This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the [**REDACTED**]. *There are risks associated with any investment. Some of the particular risks in investing in the* [**REDACTED**] *are set out in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to invest in the* [**REDACTED**].

OVERVIEW

We are a leading big data-empowered short video marketing solutions provider and an online content services provider focusing on pan-entertainment in China. According to iResearch, we were the third largest marketing solutions provider in China in 2019 in terms of (i) user traffic consumption of short video advertisements[1] and (ii) user traffic consumption of performance-based advertisements placed on short video platforms[2] with a market share of 3.6% and 6.3%, respectively. We also ranked the first among all the pan-entertainment oriented information websites in terms of average DAUs in China in 2019, according to the same resource. In addition, we produce quality and appealing content for audiences and advertisers, such as short videos, movie and television stars interview programs, and entertainment news programs. We deliver our online marketing solutions primarily through top online publishers in China, such as Douyin (抖音), Huoshan (抖音火山版), Xigua Video (西瓜視頻) and Kuaishou (快手).

We generate revenue primarily from providing (i) online marketing solutions to advertisers and advertising agencies, including user traffic acquisition, ad creatives production, and ad performance optimization; and (ii) advertising spaces on our *Huabian* Platform to ad networks and advertisers. We charge our advertising customers for our online marketing solutions primarily measured by a mix of oCPM (optimized cost per mille), oCPC (optimized cost per click) and CPC, while we acquire user traffic from our media partners to place our advertisements online and pay traffic acquisition costs based primarily on the same mechanism. Media partners may grant to us rebates from time to time primarily calculated based on our gross spending. We may also grant rebates to our advertising customers from time to time to incentivize them to continue to use our solutions. See "Business — Our Online Marketing Solutions Business — Pricing Models." In addition, during the Track Record Period, we charged our ad networks primarily based on CPM, and our advertisers primarily based on CPT or CPA, for the advertising spaces we provided on our *Huabian* website (**www.huabian.com**) and its mobile terminal (collectively "*Huabian* Platform").

We have experienced rapid growth since 2017 benefiting from the rise of short videos. During the Track Record Period, our revenue increased significantly from RMB235.4 million in 2017 to RMB2,313.0 million in 2019, representing a CAGR of 213.5%, and our profit for the year increased from RMB33.0 million in 2017 to RMB72.9 million in 2019, representing a CAGR of 48.6%. Given the continually reduced mobile internet traffic costs per GB and the technological development of network infrastructure that collectively led to the speedy growth of short video audience base, we have strategically shifted our focus to online marketing solutions (in particular short video marketing) from which the revenue accounted for approximately 70.4%, 94.5% and 98.7%, respectively, of our total revenue for the years ended December 31, 2017, 2018 and 2019. We believe that the commercialization and popularization of 5G will accelerate data transmission, further reduce mobile internet traffic costs per GB, and advance the technology development of short videos, such as AR and VR, which in turn will improve short video user experiences, diversify short video presentation formats, and enhance the appeal of short videos. According to iResearch, the size of short video content market is expected to further increase at a CAGR of 35.3% from RMB211.5 billion in 2020 to RMB709.5 billion in 2024. We believe that we have benefited and will continue to benefit from the rapid growth of the overall short video content market to achieve sustainable and profitable growth.

Launched in 2013, our online marketing solutions help our advertising customers acquire high quality traffic from top online publishers, produce appealing and attention catching ad creatives to attract target consumers, and optimize ad campaign performance automatically, intelligently and in real-time leveraging our big data analytics and AI capabilities, to improve the marketing efficiency for our advertisers.

Launched in 2012, our self-operated technology-driven content platform, *Huabian* Platform, aggregates pan-entertainment articles and photos from professional media, talent agencies and

1 This ranking is based on the user traffic consumption of short video advertisements across all online publishers and other content distribution channels in China.

2 This ranking is based on the user traffic consumption of performance-based advertisements placed on short video platforms only, excluding other online publishers or other content distribution channels.

self-media accounts, and presents real-time customized and popular feeds to visitors. We also initiated two short video KOL programs featuring television and movie star interviews and entertainment news to expand our pan-entertainment coverage.

Our content production capability is one of our core competencies that differentiates us from our competitors. Our in-house content production team, consisting primarily of scriptwriters, directors and production crew, is able to produce customized, appealing and attention catching ad creatives, with the capacity to produce approximately 2,400 pieces of short videos each month. Leveraging our strong content production capability, we have established a cross-media multi-channel full service content platform, covering content production, exchange and distribution that connects directly the advertisers with internet users, content providers and content distribution channels, to (i) produce original content, particularly short videos, for advertisers; (ii) facilitate content exchange between the advertisers and content providers; and (iii) distribute content to internet users through online publishers.

