-use assets			
Carrying amount at the beginning of the year	—	—	—
Additions	—	—	1,456
Depreciation provided during the year	—	—	(915)
Carrying amount at the end of the year	—	—	541

	As at 31 December		
	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Lease liabilities			
Carrying amount at the beginning			
of the year	—	—	—
Additions	—	—	1,456
Interest during the year	—	—	47
Payments during the year	—	—	(950)
Carrying amount at the end of the year	—	—	553

15. TRADE RECEIVABLES

	As at 31 December		
	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	89,461	83,455	142,557
Impairment.	(899)	(1,082)	(1,897)
	88,562	82,373	140,660

The Group's trading terms with its customers are mainly on credit. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Included in the Group's trade receivables are amounts due from the Group's related parties of RMB11,432,000, RMB2,999,000 and RMB2,074,000 as at 31 December 2017, 2018 and 2019, respectively, which are repayable on credit terms from one to twelve months.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date and net of allowance, is as follows:

	As at 31 December		
	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 month	81,536	80,008	119,011
1-3 months	7,565	2,392	17,675
3-6 months	35	81	1,724
6-12 months	320	723	3,408
Over 12 months	5	251	739
	89,461	83,455	142,557

The movements in loss allowance for impairment of trade receivables are as follows:

	As at 31 December		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Balance at beginning of year	439	899	1,082
Impairment.	460	183	815
Balance at end of year	899	1,082	1,897

Impairment under HKFRS 9 for the Relevant Periods

An impairment analysis was made based on expected credit loss model on the recoverability of trade receivables. The identification of impairment requires management's judgements and estimates by considering the age of the balance, existence of disputes, recent historical payment patterns, any other available information concerning the creditworthiness of counterparties and influence from macro economy.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2017

	Trade receivables ageing					Total
	Within 1 month	1-3 months	3-6 months	6-12 months	Over 12 months	
Expected credit loss rate	0.97%	1.25%	1.50%	2.80%	75.00%	1.00%
Gross carrying amount (RMB'000)	81,536	7,565	35	320	5	89,461
Expected credit losses (RMB'000)	790	95	1	9	4	899

As at 31 December 2018

	Trade receivables ageing					Total
	Within 1 month	1-3 months	3-6 months	6-12 months	Over 12 months	
Expected credit loss rate	0.98%	1.23%	3.10%	5.90%	90.00%	1.30%
Gross carrying amount (RMB'000)	80,008	2,392	81	723	251	83,455
Expected credit losses (RMB'000)	781	29	3	43	226	1,082

As at 31 December 2019

	Trade receivables ageing					Total
	Within 1 month	1-3 months	3-6 months	6-12 months	Over 12 months	
Expected credit loss rate	0.66%	1.13%	3.12%	5.74%	90.03%	1.34%
Gross carrying amount						
(RMB'000)	119,011	17,675	1,724	3,408	739	142,557
Expected credit losses						
(RMB'000)	782	200	54	196	665	1,897

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Prepayments	53	324	742
Deposits and other receivables (a)	2,138	3,146	7,358
	2,191	3,470	8,100

Note:

- (a) Other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment. The other receivables are neither past due nor impaired and their ECL consideration is set out in note 28 to the Historical Financial Information.

17. CASH AND CASH EQUIVALENTS

	As at 31 December		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Cash and bank balances	110,907	151,040	171,639

At 31 December 2017, 2018 and 2019, the cash and bank balances of the Group denominated in Renminbi (“RMB”) amounted to RMB4,075,000, RMB4,266,000 and RMB37,471,000. The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

18. TRADE PAYABLES

An analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December		
	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	152,269	162,844	230,389

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

19. OTHER PAYABLES AND ACCRUALS

	As at 31 December		
	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other payables	10,920	19,437	15,297
Payroll and welfare payables	200	569	655
Other tax payable	432	27	43
	11,552	20,033	15,995

Other payables are non-interest-bearing and repayable on demand.

20. SHARE CAPITAL

	As at 31 December 2019
	<i>RMB'000</i>
Authorised:	
200,000,000 ordinary shares of US\$0.0005 each	679
	As at 31 December 2019
	<i>RMB'000</i>
Issued and fully paid:	
200,000,000 ordinary shares of US\$0.0005 each	679

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 1 February 2019 with authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each. On 26 June 2019, authorised share capital was increased to US\$62,500, divided into 62,500 shares of US\$1 each. On 18 September 2019, authorised share capital was increased to US\$100,000, divided into 100,000 shares of US\$1 each. On 20 September 2019, the Company underwent a subdivision of shares whereby each of the existing issued and unissued ordinary

Shares of par value of US\$1.00 each was subdivided into 2,000 ordinary Shares of par value of US\$0.0005 each. After the subdivision, the authorised share capital became US\$100,000, divided into 200,000,000 Shares of US\$0.0005 each. As at 31 December 2019, 200,000,000 shares were issued and fully paid.

Save for the aforesaid and the Reorganisation, the Company has not conducted any business during the Relevant Periods.

21. RESERVES

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of this report.

Share premium

The share premium represents the difference between the par value of the shares issued and the consideration received.

Merger reserve

For the purpose of the preparation of the consolidated statements of financial position, the balance of the merger reserve represents the capital contributions from the then equity shareholders of the Group's subsidiaries.

On 24 January 2019, Apotheosis agreed to contribute RMB2.5 million to the registered capital of Beijing AdTiger. On 23 September 2019, the capital of RMB2.5 million was injected to Beijing AdTiger.

Capital reserve

The capital reserve represents any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid for acquisition of non-controlling interests in subsidiaries.

Statutory surplus reserve

In accordance with the PRC Company Law, the Company's subsidiary established in the Mainland China is required to appropriate 10% of its net profits after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital, provided that the balance after such conversion is not less than 25% of the registered capital of the entity. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

22. NOTE TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS**Changes in liabilities arising from financing activities**

	Lease liabilities	Total liabilities from financing activities
	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2017	—	—
Cash flows from financing activities	—	—
At 31 December 2017	—	—
Cash flows from financing activities	—	—
At 31 December 2018	—	—
Changes from financing cash flows	(950)	(950)
New leases	1,456	1,456
Interest expense	47	47
At 31 December 2019	553	553

23. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Non-controlling interests represent the equity interests held by parties other than the controlling shareholders prior to the completion of the Reorganisation. Upon completion of the Reorganisation, the Company had 100% interests in its subsidiaries.

Details of the Group's subsidiary that has material non-controlling interests are set out below:

	As at 31 December		
	2017	2018	2019
Percentage of equity interest held by non-controlling interests:			
HongKong AdTiger	20%	20%	—
	31 December		
	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year allocated to non-controlling interests:			
HongKong AdTiger	1,905	3,374	810
Dividends paid to non-controlling interests:			
HongKong AdTiger	1,348	3,980	—
Accumulated balances of non-controlling interests at the reporting date:			
HongKong AdTiger	990	638	—

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

2017	HongKong AdTiger
	<i>RMB'000</i>
Revenue	115,985
Total expenses	(106,460)
Profit for the year	9,525
Total comprehensive income for the year	8,508
Current assets	191,334
Non-current assets	145
Current liabilities	(184,140)
Net cash flows from operating activities	117,552
Net cash flows used in financing activities	(11,753)
Effect of foreign exchange rate changes	(3,479)
Net increase in cash and cash equivalents	102,320
2018	HongKong AdTiger
	<i>RMB'000</i>
Revenue	173,172
Total expenses	(156,303)
Profit for the year	16,869
Total comprehensive income for the year	18,134
Current assets	226,420
Non-current assets	165
Current liabilities	(221,015)
Net cash flows from operating activities	47,429
Net cash flows from investing activities	2,009
Net cash flows used in financing activities	(16,120)
Effect of foreign exchange rate changes	6,618
Net increase in cash and cash equivalents	39,936

2019	HongKong AdTiger
	<i>RMB'000</i>
Revenue	135,866
Total expenses	(123,699)
Profit for the year	12,167
Total comprehensive income for the year	12,406
Current assets	263,721
Non-current assets	144
Current liabilities	(245,696)
Net cash flows used in operating activities	(9,697)
Net cash flows used in financing activities	(5,971)
Effect of foreign exchange rate changes	224
Net (decrease) in cash and cash equivalents	(15,444)

24. COMMITMENTS

At the end of each of the Relevant Periods, the Group and the Company did not have any significant commitments.

25. RELATED PARTY TRANSACTIONS AND BALANCES

The directors of the Company are of the view that the following parties/companies are related parties that had transactions or balances with the Group during the Relevant Periods.

(a) Name and relationship

Name of related parties	Relationship with the Group and the Company
Venus Holdings Limited	An entity controlled by one of the controlling shareholders of the Group
Taschh Limited	A shareholder which has significant influence over HongKong AdTiger
Beijing Mihe Technology Co., Ltd. ⁽¹⁾	An entity over which one of the controlling shareholders of the Group has significant influence from 1 January 2016 to 30 March 2018
Adcare Media Company Limited ⁽¹⁾	A subsidiary of Beijing Mihe Technology Co., Ltd. over which one of the controlling shareholders of the Group has significant influence from 1 January 2016 to 30 March 2018
Son of Sunrise Investment Ltd.	An entity controlled by one of the controlling shareholders of the Group
Huoerguosi Runzhi Media Co., Ltd ("HR") ⁽²⁾	An entity controlled by one of the controlling shareholders of the Group
Wulian SiGuo Electronic Technology Limited Partnership ("WSG")	An entity controlled by one of the controlling shareholders of the Group from 27 June 2017 (the inception date of WSG)
Wulian ShenBiao Electronic Technology Limited Partnership ("WSB")	An entity controlled by one of the controlling shareholders of the Group from 27 June 2017 (the inception date of WSB)

Notes:

- (1) One of the controlling shareholders of the Group disposed the interests of Beijing Mihe Technology Co., Ltd. on 30 March 2018.
- (2) HR was deregistered on 15 April 2019.