We have maintained well-established relationships with various top online publishers, including the six largest short video platforms in China, such as Douyin, Kuaishou, Xigua Video, Huoshan and Tencent Weishi (騰訊微視), as well as other leading content distribution platforms, including Xiaohongshu (小紅書) and Qutoutiao (趣頭條). In particular, we have a stable and cooperative partnership with Ocean Engine's major content distribution platforms, including Douyin, Xigua Video, Huoshan and Toutiao. We are Ocean Engine's early collaborator and began to acquire user traffic from its content distribution platforms in 2016. We are also one of the early online marketing solutions providers to offer short video marketing solutions through Douyin after it was launched in September 2016.

We serve a fast-growing and diversified advertiser base operating in a wide array of industry verticals, including online gaming, financial services, e-commerce, internet services, advertising and culture & media. Our advertisers that are our direct customers for both online marketing solutions business and pan-entertainment content services business increased from 558 in 2017 to 669 in 2019, representing a CAGR of 9.5%, while the average spending per direct advertiser increased from RMB0.5 million in 2017 to RMB3.4 million in 2019, representing a CAGR of 160.8%.

As a technology-driven company, we have developed our proprietary DMP to support internal advertising campaign management system as well as content management and distribution system through big data analytics and AI technologies. Our proprietary DMP collects and stores a wide variety of raw data on a real-time basis from the online publishers, including ad performance data and behavioral data, to generate accurate user profiling modules and continuously monitor and analyze such data to optimize ad campaign performance to acquire, convert and retain consumers in a more effective and efficient way.

OUR BUSINESS MODEL

During the Track Record Period, we generated our revenue primarily from providing (i) online marketing solutions to advertisers and advertising agencies; and (ii) advertising spaces of our self-operated *Huabian* Platform to ad networks and advertisers.

Online Marketing Solutions Business

Empowered by our proprietary DMP, we provide one-stop online marketing solutions, consisting of user traffic acquisition, ad creatives production, and ad campaign performance optimization, to advertisers directly or through advertising agencies by planning, launching and managing advertising campaigns to help advertisers acquire, convert and retain consumers and achieve their marketing goals in an effective and efficient way. We primarily deliver short video or text and image creatives in the format of native in-feed advertisements through top online publishers. We have an in-house content production team with the ability to produce customized, appealing and attention catching ad creatives.

Pan-entertainment Content Services Business

We operate a technology-driven pan entertainment-oriented content platform through our *Huabian* website (**www.huabian.com**) and its mobile terminal (collectively "***Huabian*** **Platform**"). *Huabian* Platform aggregates pan-entertainment articles and photos from professional media, talent agencies and self-media accounts, and presents real-time customized feeds to visitors. In 2019, we also initiated two KOL programs featuring television and movie star interviews and entertainment news to expand our pan-entertainment coverage. We generate revenue primarily from providing advertising spaces on our *Huabian* Platform to third-party ad networks and advertisers. We collaborate with our content distribution partners to market our content and generate traffic to our *Huabian* Platform, and pay them traffic acquisition costs primarily based on CPC.

Our Content Production Capability

Our content production capability is one of our core competencies that makes us stand out in the industry in which we operate. We have an in-house content production team enabling us to produce customized, appealing and attention catching ad creatives for both our online marketing solutions business and pan-entertainment content services business. Our in-house content production team consisted of 71 full-time employers as of December 31, 2019, including scriptwriters, directors, editors and post-production crew, with the capacity to produce approximately 2,400 pieces of short videos each month.

In addition to our original ad creatives, our in-house content production team produces other original short video content. For example, we have produced a short video KOL program featuring interviews with movie and television stars, *Idol Answers* (偶像請回答), and released the videos on approximately 40 online publishers, including iQIYI (愛奇藝). As of the Latest Practicable Date, *Idol Answers* had accumulated more than 900,000 followers on its *Weibo* public account. As part of our pan-entertainment coverage, we also have another KOL brand, *Hippie Entertainment* (嬉游大娛記), featuring the latest and breaking celebrity entertainment news, which is distributed across approximately 27 online publishers, such as Tencent Video (騰訊視頻) and Mango TV (芒果TV). According to CAASDATA (卡思數據), a leading PRC video data collection and analysis platform, both *Idol Answers* and *Hippie Entertainment* ranked top 50 among all PGCs in the PRC. These two KOL programs had accumulated video views of more than 500 million as of the Latest Practicable Date.

KEY OPERATING DATA

The following table sets forth selected performance indicators of our advertising services for the years indicated below:

	For the year ended December 31,		
	2017	2018	2019
Online marketing solutions business			
Impressions (short videos) (millions)[1]	7,522.9	79,880.2	179,743.3
Click-throughs (short videos) (millions)[2]	145.1	1,312.6	4,493.6
Click-through Rate (short videos) (%)[3]	1.9	1.6	2.5
Pan-entertainment content services business			
PVs (millions)[4]	2,624.3	2,341.3	1,182.1
Average DPVs (thousands)[4]	7,190.0	6,414.6	3,238.7
Average DAUs (thousands)[5]	3,807.6	4,672.3	1,755.1
Average MAUs (thousands)[6]	115,815.3	142,117.1	53,385.3

Notes:

(1) Impressions are the total number of page views of our advertisements for the years indicated.

(2) Click-throughs are the total number of clicks on the advertisements placed by us for the years indicated.

(3) Click-through rate is calculated as the total number of click-throughs divided by the total number of impressions.

(4) PVs, or page views, refer to the total number of visits to our *Huabian* Platform during a given period. Average DPVs for a particular year is the average of DPVs on each day during that year.

(5) DAUs, or daily active users, refer to the number of unique devices that accessed our *Huabian* Platform on a given day. Multiple accesses from the same device are only counted as one DAU. Average DAUs for a particular year is the average of DAUs on each day during that year.

(6) MAUs, or monthly active users, refer to the number of unique devices that accessed our *Huabian* Platform in a given month. Multiple accesses from the same device are only counted as one MAU. Average MAUs for a particular year is the average of MAUs on each month during that year.

OUR CUSTOMERS AND SUPPLIERS

Our Customers

During the Track Record Period, our customers primarily include (i) advertisers and advertising agencies for our online marketing solutions; and (ii) third-party ad networks and advertisers for advertising spaces on our *Huabian* Platform. We have maintained business relationships with our five largest customers during the Track Record Period of one to six years. We generally grant to our customers credit terms of 30 to 90 days and settle with them by wire transfer.

For the years ended December 31, 2017, 2018 and 2019, revenue from our five largest customers accounted for approximately 37.2%, 40.1%, and 43.3% of our total revenue, respectively, and revenue from our largest customer accounted for approximately 15.8%, 18.6%, and 28.4% of our total revenue during the same years, respectively. Our five largest customers comprise ad networks, financial services companies and online gaming developers. Except Shanghai Buwei, all of our five largest customers during the Track Record Period are Independent Third Parties. To the best knowledge of our Directors, none of our Directors, their respective associates or any Shareholder who owns more than 5% of our issued share capital had any interest in any of our customers during the Track Record Period. See "Business — Top Customers and Suppliers — Top Customers" for more details.

Our Suppliers

During the Track Record Period, our suppliers primarily include (i) media partners, consisting of online publishers (namely, owners of content distribution platforms) and media agents which engage with us on behalf of online publishers, for traffic acquisition; and (ii) third-party content distribution partners which generate and redirect traffic to our *Huabian* Platform. We have maintained business relationships with our five largest suppliers during the Track Record Period of one to five years. Our suppliers generally settle with us by wire transfer and grant to us credit terms within 90 days. Certain suppliers also require for prepayment for acquiring their traffic.

For the years ended December 31, 2017, 2018 and 2019, cost of sales of our five largest suppliers collectively accounted for approximately 63.5%, 92.6%, and 96.1% of our total cost of sales, respectively, and cost of sales of our largest supplier, accounted for approximately 31.9%, 84.3% and 85.7% of our total costs of sales during the same years, respectively. Our five largest suppliers during the Track Record Period comprised online publishers and media agents. All of our five largest suppliers during the Track Record Period are Independent Third Parties. To the best knowledge of our Directors, none of our Directors, their respective associates or any Shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest suppliers during the Track Record Period. See "Business — Top Customers and Suppliers — Top Suppliers" for more details.

PRICING MODELS

For our online marketing solutions, we charge advertisers or advertising agencies who represent their respective advertisers primarily based on oCPM (optimized cost per mille), oCPC (optimized cost per click) or CPC. We also charge our advertising customers based on various other pricing models, including CPA, CPT and CPM, as specified in the relevant advertising contracts. See "Business — Our Online Marketing Solutions Business — Pricing Models" for details of our pricing models.