(b) Related party transactions

In addition to the transactions and balances disclosed elsewhere in the Historical Financial Information, the Group had the following material transactions with related parties during the Relevant Periods:

	Year ended 31 December		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Services provided to related parties:			
Taschh Limited.	3,678	1,236	561
Beijing Mihe Technology Co., Ltd.	1,053	314	—
Adcare Media Company Limited	34	—	—
Payment on behalf of:			
HR	37	—	—
WSB	24	—	—
WSG	24	—	—
Venus Holdings Limited	5	—	—
Dividends paid:			
Venus Holdings Limited	3,371	10,150	—
Son of Sunrise Investment Ltd.	2,023	5,770	—
Taschh Limited.	1,348	3,980	—

(c) Outstanding balances with related parties

The Group had the following balances with related parties:

	As at 31 December		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Amounts due from related parties:			
Taschh Limited ⁽¹⁾	7,800	2,999	2,074
Beijing Mihe Technology Co., Ltd. ⁽¹⁾	3,632	—	—
HR ⁽²⁾	36	37	—
WSB ⁽²⁾	24	24	—
WSG ⁽²⁾	24	24	—
Venus Holdings Limited ⁽²⁾	12	—	—
	11,528	3,084	2,074
Amounts due to related parties:			
Son of Sunrise Investment Ltd. ⁽²⁾	1,960	5,971	—

Notes:

- (1) The amounts due from the related parties are included in trade receivables in note 15 to the Historical Financial Information, and are trade in nature.
- (2) The related parties' balances are non-trade in nature.

(d) Compensation of key management personnel of the Group

	Year ended 31 December		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Short term employee benefits	163	237	425
Contributions to the pension scheme	45	61	63
	<u>208</u>	<u>298</u>	<u>488</u>

Further details of directors' and the chief executive's emoluments are included in note 8 to the Historical Financial Information.

26. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods were as follows:

As at 31 December 2017*Financial assets*

	Financial assets at amortised cost
	RMB'000
Trade receivables	88,562
Financial assets included in prepayments, deposits and other receivables	2,138
Amounts due from related parties	96
Cash and cash equivalents	110,907
	<u>201,703</u>

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	152,269
Financial liabilities included in other payables and accruals	10,920
Amounts due to related parties	1,960
	<u>165,149</u>

As at 31 December 2018

Financial assets

	Financial assets at amortised cost
	<i>RMB'000</i>
Trade receivables	82,373
Financial assets included in prepayments, deposits and other receivables	3,146
Amounts due from related parties	85
Cash and cash equivalents	151,040
	<u>236,644</u>

Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB'000</i>
Trade payables	162,844
Financial liabilities included in other payables and accruals	19,437
Amounts due to related parties	5,971
	<u>188,252</u>

As at 31 December 2019

Financial assets

	Financial assets at amortised cost
	<i>RMB'000</i>
Trade receivables	140,660
Financial assets included in prepayments, deposits and other receivables	7,358
Cash and cash equivalents	171,639
	<u>319,657</u>

Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB'000</i>
Trade payables	230,389
Financial liabilities included in other payables and accruals	15,297
Lease liabilities	553
	<u>246,239</u>

27. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, amounts due from related parties and amounts due to related parties, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair value hierarchy

The Group did not have any financial assets and liabilities measured at fair value as at 31 December 2017, 2018 and 2019.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, financial assets included in prepayments, deposits and other receivables, trade payables and financial liabilities included in other payables and accruals which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks which are summarised below.

Foreign currency risk

The Group mainly operates in Mainland China and Hong Kong with most of the Group's monetary assets, liabilities and transactions principally denominated in Renminbi, United States dollars and Euro. The Group has not used any derivative to hedge its exposure to foreign currency risk.

The following table indicates the approximate change in the Group's profit before tax and the Group's equity (excluding retained profits) in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of each of the Relevant Periods with all other variables held constant:

	Increase/ (decrease) in rate of foreign currency	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity
	%	RMB'000	RMB'000
Year ended 31 December 2017			
If RMB weakens against US\$	5	(581)	—
If RMB strengthens against US\$	(5)	581	—
If RMB weakens against EUR	5	1,852	—
If RMB strengthens against EUR	(5)	(1,852)	—
Year ended 31 December 2018			
If RMB weakens against US\$	5	1,710	—
If RMB strengthens against US\$	(5)	(1,710)	—
If RMB weakens against EUR	5	1,059	—
If RMB strengthens against EUR	(5)	(1,059)	—
Year ended 31 December 2019			
If RMB weakens against US\$	5	(247)	—
If RMB strengthens against US\$	(5)	247	—
If RMB weakens against EUR	5	1,405	—
If RMB strengthens against EUR	(5)	(1,405)	—

* Excluding retained profits

Credit risk

The Group trades only with recognised and creditworthy third parties. It is Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, amounts due from related parties, trade receivables and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

(i) Credit risk of trade receivables

To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers is usually no more than 90 days and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors. The expected loss allowance provision for these

balances was not material during the Relevant Periods. In view of the sound collection history of receivables, management believes that the credit risk inherent in the Group's outstanding trade receivable balances is not significant.

In calculating the expected credit loss rate, the Group considers the historical loss rates for its customers, and adjusts for forward-looking macroeconomic data. Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 15.

(ii) Credit risk of other receivables and amounts due from related parties

For the amounts due from related parties and other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of the amounts due from related parties and other receivables based on historical settlement records and past experiences. As at 31 December 2017, 2018 and 2019 the credit ratings of other receivables and the amounts due from related parties were performing. The Group assessed that the expected credit losses for these receivables and the amounts due from related parties were not material under the 12-month expected loss method. In view of the history of cooperation with debtors and the sound collection history of receivables, management believes that the credit risk inherent in the Group's outstanding other receivable balances and the amounts due from related parties is not significant. The expected credit loss rate is close to zero.

(iii) Credit risk of cash and cash equivalents

To manage this risk arising from cash and cash equivalents, they are mainly placed with banks with high credit ratings. There has been no recent history of default in relation to these financial institutions. Based on historical data and management's analysis, loss on collection is not material and hence no provision is considered.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group monitors its risk to a shortage of funds by considering the maturities of both its financial liabilities and financial assets.

The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group aims to maintain sufficient cash and cash equivalents to meet its liquidity requirements.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	On demand/ Less than 2 months	2 to 12 months	Total
	RMB'000	RMB'000	RMB'000
31 December 2017			
Trade payables	152,269	—	152,269
Other payables	—	10,920	10,920
Amounts due to related parties	1,960	—	1,960
	<u>154,229</u>	<u>10,920</u>	<u>165,149</u>
31 December 2018			
Trade payables	162,844	—	162,844
Other payables	—	19,437	19,437
Amounts due to related parties	5,971	—	5,971
	<u>168,815</u>	<u>19,437</u>	<u>188,252</u>
31 December 2019			
Trade payables	230,389	—	230,389
Other payables	—	15,297	15,297
Lease liabilities	—	553	553
	<u>230,389</u>	<u>15,850</u>	<u>246,239</u>

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit profile and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the Relevant Periods.

The Group monitors capital using debt-to-asset ratio, which is total liabilities divided by total assets. The debt-to-asset ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
Total liabilities	175,009	204,352	263,869
Total assets	201,925	237,370	321,509
Debt-to-asset ratios	<u>87%</u>	<u>86%</u>	<u>82%</u>

29. EVENTS AFTER THE RELEVANT PERIODS

The outbreak of novel coronavirus (COVID-19) in early 2020 has brought additional uncertainties in the Group's operating environment and might impact the Group's operations and financial position. The Group has been closely monitoring the impact of COVID-19 on the Group's business and has put in place certain alternative action plans.

Based on the currently available information, the management has assessed and preliminarily concluded that at this stage, there was no significant impact on the financial performance and position of the Group subsequent to the year ended 31 December 2019 and up to the date of this report.

Management of the Company will keep on closely monitoring the outbreak of COVID-19 and assess its impact on our results of operations and financial position.

30. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to 31 December 2019.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this document, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with "Financial Information" and the Accountants' Report set out in Appendix I to this document.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets has been prepared in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on our consolidated net tangible assets of the Group attributable to owners of the Company as of 31 December 2019 as if the Global Offering had taken place on 31 December 2019.

The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as of 31 December 2019 or any future date. It is prepared based on our consolidated net tangible assets as of 31 December 2019 as set out in the Accountants' Report as set out in Appendix I to this prospectus and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets do not form part of the Accountants' Report as set out in Appendix I to this prospectus.

	Consolidated net tangible assets of our Group attributable to owners of the Company as at 31 December 2019	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of the Company	Unaudited pro forma adjusted Consolidated net tangible assets per Share	
	(RMB'000) (Note 1)	(RMB'000) (Note 2)	(RMB'000)	(RMB) (Note 3)	(HK\$) (Note 4)
Based on an Offer Price of HK\$0.84 per Share	57,640	87,721	145,361	0.24	0.27
Based on an Offer Price of HK\$1.00 per Share	57,640	106,948	164,588	0.27	0.30

Notes:

- (1) The consolidated net tangible assets attributable to owners of the Company as of 31 December 2019 is extracted from the Accountants' Report, which is based on the audited consolidated equity attributable to owners of the Company as of 31 December 2019 of approximately RMB57,640,000, as shown in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$0.84 per Share and HK\$1.00 per Share, after deduction of the underwriting fees and other related expenses payable by our Group and does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted into RMB at an exchange rate of HK\$1.0 to RMB0.9002.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on 600,000,000 Shares in issue immediately following the completion of the Global Offering and does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option or any option which may be granted under the Post-IPO Share Option Scheme or any Shares which may be allotted and issued or repurchased under the general mandates for the allotment and issue or repurchase of the Shares as described in "Appendix IV — Statutory and General Information".
- (4) The unaudited pro forma adjusted consolidated net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK\$1.0 to RMB0.9002.
- (5) No adjustment has been made to reflect any trading result or open transaction of the Group entered subsequent to 31 December 2019.

APPENDIX II 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 reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION



22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

To the Directors of Adtiger Corporations Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Adtiger Corporations 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 pro forma financial information consists of the pro forma consolidated net tangible assets as at 31 December 2019 and related notes as set out on pages II-1 to II-2 of the prospectus dated 29 June 2020 issued by the Company (the “**Pro Forma Financial Information**”). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described on pages II-1 to II-2 of in Appendix II(A) to the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Global Offering of Shares of the Company on the Group’s financial position as at 31 December 2019 as if the transaction had taken place at 31 December 2019. As part of this process, information about the Group’s financial position, has been extracted by the Directors from the Group’s financial statements for the period ended 31 December 2019, on which an accountants’ report has been published.

Directors’ responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**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 behaviour.

Our 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*, 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 4.29(7) of the Listing Rules, on the 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 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 Pro Forma Financial Information in accordance with paragraph 4.29 of the 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 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 Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Global Offering of Shares of the Company on unadjusted financial information of the Group as if the transaction 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 transaction would have been as presented.

A reasonable assurance engagement to report on whether the 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 Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the 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 Pro Forma Financial Information has been properly compiled 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 Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
29 June 2020

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN COMPANIES LAW

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of the Cayman Companies Law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 1 February 2019 under the Cayman 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

- 1.1 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.
- 1.2 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 conditionally adopted on 22 June 2020. A summary of certain provisions of the Articles is set out below.

2.1 Shares

(a) Classes of shares

The share capital of the Company consists of ordinary shares.

(b) Variation of rights of existing shares or classes of shares

Subject to the Cayman 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, provided 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 shareholder being a corporation, by its duly authorised 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.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN COMPANIES LAW

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.

(c) 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; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

(d) Transfer of shares

Subject to the Cayman Companies Law and the requirements of 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 (as defined in the Articles) 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.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN COMPANIES LAW

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 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 (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

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.

(e) 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.

(f) 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.

(g) 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 cent 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 cent per annum as the Board may decide.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN COMPANIES LAW

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, as 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 cent per annum as the Board may prescribe.

2.2 Directors

(a) 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 lodgement of such notices shall commence no earlier than the day after

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN COMPANIES LAW

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:

- (i) resigns;
- (ii) dies;
- (iii) is declared to be of unsound mind and the Board resolves that his office be vacated;
- (iv) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (v) he is prohibited from being or ceases to be a director by operation of law;
- (vi) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;
- (vii) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or
- (viii) 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.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN COMPANIES LAW

(b) Power to allot and issue shares and warrants

Subject to the provisions of the Cayman 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 Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory 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, provided 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.

(c) 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 Cayman 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.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN COMPANIES LAW

(d) 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 Cayman 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.

(e) 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.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN COMPANIES LAW

(f) 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.

(g) 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 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.

(h) 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.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN COMPANIES LAW

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:

- (i) 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;
- (ii) 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;
- (iii) 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;
- (iv) 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
- (v) 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.

2.3 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.

2.4 Alterations to the constitutional documents and the Company's name

To the extent that the same is permissible under the Cayman Islands laws 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.

2.5 Meetings of member

(a) 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 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 the Cayman 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 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.

(b) 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, provided 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 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 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):

- (i) at least two members;
- (ii) 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

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN COMPANIES LAW

- (iii) 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 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.

(c) 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.

(d) Notices of meetings and business to be conducted

An annual general meeting of the Company shall be called by at least 21 days' (and not less than 20 clear business days') notice in writing, and any other general meeting of the Company shall be called by at least 14 days' (and not less than 10 clear business 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 Cayman Companies Law and the 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

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN COMPANIES LAW

- (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 per cent 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.

(e) 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.

(f) 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 authorised 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.

(g) Members' requisition for meetings

Extraordinary general meetings shall be convened on the requisition of one or more members holding, as 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

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN COMPANIES LAW

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.

2.6 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 Cayman 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 Cayman 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, the Company may send summarised financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarised financial statements instead of the full financial statements. The summarised 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 shareholders 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 any general meeting convened and held in accordance with the Articles, remove the auditors by special resolution at any time before the expiration of the term of office and shall, by ordinary resolution, at that meeting appoint new auditors in its place 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.

2.7 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:

- (a) 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;
- (b) 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
- (c) 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:

- (i) 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
- (ii) 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.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN COMPANIES LAW

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 cent 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.

2.8 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.

2.9 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 the Cayman Islands laws, as summarised in paragraph 3.6 of this Appendix.

2.10 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:

- (a) if the Company is wound up and the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* among such members in proportion to the amount paid up on the shares held by them respectively; and

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN COMPANIES LAW

- (b) if the Company is wound up and the assets available for distribution among the members as such are insufficient to repay the whole of the paid-up capital, such assets shall be distributed 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 Cayman 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, provided that no member shall be compelled to accept any shares or other property upon which there is a liability.

2.11 Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Cayman 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 COMPANIES LAW

The Company was incorporated in the Cayman Islands as an exempted company on 1 February 2019 subject to the Cayman Companies Law. Certain provisions of the Cayman Companies 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 Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

3.1 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.

3.2 Share capital

Under the Cayman 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

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN COMPANIES LAW

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:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (c) any manner provided in section 37 of the Cayman Companies Law;
- (d) writing-off the preliminary expenses of the company; and
- (e) 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.

3.3 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.

3.4 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

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN COMPANIES LAW

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 Cayman Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman 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 the Cayman Islands laws 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.

3.5 Dividends and distributions

Subject to a solvency test, as prescribed in the Cayman 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.

3.6 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 vs. 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.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN COMPANIES LAW

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.

3.7 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).

3.8 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 (2017 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.

3.9 Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

3.10 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.

3.11 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.

3.12 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.

3.13 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.

3.14 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 (2017 Revision) of the Cayman Islands.

3.15 Register of Directors and officers

Pursuant to the Cayman Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers. The Registrar of Companies shall make available the list of the names of the current directors of the Company (and where applicable, the current alternate directors of the Company) for inspection by any person upon payment of a fee by such person. A copy of the register of directors and officers 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.

3.16 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

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN COMPANIES LAW

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 authorised 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.

3.17 Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75 per cent 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 (that is, 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.

3.18 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 per cent 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.

3.19 Indemnification

The Cayman Islands laws do 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.

3.20 Economic Substance

The Cayman Islands enacted the International Tax Co-operation (Economic Substance) Law, 2018, which became effective on 1 January 2019, together with the Guidance Notes published by the Cayman Islands Tax Information Authority from time to time. The Company is required to comply with the economic substance requirements from 1 July 2019 and make an annual report in the Cayman Islands as to whether or not it is carrying on any relevant activities and if it is, it must satisfy an economic substance test.

4. GENERAL

Harney Westwood & Riegels, the Company's legal adviser on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of the Companies Law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V in this prospectus. Any person wishing to have a detailed summary of the Cayman Companies 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**

Our Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on 1 February 2019 and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 2 August 2019. We have established a place of business in Hong Kong at 31/F., 148 Electric Road, North Point, Hong Kong. Ms. LAM Shi Ping has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, it operates subject to the Cayman Companies Law and its constitution comprising the Memorandum of Association and the Articles of Association. A summary of certain provisions of its constitution and relevant aspects of the Cayman Companies Law is set out in Appendix III to this prospectus.

2. Changes in share capital of our Company

On 1 February 2019, our authorised share capital as at the date of our incorporation was US\$50,000 divided into 50,000 Shares of US\$1.00 each. One fully paid Share was allotted and issued at par value to an initial subscriber and such Share was subsequently transferred to Rowtel on 1 February 2019. On the same date, 31,874 and 18,125 fully paid Shares were allotted and issued at par value to Rowtel and Westel respectively.

Pursuant to the resolutions in writing of the Shareholders and the resolutions in writing of the Directors of our Company passed on 26 June 2019, the authorised share capital of our Company was increased from US\$50,000 to US\$62,500 divided into 62,500 Shares with a par value of US\$1.00 each by the creation of an additional 12,500 Shares. We allotted and issued the 12,500 fully paid Shares to Taschh on 26 June 2019.