From time to time, we grant rebates to certain major advertising customers in the form of traffic volume to incentivize and encourage them to use our solutions. Such rebates are generally calculated based on their gross spending of our solutions and are recorded as deduction of revenue. We pay our media partners for traffic acquisition primarily based on a mix of oCPM, oCPC and CPC. Media partners may grant to us rebates (i) in the form of prepayments for future traffic acquisition; (ii) to net off the trade payables we owed to them; or (iii) in cash, mainly calculated based on our gross spending of traffic acquisition costs. We record such rebates as reduction of cost of sales under gross basis, or revenue under net basis.

For our pan-entertainment content services, we charge ad networks primarily based on CPM, and advertisers primarily based on CPT or CPA, for the advertising spaces on our *Huabian* Platform that we own and provide.

For further details, see "Business — Our Online Marketing Solutions Business — Pricing Models" and "Financial Information — Critical Accounting Policies and Estimates — Revenue Recognition."

OUR COMPETITIVE STRENGTHS

We believe that we have the following competitive strengths:

- A leading online marketing solutions provider in the short video marketing industry in China
- One of Ocean Engine's major partners for short video marketing solutions
- A cross-media multi-channel full service content platform covering content production, exchange and distribution
- Robust big data analytics and AI capabilities
- Diversified online publisher base and fast-growing advertiser base

- Visionary and experienced senior management team

OUR STRATEGIES

We plan to implement the following strategies:

- Strengthen and deepen our collaboration with top online publishers and diversify our media partner base
- Expand our advertising customer base and explore opportunities in specific industry verticals
- Continue to unleash the monetization potential of our content production, exchange and distribution platform that offers full cycle services
- Enhance our big data analytics and AI capabilities
- Selectively pursue strategic collaboration, investment and acquisition opportunities

RISK FACTORS

Our business faces risks including those set out in the section headed "Risk Factors." As different investors may have different interpretations and criteria when determining the significance of a risk, you should read the "Risk Factors" section in its entirety before you decide to invest in our [**REDACTED**]. Some of the major risks that we face include:

- We relied on TD Group to acquire user traffic for our advertisers during the Track Record Period. If we fail to maintain our business relationship with TD Group or if TD Group loses its leading market position or popularity, our business, financial condition and results of operations could be materially and adversely affected.
- If we fail to retain the existing advertising customers and media partners, deepen or expand our relationships with the advertising customers and media partners, or attract new advertising customers and media partners, our business, financial condition, results of operations and prospects may be materially and adversely affected.
- If we fail to acquire new visitors or retain existing visitors for our *Huabian* Platform, or if visitor engagement on our platform declines, our business, results of operations and financial condition may be materially and adversely affected.
- Increased governmental regulation of content platforms may subject us to penalties and other administrative actions.
- If the online marketing industry fails to continuously develop and grow, or if the online marketing industry develops or grows at a pace slower than expected, our profitability and prospects may be materially and adversely affected.
- Any discontinuation or change in preferential tax treatment or government grants that currently are or may be available to us in the future could materially and adversely affect our business, financial condition and results of operations.
- 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 operations.
- We had recorded negative cash flow from operating activities during the Track Record Period and may be subject to liquidity risks, which could constrain our operational flexibility and materially and adversely affect our business, financial condition and results of operations.

OUR CONTROLLING SHAREHOLDERS

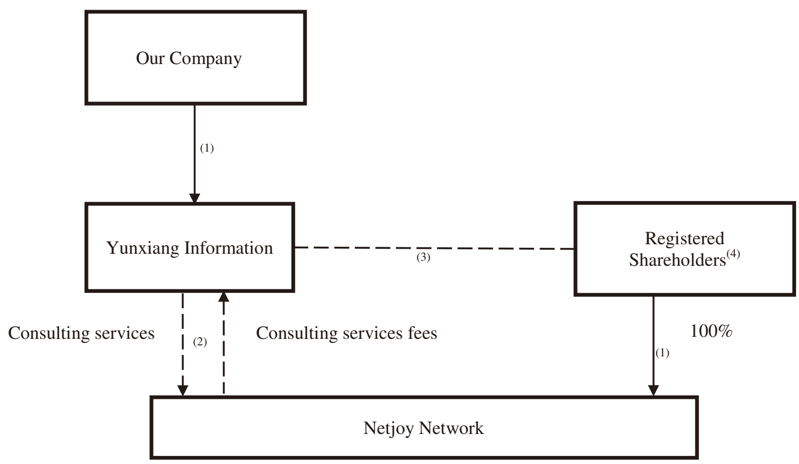
As of the Latest Practicable Date, Mr. Wang, Mr. Xu and Mr. Qin, through their respective wholly-owned holding companies (namely Derun Investments, Quantum Computing and CareFree Planning) and the Trust Holding SPVs of their respective Family Trusts (namely Wang SPV, Xu SPV and Qin SPV), as parties acting-in-concert, were collectively entitled to exercise the voting rights attaching to approximately 40.25% of the total issued share capital of our Company, and are regarded as our Controlling Shareholders.