Pursuant to the resolutions in writing of the Shareholders and the resolutions in writing of the Directors of our Company passed on 18 September 2019, the authorised share capital of our Company was increased from US\$62,500 to US\$100,000 divided into 100,000 Shares with a par value of US\$1.00 each by the creation of an additional 37,500 Shares. We allotted and issued 19,125, 10,875 and 7,500 Shares to Rowtel, Westel and Taschh respectively for the aggregate subscription price of RMB18,892,521.96, RMB10,742,806.60 and RMB7,408,832.14 paid by them for such Shares.

Our Company underwent a subdivision of shares on 20 September 2019 whereby each of the existing issued and unissued ordinary Shares of par value of US\$1.00 each was subdivided into 2,000 ordinary Shares of par value of US\$0.0005 each, and such subdivided Shares shall carry the same rights with each other, such that after the subdivision, the authorised share capital of the Company became US\$100,000 divided into 200,000,000 Shares of par value of US\$0.0005 each, and the issued share capital of the Company became US\$100,000 divided into 200,000,000 Shares of par value of US\$0.0005 each.

Pursuant to the resolutions in writing of the Shareholders of our Company passed on 22 June 2020, the authorised share capital of our Company was increased from US\$100,000 divided by 200,000,000 Shares of a par value of US\$0.0005 each to US\$500,000 divided by 1,000,000,000 Shares

of a par value of US\$0.0005 each through the creation of an additional shares of 800,000,000 Shares. On 22 June 2020, we allotted and issued an aggregate of 200,000,000 Shares to our then existing Shareholders pursuant to the Capitalisation Issue.

Immediately following completion of the Global Offering and the Capitalisation Issue and taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option, the issued share capital of our Company will be US\$300,000 divided into 600,000,000 Shares, all fully paid or credited as fully paid and 400,000,000 Shares will remain unissued.

Save for the aforesaid and as mentioned in the paragraph headed “A. Further information about our Company — 3. Resolutions in writing of our Shareholders passed on 22 June 2020” below in this Appendix, there has been no alteration in the share capital of our Company since its incorporation.

3. Resolutions in writing of our Shareholders passed on 22 June 2020

By resolutions in writing of our Shareholders passed on 22 June 2020, among other things:

- (a) our Company approved and conditionally adopted the Articles of Association which will become effective upon the Listing Date;
- (b) our Company approved and adopted the Memorandum of Association with immediate effect;
- (c) the authorised share capital of our Company was increased from US\$100,000 consisting of 200,000,000 Shares of US\$0.0005 each to US\$500,000 divided into 1,000,000,000 Shares of US\$0.0005 each by the creation of an additional of 800,000,000 Shares, which rank *pari passu* in all respects with the Shares in issue as at the date of such resolutions;
- (d) conditional on the share premium account of the Company being credited with the proceeds of the Global Offering, the Directors were authorised to allot and issue a total of 250,000,000 Shares, credited as fully-paid at par, to the Shareholders as at the date immediately before the Listing Date (or any such other date as the Directors may direct) in proportion to their then existing shareholding(s) in the Company by way of capitalisation of the sum of US\$125,000 standing to the credit of the share premium account of the Company, and such Shares to be allotted and issued pursuant to the Capitalisation Issue shall rank *pari passu* in all respects with the existing issued Shares; THAT the aforesaid issue and allotment of Shares pursuant to the Capitalisation Issue were authorised; and the Directors were authorised to allot and issue the Shares under the Capitalisation Issue and to give effect to such Capitalisation Issue and allotment of Shares;
- (e) conditional on (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, our Shares in issue, Shares to be issued pursuant to the Capitalisation Issue and our Shares to be issued as mentioned in this prospectus (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option); (ii) the entering into of the agreement on the Offer Price among our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date; and (iii) the obligations of the Underwriters under the Underwriting Agreements

becoming unconditional (including waiver of any condition(s) by the Underwriters) and not being terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:

- (i) the Global Offering was approved and our Directors were authorised to allot and issue the Offer Shares pursuant to the Global Offering;
 - (ii) the Over-allotment Option was approved; and
- (f) a general unconditional mandate was given to our Directors to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than pursuant to a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association or pursuant to a specific authority granted by our Shareholders in general meeting, unissued Shares with a total nominal value not exceeding 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and Capitalisation Issue (but taking no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares which may be issued pursuant to the exercise of any Shares to be issued upon the exercise of the options which may be granted under the Post-IPO Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles of Association or any applicable laws to be held, or until revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first;
- (g) 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 approved 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 represent up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalisation Issue (but taking no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares which may be issued pursuant to the exercise of any Shares to be issued upon the exercise of the options which may be granted under the Post-IPO Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles of Association or any applicable laws to be held, or until revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first; and
- (h) the general unconditional mandate mentioned in paragraph (f) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted and issued or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (g) above.

4. Reorganisation

The companies comprising our Group underwent the Reorganisation in preparation for the listing of our Shares on the Stock Exchange. For information relating to the Reorganisation, please refer to “History, Development and Reorganisation” in this prospectus.

5. Changes in share capital of our Company’s subsidiaries

The subsidiaries of our Company are set out in the Accountants’ Report, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in the section headed “History, Development and Reorganisation” in this prospectus, there are no changes in the registered capital of our Company’s subsidiaries during the two years immediately preceding the date of this prospectus.

6. Repurchase by our Company of its own securities

(a) Provisions of the Listing Rules

The Listing Rules permit companies listed on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(i) Shareholders’ Approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our then Shareholders on 22 June 2020, a general unconditional mandate (the “**Repurchase Mandate**”) was given to the Directors authorising any repurchase by our Company of Shares on the Stock Exchange or on any other stock exchange on which the securities may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of not more than 10% of the aggregate nominal value of our Company’s share capital in issue immediately following the completion of the Global Offering and the Capitalisation Issue (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares which may be issued pursuant to the exercise of any Shares to be issued upon the exercise of the options which may be granted under the Post-IPO Share Option Scheme), such mandate to expire at the conclusion of our next annual general meeting, the date by which our next annual general meeting is required by the Cayman Companies Law or by our Articles of Association or any other applicable laws of the Cayman Islands to be held or when revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever first occurs.

(ii) Source of Funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, any repurchases by our Company may be made out of the profits of our Company or out of a fresh issue of Shares made for the purpose of the repurchase or, subject to the Cayman Companies Law, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the Cayman Companies Law, out of capital.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of Repurchased Shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

(v) Suspension of Repurchase

A listed company may not make any repurchase of securities at any time after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a

listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vii) Connected Persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "core connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their associates and a connected person is prohibited from knowingly selling his securities to the company.

(b) Reasons for Repurchases

The Directors believe that the ability to repurchase Shares is in the interests of our Company and the Shareholders. Repurchases may, depending on the circumstances, result in an increase in the net assets and/or earnings per Share. The Directors sought the grant of a general mandate to repurchase Shares to give our Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining. Repurchases of Shares will only be made when the Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of Repurchases

In repurchasing securities, our Company may only apply funds lawfully available for such purpose in accordance with its Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands. There could be a material adverse impact on the working capital and/or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the repurchase mandate were to be carried out in full at any time during the share repurchase period. However, the Directors do not propose to exercise the general 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 the Directors are from time to time appropriate for our Company.

(d) General

The exercise in full of the repurchase mandate, on the basis of 600,000,000 Shares in issue immediately following the completion of the Global Offering and the Capitalisation Issue without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares which may be issued pursuant to the exercise of any options which may be granted pursuant to the Post-IPO Share Option Scheme, could accordingly result in up to approximately 60,000,000 Shares being repurchased by our Company during the period prior to:

- (i) the conclusion of our next annual general meeting; or
- (ii) the end of the period within which we are required by any applicable law or our Articles of Association to hold our next annual general meeting; or

- (iii) the date when the repurchase mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates has any present intention to sell any Shares to our Company or our subsidiaries.

The 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 Listing Rules and the applicable laws in the Cayman Islands.

No core connected person of our Company has notified our Company that he or she or it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the repurchase mandate is exercised.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the repurchase mandate.

Any repurchase of Shares that results in the number of Shares held by the public falling below 25% of the total number of Shares in issue, being the relevant minimum prescribed percentage as required by the Stock Exchange, could only be implemented if the Stock Exchange agreed to waive the requirement regarding the public float under Rule 8.08 of the Listing Rules. However, the Directors have no present intention to exercise the repurchase mandate to such an extent that, under the circumstances, there would be insufficient public float as prescribed under the Listing Rules.

B. 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 us or any of our subsidiaries within the two years immediately preceding the date of this prospectus and are or may be material:



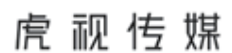



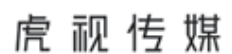

- (a) a reorganisation agreement dated 26 June 2019 entered into among Taschh Limited, Adtiger Corporations Limited and Adtiger Media Limited, pursuant to which Adtiger Media Limited purchased 10,000 issued shares of Apotheosis Limited in consideration for Adtiger Corporations Limited to allot and issue 12,500 shares to Taschh Limited, credited as fully paid;
- (b) a reorganisation agreement dated 26 June 2019 entered into between Taschh Limited and Adtiger Company Limited, pursuant to which Adtiger Company Limited purchased 2,000 issued shares of HongKong AdTiger Media Co., Limited 香港虎視傳媒有限公司 from Taschh Limited for a consideration of RMB7,408,832.14;

- (c) a reorganisation agreement dated 26 June 2019 entered into between Son Of Sunrise Investment Ltd and Adtiger Company Limited, pursuant to which Adtiger Company Limited purchased 3,000 issued shares of HongKong AdTiger Media Co., Limited 香港虎視傳媒有限公司 from Son Of Sunrise Investment Ltd for a consideration of RMB11,113,248.21;
- (d) a reorganisation agreement dated 26 June 2019 entered into between Venus Holdings Limited and Adtiger Company Limited, pursuant to which Adtiger Company Limited purchased 5,000 issued shares of HongKong AdTiger Media Co., Limited 香港虎視傳媒有限公司 from Venus Holdings Limited for a consideration of RMB18,522,080.35;
- (e) the Deed of Indemnity; and
- (f) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group

(a) Trademarks

As of the Latest Practicable Date, our Group had registered the following trademarks:

	Trademark registration number	Trademark	Registered owner	Place of registration	Class	Expiry date
1.	304701230		HongKong AdTiger	Hong Kong	9, 35	15 October 2028
2.	304701249		HongKong AdTiger	Hong Kong	9, 35	15 October 2028
3.	304701258		HongKong AdTiger	Hong Kong	9, 35	15 October 2028
4.	304701221		HongKong AdTiger	Hong Kong	9, 35	15 October 2028
5.	32745734A		Beijing AdTiger	PRC	9	27 July 2029
6.	32732909, 32738367, 37553956		Beijing AdTiger	PRC	9, 35	20 June 2029 (Class 35-32732909); 6 September 2029 (Class 9-32738367); 20 February 2030 (Class 9-37553956)
7.	32748672, 32737450		Beijing AdTiger	PRC	9, 35	13 June 2029
8.	32735981, 32741720		Beijing AdTiger	PRC	9, 35	27 April 2030 (Class 9-32735981) 27 June 2030 (Class 35-32741720);

(b) Copyrights

As of the Latest Practicable Date, our Group had registered the following copyrights:

	Copyright	Registration Number	Registered Owner	Place of Registration	Registration Date
1.	虎視傳媒	國作登字-2018-F-00629246	Beijing AdTiger	PRC	29 September 2018
2.	AdTensor	國作登字-2018-F-00629247	Beijing AdTiger	PRC	29 September 2018
3.	虎視傳媒	國作登字-2018-F-00629248	Beijing AdTiger	PRC	29 September 2018
4.	AdTiger	國作登字-2019-F-00702709	Beijing AdTiger	PRC	24 January 2019

(c) Domains

As of the Latest Practicable Date, our Group had registered the following domain names:

	Domain name	Registered owner	Date of registration	Expiry date
1.	www.adtiger.hk	HongKong AdTiger	14 April 2015	14 April 2021
2.	www.adtensor.com	Beijing AdTiger	28 February 2017	28 February 2021
3.	www.adtensor.net	Beijing AdTiger	28 December 2017	28 December 2020

(d) Software Copyrights

As of the Latest Practicable Date, our Group was the registered proprietor and beneficial owner of the following software copyrights:

	Software Copyright	Registration Number	Place of Registration	Registered Copyright Owner	Date of Registration
1.	AdTensor App (V1.0)	2019SR0546019	PRC	Beijing AdTiger	30 May 2019
2.	AdTensor 系統平臺 (V1.0)	2019SR0544681	PRC	Beijing AdTiger	30 May 2019
3.	AdTiger Engine 平臺 (V1.0)	2019SR0546037	PRC	Beijing AdTiger	30 May 2019
4.	Adeffect App (V1.0)	2019SR0544704	PRC	Beijing AdTiger	30 May 2019
5.	虎視科技App (V1.0)	2019SR0544710	PRC	Beijing AdTiger	30 May 2019
6.	Smart AdTiger App (V1.0)	2019SR0544720	PRC	Beijing AdTiger	30 May 2019
7.	虎視跨境幫平臺 (V1.0)	2019SR0544664	PRC	Beijing AdTiger	30 May 2019
8.	虎視優化通平臺 (V1.0)	2019SR0544731	PRC	Beijing AdTiger	30 May 2019
9.	Adcare 軟件 (V1.0)	2019SR0544690	PRC	Beijing AdTiger	30 May 2019
10.	Adleopard 工具軟件 (V1.0)	2019SR0546029	PRC	Beijing AdTiger	30 May 2019

Save as disclosed in this prospectus, there are no intellectual property rights which are material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) *Interests of the Directors and Chief Executives in our Company and associated corporations*

Immediately upon completion of the Capitalisation Issue and the Global Offering (taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the Post-IPO Share Option Scheme), the interests or short positions of our Directors or chief executives of our Company in the shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were 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, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to our Company and the Stock Exchange, once our Shares are listed will be as follows:

Name of Director	Nature of Interest	Shares held immediately following the completion of the Capitalisation Issue and the Global Offering	
		Number	Percentage (approximate)
Ms. Chang ⁽¹⁾⁽³⁾ . .	Interest in a controlled corporation	229,500,000 (L)	60%
	Interest of party acting in concert	130,500,000 (L)	
Ms. Li ⁽²⁾⁽³⁾	Interest in a controlled corporation	130,500,000 (L)	60%
	Interest of party acting in concert	229,500,000 (L)	
Mr. Hsia ⁽⁴⁾	Beneficiary of a trust	90,000,000 (L)	15%

Notes:

- (1) Ms. Chang holds the entire share capital of Fetech, which in turn holds the entire share capital of Rowtel. Rowtel directly holds 229,500,000 Shares. Accordingly, Ms. Chang is deemed to be interested in the 229,500,000 Shares held by Rowtel.
- (2) Ms. Li holds the entire share capital of Hera, which in turn holds the entire share capital of Westel. Westel directly holds 130,500,000 Shares. Accordingly, Ms. Li is deemed to be interested in the 130,500,000 Shares held by Westel.
- (3) Pursuant to the Acting-in-Concert Agreements, Ms. Chang and Ms. Li have acknowledged and confirmed, among other things, that they are acting in concert with each other. Accordingly, Ms. Chang and Ms. Li are parties acting in concert (having the meaning ascribed to it under the Takeovers Code); and each of Ms. Chang and Ms. Li is deemed to be interested in all the Shares in which any of them is interested under the SFO.
- (4) Mr. Hsia is the sole beneficiary of Tiequan Trust with Southpac Trust International, Inc. as trustee. Southpac Trust International, Inc. holds the entire share capital of Tiequan LLC, which in turn holds approximately 99.99% of the share capital of Taschh. Taschh directly holds 90,000,000 Shares. Accordingly, Mr. Hsia is deemed to be interested in the 90,000,000 Shares held by Taschh.

(b) Interests of the Substantial Shareholders

Save as disclosed in “Substantial Shareholders”, immediately following the completion of the Capitalisation Issue and the Global Offering (taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the Post-IPO Share Option Scheme), our Directors or chief executive are not aware of any other person (other than a Director or chief executive of our Company) who will have an interest or short position in the Shares or the 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 are, directly or indirectly, 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 the Company.

2. Directors’ Service Contracts and Letters of Appointment

Each of our executive Directors, namely Ms. Chang and Ms. Li, has entered into a service contract with our Company for an initial term of three years commencing from the Listing Date, which may be terminated by two months’ notice in writing served by either party on the other.

Our non-executive Director, namely Mr. Hsia; and each of our independent non-executive Directors, namely Mr. Yao, Mr. Chan and Mr. Zhang, has entered into a letter of appointment with our Company for an initial term of three years commencing from 22 June 2020, which may be terminated by one month’s notice in writing served by either party on the other.

3. Directors’ remuneration

Each of our Directors is entitled to a director’s fee and shall be paid a remuneration on the basis of a 12-month year. The current annual remuneration (including salaries, contributions to pension schemes, housing allowances, other allowances and benefits in kind) of our Directors for the year ending 31 December 2020 (excluding any discretionary bonuses which may be paid to our executive Directors) are as follows:

Name	Annual Director’s remuneration
Ms. Chang	RMB100,000
Ms. Li	RMB100,000
Mr. Hsia	RMB50,000
Mr. Yao	HK\$100,000
Mr. Chan	HK\$100,000
Mr. Zhang	HK\$100,000

Under the arrangement currently in force, the aggregate remuneration (including salaries, contributions to pension scheme, housing allowances and other allowances and benefit in kind) of our Directors for the year ending 31 December 2020 is estimated to be no more than RMB5.6 million.

All reasonable travelling and travel-related expenses, entertainment expenses and other out-of-pocket expenses reasonably incurred by the executive Directors in the process of discharging their duties on behalf of our Group will be borne by our Company. Save as aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any of our subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

Further details of the terms of the abovementioned service contracts are set out in the paragraph headed “C. Further information about our Directors and Substantial Shareholders — 2. Directors’ Service Contracts and Letters of Appointment” above in this Appendix.

4. Agency Fees or Commissions Received

Save as disclosed in this prospectus, no commissions, discounts, brokerages or other special terms were granted in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.

5. Directors’ Competing Interests

None of our Directors is interested in any business apart from the Group’s business which competes or is likely to compete, directly or indirectly, with the business of the Group.