Immediately upon completion of the [**REDACTED**] and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account the Shares which may be issued upon the exercise of the options which may be granted under the [**REDACTED**] Share Option Scheme), our

Controlling Shareholders will collectively be entitled to exercise the voting rights attaching to approximately [**REDACTED**]% of the enlarged total issued share capital of our Company and will continue to be our Controlling Shareholders after the [**REDACTED**]. For further details, see "Relationship with our Controlling Shareholders — Our Controlling Shareholders".

CONTRACTUAL ARRANGEMENTS

As the operations of our Consolidated Affiliated Entity are subject to various foreign ownership restrictions or prohibitions under PRC laws and regulations, it was not viable for our Company to hold our Consolidated Affiliated Entity directly through equity ownership. On March 30, 2020, we, through Yunxiang Information, entered into the Contractual Arrangements with the Registered Shareholders and the Consolidated Affiliated Entity, pursuant to which, Yunxiang Information has acquired effective control over the financial and operational policies of Netjoy Network and has become entitled to all the economic benefits derived from its operations. The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entity to our Group stipulated under the Contractual Arrangements:



Notes:

(1) "⟶" denotes direct legal and beneficial ownership in the equity interests.

(2) "– →" denotes contractual relationship through the Contractual Arrangements.

(3) "– –" denotes the control by Yunxiang Information over the Registered Shareholders and our Consolidated Affiliated Entity through (i) powers of attorney to exercise all shareholders' rights in Netjoy Network, (ii) exclusive options to acquire all or part of the equity interests in Netjoy Network and (iii) equity pledges over the equity interests in Netjoy Network.

(4) As of the Latest Practicable Date, Netjoy Network was held as to 100% by the Registered Shareholders, details of which are set out in "Contractual Arrangements."

[REDACTED] INVESTMENT

To consummate the Reorganization, Mr. Ku was introduced to our Group as the [**REDACTED**] Investor in 2019. As of the Latest Practicable Date, Mr. Ku held approximately 0.05% of the total issued share capital of our Company. Upon completion of the [**REDACTED**] and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account the Shares which may be issued upon the exercise of the options which may be granted under the [**REDACTED**] Share Option Scheme), Mr. Ku will hold approximately [**REDACTED**]% of the enlarged issued share capital of our Company. See "History, Reorganization and Corporate Structure — [**REDACTED**] Investment" for further details.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our combined financial information for the Track Record Period, extracted from the Accountants' Report set out in Appendix I to this document. You should read this summary in conjunction with our combined financial information included in the Accountants' Report in Appendix I to this document, including the accompanying notes, and the information set forth in "Financial Information."

Summary of Combined Statements of Profit or Loss

	Year ended December 31,		
	2017	2018	2019
		(RMB'000)	
Revenue	**235,425**	**1,186,172**	**2,313,036**
Cost of sales	(185,720)	(1,077,913)	(2,153,747)
Gross profit	**49,705**	**108,259**	**159,289**
Other income and gains	359	1,123	15,600
Selling and distribution expenses	(1,301)	(5,910)	(7,793)
Administrative expenses	(5,658)	(13,525)	(41,561)
Impairment losses on financial assets, net	(1,899)	(3,316)	(29,630)
Research and Development expenses	(5,522)	(6,936)	(9,923)
Other expenses	–	(2,070)	(750)
Finance costs	(341)	(2,712)	(6,524)
Share of profits and losses of associates	42	(304)	381
Profit before tax	35,385	74,609	79,089
Income tax expense	(2,387)	(5,126)	(6,155)
Profit for the year	32,998	69,483	72,934

Revenue

Revenue by business segment

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

	Year ended December 31,					
	2017		2018		2019	
	(RMB'000)	% of the total	(RMB'000)	% of the total	(RMB'000)	% of the total
Online marketing solutions business						
Gross method	158,548	67.3	1,093,601	92.2	2,243,548	97.0
Net method	7,291	3.1	27,826	2.3	38,756	1.7
Sub-total	165,839	70.4	1,121,427	94.5	2,282,304	98.7
Pan-entertainment content services business	69,586	29.6	64,745	5.5	30,732	1.3
Total	**235,425**	**100.0**	**1,186,172**	**100.0**	**2,313,036**	**100.0**

For revenue from our online marketing solutions business, we utilize a combination of gross basis and net basis in recognizing revenue. See "Financial Information — Critical Accounting Policies and Estimates — Revenue Recognition" and note 2 and 3 in "Appendix I — Accountants' Report" to this document for details.