6. Disclaimers

Save as disclosed herein:

- (a) none of our Directors or chief executives of our Company has any interest or short position in our shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV 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 the Model Code for Securities Transactions by Directors of Listed Companies once our Shares are listed;
- (b) none of our Directors or experts referred to under the paragraph headed “E. Other information — 8. Consents of experts” in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been 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;
- (c) none of our Directors or experts referred to under the paragraph headed “E. Other information — 8. Consents 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;

- (d) none of our Directors has any existing or proposed service contracts 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));
- (e) taking no account of Shares which may be taken up under Capitalisation Issue and the Global Offering, or upon the exercise of the Over-allotment Option and the Post-IPO Share Option Scheme, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering, have an interest or short position in our Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group;
- (f) none of the experts referred to under the paragraph headed “E. Other information — 8. Consents of experts” in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and
- (g) so far as is known to our Directors as of the Latest Practicable Date, none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders of our Company who are interested in more than 5% of the issued share capital of our Company had any interests in the five largest clients or the five largest suppliers of our Group.

D. POST-IPO SHARE OPTION SCHEME

The following is a summary of the principal terms of the Post-IPO Share Option Scheme conditionally approved and adopted by our Shareholders on 22 June 2020 and its implementation is conditional on the Listing.

(a) Purpose

The purpose of the Post-IPO Share Option Scheme is to incentivise and reward the Eligible Persons for their contribution to our Group and to align their interests with that of our Company so as to encourage them to work towards enhancing the value of our Company.

(b) Who may participate

The Board (including any committee or delegate of the Board appointed by the Board to perform any of its functions pursuant to the rules of the Post-IPO Share Option Scheme) may, at its absolute discretion, offer to grant an option to subscribe for such number of Shares as the Board may determine to an employee (whether full time or part-time) or a director of a member of our Group or associated companies of our Company (“**Eligible Persons**”).

(c) Maximum number of Shares in respect of which options may be granted

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option schemes (the “**Other Schemes**”) of our Company must not in aggregate exceed 10% of the total number of Shares in issue as at the

Listing Date, being 60,000,000 Shares, or such higher limit as the Stock Exchange may allow pursuant to a waiver granted at the Stock Exchange's discretion (the "**Scheme Mandate Limit**"). Options lapsed in accordance with the terms of the Post-IPO Share Option Scheme and any Other Scheme of our Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

The Board may, with the approval of the Shareholders in general meeting refresh, the Scheme Mandate Limit provided that the total number of Shares which may be issued upon the exercise of all options to be granted under the Post-IPO Share Option Scheme and any Other Schemes of our Company under the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issue or such higher limit as the Stock Exchange may allow pursuant to a waiver granted at the Stock Exchange's discretion as at the date of on which the Shareholders approve the refreshment of the Scheme Mandate Limit. Options previously granted under the Post-IPO Share Option Scheme and any Other Schemes of our Company (including those outstanding, cancelled, lapsed in accordance with the terms of the relevant scheme, or exercised options) will not be counted for the purpose of calculating the Scheme Mandate Limit as "refreshed". The Board may, with the approval of the Shareholders in general meeting, grant options to any Eligible Person specifically identified by them which would cause the Scheme Mandate Limit to be exceeded. Our Company shall send to the Shareholders a circular containing the information required under the Listing Rules for the purpose of seeking the approval of the Shareholders.

At any time, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and not yet exercised under the Post-IPO Share Option Scheme and any Other Schemes of our Company to Eligible Persons must not exceed 30% of the total number of Shares in issue from time to time.

The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or independent financial advisor appointed by the Board shall certify in writing to the Board to be fair and reasonable, in the event of any alteration in the capital structure of our Company whether by way of capitalisation of profits or reserves, rights issue, consolidation or subdivision of shares, or reduction of the share capital of our Company provided that no such adjustment shall be made in the event of an issue of Shares as consideration in respect of a transaction.

(d) Maximum entitlement of each individual

No options shall be granted to any Eligible Person under the Post-IPO Share Option Scheme and any Other Schemes of our Company which, if exercised, would result in such Eligible Person becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued to him under all options granted to him (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of offer of such options, exceeds 1% of the Shares in issue at such date or such higher limit as the Stock Exchange may allow pursuant to a waiver granted at the Stock Exchange's discretion.

Any further grant of options to an Eligible Person in excess of this 1% limit or such higher limit as the Stock Exchange may allow pursuant to a waiver granted at the Stock Exchange's discretion shall be subject to the approval of the Shareholders in general meeting with such Eligible Person and his close associates (or if such Eligible Person is a connected person of our Company, his associates)

abstaining from voting. Our Company must send a circular to the Shareholders disclosing the identity of the Eligible Person in question, the number and terms of the options to be granted (and options previously granted to such Eligible Person) and such other information required under the Listing Rules.

The number and terms (including the exercise price) of the options to be granted to such Eligible Person must be fixed before the Shareholders' approval and the date of the Board meeting approving such further grant shall be taken as the date of grant for the purpose of determining the exercise price of the options.

(e) Grant of options to connected persons

Each grant of options to a director (including an independent non-executive Director) of any member of our Group or associated company of our Company, chief executive or substantial shareholder of our Company, or any of their respective associates, under the Post-IPO Share Option Scheme must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the options).

Where any grant of options to a substantial shareholder or an independent non-executive Director of our Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted under the Post-IPO Share Option Scheme (including options exercised, cancelled and outstanding) to such person in the 12 month period up to and including the date of such 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 securities at the date of each grant, in excess of HK\$5 million,

such further grant of options by the Board must be approved by the Shareholders in general meeting. Any Shareholder who is a connected person of our Company must abstain from voting on the resolution to approve such further grant of options, except that such a connected person may vote against such resolution subject to the requirements of the Listing Rules. Our Company shall send to the Shareholders a circular containing the information required under the Listing Rules for the purpose of seeking the approval of the Shareholders.

(f) Acceptance of an offer of options

An offer of options shall be open for acceptance for such period (not exceeding 30 days inclusive of, and from, the date of offer) as the Board may determine and notify to the Eligible Person concerned provided that no such offer shall be open for acceptance after the expiry of the duration of the Post-IPO Share Option Scheme. An offer of options not accepted within this period shall lapse. An amount of HK\$1.00 is payable upon acceptance of the grant of an option and such payment shall not be refundable and shall not be deemed to be a part payment of the exercise price.

(g) Exercise price

Subject to any adjustment made as described in sub-paragraph (u) below, the exercise price shall be such price as determined by the Board and notified to an option-holder and which shall not be less than the higher of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of offer of the option;
- (ii) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer of the option; and
- (iii) the nominal value of the Shares.

(h) Duration of Share Option Scheme

The Post-IPO Share Option Scheme shall be valid and effective for a period of ten years commencing on the Listing Date, after which period no further options will be granted but the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto which are at that time or become thereafter capable of exercise under the Post-IPO Share Option Scheme, or otherwise to the extent as may be required in accordance with the provisions of the Post-IPO Share Option Scheme.

(i) Time of vesting and exercise of options

Any option shall be vested on an option-holder immediately upon his acceptance of the offer of options provided that if any vesting schedule and/or conditions are specified in the offer of the option, such option shall only be vested on an option-holder according to such vesting schedule and/or upon the fulfilment of the vesting conditions (as the case may be). Any vested option which has not lapsed and which conditions have been satisfied or waived by the Board in its sole discretion may, unless the Board determines otherwise in its absolute discretion, be exercised at any time from the next business day after the offer of options has been accepted. Any option which remain unexercised shall lapse upon the expiry of the option period, which period shall be determined by the Board and shall not exceed ten years from the offer date of the option or such longer period as the Stock Exchange may allow pursuant to a waiver granted at the Stock Exchange's discretion (the "**Option Period**").

An option shall be subject to such terms and conditions (if any) as may be determined by the Board and specified in the offer of the option, including any vesting schedule and/or conditions, any minimum period for which any option must be held before it can be exercised and/or any performance target which need to be achieved by an option-holder before the option can be exercised. Such terms and conditions determined by the Board must not be contrary to the purpose of the Post-IPO Share Option Scheme and must be consistent with such guidelines (if any) as may be approved from time to time by the Shareholders. If an option-holder is transferred to work in the PRC or another country and still continues to hold a salaried office or employment under a contract with a member of our Group or associated companies of our Company, and as a result of that transfer, he either (i) suffers a tax disadvantage in relation to his options (this being shown to the satisfaction of the Board); or (ii) becomes subject to restrictions on his ability to exercise his Options or to hold or deal in the Shares or the proceeds of the sale of the Shares acquired on exercise because of the security laws or exchange

control laws of the PRC or the country to which he is transferred, then the Board may allow him to exercise his options, vested or unvested, during the period starting three months before and ending three months after the transfer takes place.

No option may be exercised in circumstances where such exercise would, in the opinion of the Board, be in breach of a statutory or regulatory requirement.

(j) Restriction on the time of grant of options

A grant of options may not be made after inside information has come to our knowledge until such inside information has been announced as required under the Listing Rules. In particular, no option may be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the 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 Listing Rules); and
- (ii) the deadline for our Company to publish an announcement of the results for any year, or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. The period during which no option may be granted will cover any period of delay in the publication of a results announcement.

(k) Ranking of the Shares

No dividends (including distributions made upon the liquidation of our Company) will be payable and no voting rights will be exercisable in relation to an option that has not been exercised. Shares allotted and issued on the exercise of an option will rank equally in all respects with the Shares in issue on the date of allotment. They will not rank for any rights attaching to Shares by reference to a record date preceding the date of allotment.

(l) Restrictions on transfer

Except for the transmission of an option on the death of an option-holder to his personal representatives, neither the option nor any rights in respect of it may be transferred, assigned or otherwise disposed of by any option-holder to any other person or entity. If an option-holder transfers, assigns or disposes of any such option or rights, whether voluntarily or involuntarily, then the relevant option will immediately lapse.

(m) Rights on voluntary resignation

If an option-holder ceases to be an Eligible Person by reason of his voluntary resignation (other than in circumstances where he is constructively dismissed), any outstanding offer of options shall continue to be open for acceptance for such period as determined by the Board at its absolute discretion and notified to such Eligible Person, and all options (to the extent vested but not already exercised) will continue to be exercisable for such period as the Board may determine at its absolute discretion and notify to such Eligible Person on the date of cessation of employment of such Eligible Person.

(n) Rights on termination of employment

If an option-holder ceases to be an Eligible Person by reason of (i) his employer terminating his contract of employment in accordance with its terms or any right conferred on his employer by law, or (ii) his contract of employment, being a contract for a fixed term, expiring and not being renewed, or (iii) his employer terminating his contract for serious or gross misconduct, then any outstanding offer of an option and all options, vested or unvested, will lapse on the date the option-holder ceases to be an Eligible Person.

(o) Rights on death, disability, retirement and transfer

If an option-holder ceases to be an Eligible Person by reason of:

- (i) his death; or
- (ii) his serious illness or injury which in the opinion of the Board renders the option-holder concerned unfit to perform the duties of his employment and which in the normal course would render the option-holder unfit to continue performing the duties under his contract of employment for the following 12 months provided such illness or injury is not self-inflicted; or
- (iii) his retirement in accordance with the terms of an option-holder's contract of employment; or
- (iv) his early retirement by agreement with the option-holder's employer; or
- (v) his employer terminating his contract of employment by reason of redundancy; or
- (vi) his employer ceasing to be a member of our Group or an associated company of our Company or under the control of our Company; or
- (vii) a transfer of the business, or the part of the business, in which the option-holder works to a person who is neither under the control of our Company nor a member of our Group or associated companies of our Company; or
- (viii) if the Board determines in its absolute discretion that circumstances exist which mean that it is appropriate and consistent with the purpose of the Post-IPO Share Option Scheme to treat an option-holder whose options would otherwise lapse so that such options do not lapse but continue to subsist in accordance with (and subject to) the provisions of the Post-IPO Share Option Scheme,

then, any outstanding offer of an option which has not been accepted and any unvested option will lapse and the option-holder or his personal representatives (if appropriate) may exercise all his options (to the extent vested but not already exercised) within a period of three months of the date of cessation of employment. Any option not exercised prior to the expiry of this period shall lapse.

If the Board determines that an option-holder who ceases to be an Eligible Person in circumstances such that his options continue to subsist in accordance with sub-paragraph (o) (viii) above:

- (a) is guilty of any misconduct which would have justified the termination of his contract of employment for cause but which does not become known to our Company until after he has ceased employment with any member of our Group or associated companies; or
- (b) is in breach of any material term of contract of employment (or other contract or agreement related to his contract of employment), without limitation, any confidentiality agreement or agreement containing non-competition or non-solicitation restrictions between him and any member of our Group or associated companies; or
- (c) has disclosed trade secrets or confidential information of any member of our Group or associated companies; or
- (d) has entered into competition with any member of our Group or associated companies or breached any non-solicitation provisions in his contract of employment,

then it may, in its absolute discretion, determine that any unexercised options, vested or not vested, held by the option-holder shall immediately lapse upon the Board resolving to make such determination (whether or not the option-holder has been notified of the determination).

(p) Rights on cessation to be a director

In the event that any director ceases to be a director of any member of our Group or associated companies, our Company shall, as soon as practicable thereafter, give notice to the relevant option-holder who as a result ceases to be an Eligible Person. Any outstanding offer of an option which has not been accepted and any unvested option will lapse on the date the option-holder ceases to be an Eligible Person. The option-holder (or his personal representative) may exercise all his options (to the extent vested but not already exercised) within a period of three months of the date of the notification by the Board. Any option not exercised prior to the expiry of this period shall lapse.

(q) Rights on a general offer

In the event that as a result of any general offer made to the holders of Shares, the Board becomes aware that the right to cast more than 50% of the votes which may ordinarily be cast on a poll at a general meeting of our Company has or will become vested in the offeror, any company controlled by the offeror and any person associated with or acting in concert with the offeror (a “**Change of Control**”), the Board will notify every option-holder of this within 14 days of becoming so aware or as soon as practicable after any legal or regulatory restriction on such disclosure no longer applies. Each option-holder will be entitled to exercise his options (to the extent vested but not already exercised) during the period of one month starting on the date of the Board’s notification to the option-holders. All options, vested or unvested, not exercised before the end of such period will lapse.

(r) Rights on company reconstructions

In the event of a compromise or arrangement, our Company shall give notice to all option-holders on the same date as it gives notice of the meeting to the Shareholders or creditors to consider such a compromise or arrangement and each option-holder (or his personal representative) may at any time

thereafter, but before such time as shall be notified by our Company, exercise all or any of his options (to the extent vested but not already exercised), and subject to our Company receiving the exercise notice and the exercise price, 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, allot, issue and register under the name of the option-holder such number of fully paid Shares which fall to be issued on exercise of such options. Any options, vested or not unvested, not so exercised will lapse.

(s) Rights on winding up

In the event a notice is given by our Company to the Shareholders to convene a general meeting for the purpose 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 we dispatch such notice to the Shareholders give notice thereof to all option-holders and each option-holder shall be entitled to exercise all or any of his options (to the extent vested but not already exercised) at any time no later than seven days prior to the proposed general meeting of our Company, and subject to our Company receiving the exercise notice and the exercise price, 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, allot, issue and register under the name of the option-holder such number of fully paid Shares which fall to be issued on exercise of such options. Any options, vested or not unvested, not so exercised will lapse.

(t) Lapse of option

An option will lapse on the earlier of:

- (i) the expiry of the option period as determined by the Board; or
- (ii) the date on which an option-holder is in breach of sub-paragraph (l);
- (iii) the expiry of the time provided for in the applicable rule where any of the circumstances provided in sub-paragraphs (m) to (s) above apply.

(u) Effect of alteration 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, further rights issues of Shares, consolidation or subdivision of shares, or reduction of the share capital of our Company in accordance with applicable laws and regulatory requirements (other than an issue of any share capital as consideration in respect of a transaction), such corresponding adjustments (if any) shall be made to the number of Shares, the subject matter of the option (insofar as it is unexercised) and/or the price at which the options are exercisable, as the auditors of our Company or an independent financial advisor appointed by the Board shall certify in writing to the Board to be in their opinion fair and reasonable. Notice of any adjustments shall be given by our Company to an option-holder.

Any such adjustments shall be made on the basis that an option-holder shall have the same proportion of the issued share capital of our Company as that to which he was entitled before such adjustment. No such adjustment shall be made the effect of which would be to enable any Share to be

issued at less than its nominal value, or to increase the proportion of the issued share capital of our Company for which any option-holder would have been entitled to subscribe had he exercised all the options held by him immediately prior to such adjustments.

The auditors of our Company or the independent financial advisor selected by the Board (as appropriate) must confirm to the Board in writing that the adjustment satisfies the requirements of the Note to paragraph 17.03(13) of the Listing Rules and such applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange (including, without limitation, the “Supplemental Guidance on Main Board Listing Rule 17.03(13) and the Notice immediately after the Rule” attached to the letter of the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes), except where such adjustment is made on a capitalisation issue.

The capacity of the auditors or independent financial advisors is that of experts and not of arbitrators and their certification shall be final and binding on our Company and the option-holders in the absence of fraud or manifest error. The costs of the auditors or independent financial advisors shall be borne by our Company.

(v) Cancellation of option

Unless the option-holder agrees, the Board may only cancel an option (which has been granted but not yet exercised) if, at the election of the Board, either:

- (i) our Company pays to the option-holder an amount equal to the fair market value of the option at the date of cancellation as determined by the Board at its absolute discretion, after consultation with the auditors of our Company or an independent financial advisor appointed by the Board; or
- (ii) the Board offers to grant to the option-holder replacement options (or options under any other share option scheme of any member of our Group) or makes such arrangements as the option-holder may agree to compensate him for the loss of the option; or
- (iii) the Board makes such arrangements as the option-holder may agree to compensate him for the cancellation of the option.

(w) Termination of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme will expire automatically on the day immediately preceding the tenth anniversary of the Listing Date. The Board may terminate the Post-IPO Share Option Scheme at any time without Shareholders’ approval by resolving that no further options shall be granted under the Post-IPO Share Option Scheme and in such case, no new offers to grant options under the Post-IPO Share Option Scheme will be made and any options which have been granted but not yet exercised shall either (i) continue subject to the Post-IPO Share Option Scheme, or (ii) be cancelled in accordance with sub-paragraph (v).

(x) Amendments to the Post-IPO Share Option Scheme

The Board may amend any of the provisions of the Post-IPO Share Option Scheme (including amendments in order to comply with changes in legal or regulatory requirements) at any time (but not so as to affect adversely any rights which have accrued to any option-holder at that date), except that amendments which are to the advantage of present or future option-holders in respect of matters contained in Rule 17.03 of the Listing Rules must be approved by the Shareholders in general meeting.

Any amendments to the terms and conditions of the Post-IPO Share Option Scheme which are of a material nature or any amendments to the terms of any options granted may only be made with the approval of the Shareholders save where the amendments take effect automatically under the existing terms of the Post-IPO Share Option Scheme.

Any amendments to the terms of options granted to an option-holder who is a substantial shareholder of our Company or an independent non-executive Director, or any of their respective associates, must be approved by the Shareholders in general meeting. The resolution to approve the amendment must be taken on a poll and any connected person of our Company must abstain from voting on the resolution to approve such amendment, except that such connected person may vote against such resolution.

Any change to the authority of the Board in relation to any amendment of the rules of the Post-IPO Share Option Scheme may only be made with the approval of the Shareholders in general meeting.

(y) Conditions of the Post-IPO Share Option Scheme

The adoption of the Post-IPO Share Option Scheme is conditional on:

- (i) the Listing Committee granting (or agreeing to grant) approval (subject to such conditions as the Stock Exchange may impose) for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any options which may be granted under the Post-IPO Share Option Scheme; and
- (ii) the commencement of the dealings in the Shares on the Stock Exchange.

If the conditions above are not satisfied on or before the date following six months after the date the Post-IPO Share Option Scheme was conditionally adopted:

- (a) the Post-IPO Share Option Scheme shall forthwith determine;
- (b) any option granted or agreed to be granted pursuant to the Post-IPO Share Option Scheme and any offer of such a grant shall be of no effect; and
- (c) no person shall be entitled to any rights or benefits or be under any obligation under or in respect of the Post-IPO Share Option Scheme or any option.

(z) General

An application has been made to the Listing Committee to the Stock Exchange for the listing of, and permission to deal in, the new Shares which may be issued pursuant to the exercise of the options which may be granted pursuant to the Post-IPO Share Option Scheme.

As of the Latest Practicable Date, no option had been granted or agreed to be granted by our Company pursuant to the Post-IPO Share Option Scheme.

Details of the Post-IPO Share Option Scheme, including particulars and movements of the options granted during each financial year of our Company, and our employee costs arising from the grant of the options will be disclosed in our annual report.

E. OTHER INFORMATION**1. Tax and other indemnities**

Pursuant to the Deed of Indemnity given by each of our Controlling Shareholders in favour of our Company (and its subsidiaries) and conditional on the Listing, our Controlling Shareholders have agreed and undertaken to jointly and severally agree, covenant and undertake with each of the member of our Group that she/it will indemnify each of the members of our Group against taxation falling on any member of our Group resulting from or by reference to any income, profits or gains, transactions, events, acts, omissions, matters or things earned, accrued or received, entered into (or deemed to be so earned, accrued, received or entered into) or occurring on or before the date of the Listing.

However, the indemnities given by our Controlling Shareholders under the Deed of Indemnity do not cover, and our Controlling Shareholders shall be under no liability in respect of, any liability on taxation and taxation claim:

- (a) to the extent that provision has been made in the audited consolidated accounts of our Group or the audited accounts of any of the members of our Group for an accounting period ended on or before 31 December 2019; or
- (b) falling on any members of our Group in respect of any accounting period commencing on or after 31 December 2019 unless such liability would not have arisen but for some act or omission of, or transaction entered into by any members of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring), otherwise than in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets, on or before the Listing Date; or
- (c) to the extent that such liability arises or is incurred as a consequence of any change in the law, rules or regulations, or the interpretation or practice thereof by any statutory or governmental authority, having retrospective effect coming into force after the Listing Date or to the extent that such liability arises or is increased by an increase in rates of taxation or other penalties after the Listing Date with retrospective effect; or
- (d) to the extent that such liability is discharged by another person who is not a member of our Group and that none of the member of our Group is required to reimburse such person in respect of the discharge of such liability; or

- (e) to the extent of any provision or reserve made for such liability in the audited accounts referred to in Clause (a) above which is finally established to be an overprovision or an excessive reserve provided that the amount of any such provision or reserve applied to reduce our Controlling Shareholders' liability in respect of such liability shall not be available in respect of any such liability arising thereafter.

2. Litigation

As of the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

3. Sole Sponsor

The Sole Sponsor has made an application on our Company's behalf to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, all of our Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may be issued upon the exercise of the Over-allotment Option and any options under the Post-IPO Share Option Scheme). All necessary arrangements have been made for our Shares to be admitted into CCASS.

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

The sponsor fees are HK\$5.9 million and are payable by our Company.

4. Preliminary expenses

The estimated preliminary expenses incurred and paid by our Company were approximately HK\$200,000.

5. Promoter

Our Company has no promoter for the purposes of the Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

6. Taxation of holders of Shares

(a) Hong Kong

The sale, purchase and transfer of Shares registered with our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration of, if higher, of the fair value of our Shares being sold or transferred. Profits from dealings in our Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. Our Directors have been advised that no material liability for estate duty under the laws of Hong Kong would be likely to fall upon any member of our Group.

(b) Cayman Islands

Under the present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfers of Shares.

(c) Consultation with professional advisors

Intending holders of our Shares are recommended to consult their professional advisors if they are in 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 the other parties involved in the Global Offering can accept 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 or exercise of any rights attaching to them.

7. Qualifications of experts

The following are the qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion or advice which are contained in, or referred to in this prospectus:

Name	Qualification
CEB International Capital Corporation Limited	Licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Commerce & Finance Law Offices	Legal adviser as to PRC laws
Harney Westwood & Riegels	Legal adviser as to Cayman Islands laws
Mr. Matthew Ho	Barrister-at-law in Hong Kong
Ernst & Young	Certified Public Accountants
Shanghai iResearch Co., Ltd	Industry consultant
RSM Tax Advisory (Hong Kong) Limited	Tax adviser

8. Consents of experts

Each of the experts named in the paragraph headed “E. Other information — 7. Qualifications of experts” of this Appendix has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or the references to its or his name included herein in the form and context in which it is respectively included.

9. Interests of experts in our Company

None of the persons named in the paragraph headed “E. Other information — 7. Qualifications of experts” of this Appendix is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

10. 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.

11. Miscellaneous

Save as otherwise disclosed in this prospectus:

- (a) within the two years immediately preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) 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;
 - (iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
 - (iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;
- (b) there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;
- (c) our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2019 (being the date to which the latest audited consolidated financial statements of our Group were made up);
- (d) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;
- (e) the principal register of members of our Company will be maintained in the Cayman Islands by Harneys Fiduciary (Cayman) Limited and a branch register of members of our Company will be maintained in Boardroom Share Registrars (HK) Limited (寶德隆證券登記有限公司). 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 enable our Shares to be admitted to CCASS;
- (f) no company within our Group is presently listed on any stock exchange or traded on any trading system;

- (g) our Directors have been advised that under the Cayman Companies Law the use of a Chinese name by our Company does not contravene the Cayman Companies Law; and
- (h) our Company has no outstanding convertible debt securities or debentures.

12. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the **WHITE, YELLOW** and **GREEN** Application Forms;
- (b) the written consents referred to in the section headed “Statutory and General Information — E. Other information — 8. Consents of experts” in Appendix IV to this prospectus; and
- (c) a copy of each of the material contracts referred to in the section headed “Statutory and General Information — B. Information about our business — 1. Summary of material contracts” in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of King & Wood Mallesons at 13/F, Gloucester Tower, The Landmark, 15 Queen’s Road, Central, Hong Kong during normal business hours from 9 a.m. to 6 p.m. up to and including the date which is 14 days from the date of this prospectus:

- (a) the amended and restated Memorandum and Articles of Association;
- (b) the Cayman Companies Law;
- (c) the accountants’ report issued by Ernst & Young, the text of which is set out in Appendix I to this prospectus;
- (d) the report from Ernst & Young in respect of the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- (e) the underlying financial statements of our Group for the years ended 31 December 2017, 2018 and 2019;
- (f) the legal opinion issued by Mr. Matthew Ho, our legal counsel as to certain aspects of Hong Kong laws;
- (g) the letter of advice issued by Harney Westwood & Riegels, our Cayman Islands legal adviser, summarising the constitution of our Company and certain aspects of Cayman Companies Law in Appendix III to this prospectus;
- (h) the PRC legal opinion issued by Commerce & Finance Law Offices, our PRC legal adviser, in respect of certain corporate matters and property interests of our Group;
- (i) the industry report issued by Shanghai iResearch Co., Ltd, the summary of which is set forth in the section headed “Industry Overview” in this prospectus;

- (j) the transfer pricing report issued by RSM Tax Advisory (Hong Kong) Limited as to the intra-group transactions of our Group.
- (k) the material contracts referred to in the section headed “Statutory and General Information — B. Information about our business — 1. Summary of material contracts” in Appendix IV to this prospectus;
- (l) service contracts and letters of appointment with our Directors referred to in the section headed “Statutory and General Information — C. Further information about our Directors and Substantial Shareholders — 2. Directors’ Service Contracts and Letters of Appointment” in Appendix IV to this prospectus; and
- (m) the written consents referred to in the section headed “Statutory and General Information — E. Other information — 8. Consents of experts” in Appendix IV to this prospectus.

AdTiger

虎視傳媒有限公司

ADTIGER CORPORATIONS LIMITED