Our revenue increased from RMB235.4 million for the year ended December 31, 2017 to RMB1,186.2 million for the year ended December 31, 2018, primarily as we strategically shifted our business focus to online marketing solutions, in particular short video marketing, which grew rapidly in 2018, in line with the increasing demand of short videos and the rapid growth of short video marketing market. Our revenue increased from RMB1,186.2 million for the year ended December 31, 2018 to RMB2,313.0 million for the year ended December 31, 2019, primarily due to the rapid growth of our online marketing solutions business.

Gross Profit and Gross Profit Margin

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

	Year ended December 31,					
	2017		2018		2019	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(RMB'000)	%	(RMB'000)	%	(RMB'000)	%
Online marketing solutions business						
Gross method	7,111	4.5	52,330	4.8	113,806	5.1
Net method[(1)]	7,291	100.0	27,826	100.0	38,756	100.0
Sub-total	14,402	8.7	80,156	7.1	152,562	6.7
Pan-entertainment content services business	35,303	50.7	28,103	43.4	6,727	21.9
Total	**49,705**	**21.1**	**108,259**	**9.1**	**159,289**	**6.9**

Note:

(1) When we provide only traffic acquisition services for our advertising customers, we act as an intermediary and record our revenue on a net basis and do not record cost of sales. Therefore, our gross profit margin under net method is 100.0%.

Our gross profit increased from RMB49.7 million for the year ended December 31, 2017 to RMB108.3 million for the year ended December 31, 2018, and further increased to RMB159.3 million for the year ended December 31, 2019, primarily due to the rapid growth of our online marketing solutions business, reflecting our efforts to expand our business and in line with the rapid growth of our revenue during the Track Record Period. Our gross profit margin decreased from 21.1% in 2017 to 9.1% in 2018, and further decreased to 6.9% in 2019, primarily as our online marketing solutions business that has a relatively low gross profit margin accounted for an increasing and substantial portion of our total revenue from 2017 to 2019.

Summary of Combined Balance Sheets

	As of December 31,		
	2017	2018	2019
		(RMB'000)	
Current assets	135,342	422,748	598,574
Non-current assets	4,343	10,771	40,387
Total assets	**139,685**	**433,519**	**638,961**
Current liabilities	63,391	224,019	356,240
Non-current liabilities	1,523	1,277	1,044
Total liabilities	**64,914**	**225,296**	**357,284**
Total equity	**74,771**	**208,223**	**281,677**
Net current assets	**71,951**	**198,729**	**242,334**

See "Financial Information — Net Current Assets" for details of our net current assets.

Summary of Combined Statements of Cash Flows

The following table sets forth a summary of our cash flows during the Track Record Period:

	Year ended December 31,		
	2017	2018	2019
		(RMB'000)	
Operating cash flows before movement in working capital	38,191	81,388	118,098
Net cash generated from/(used in) operating activities	7,097	(113,900)	(3,968)
Net cash used in investing activities	(1,235)	(5,910)	(10,769)
Net cash (used in)/ generated from financing activities	(6,210)	99,920	43,277
Net (decrease)/ increase in cash and bank balances	(348)	(19,890)	28,540
Cash and bank balances at the beginning of the year	26,538	26,190	6,300
Cash and bank balances at the end of the year	**26,190**	**6,300**	**34,840**

See "Financial Information — Liquidity and Capital Resources — Cash Flows" for details of our cash flows.

Key Financial Ratios

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

	Year ended December 31,		
	2017	2018	2019
		%	
Profitability ratios			
Gross profit margin(1)	21.1	9.1	6.9
Net profit margin(2)	14.0	5.9	3.2
Return on equity(3)	44.1	33.4	25.9
Return on assets(4)	23.6	16.0	11.4

	As of December 31,		
	2017	2018	2019
Liquidity ratios			
Current ratio(5)	2.14	1.89	1.68
Quick ratio(6)	2.14	1.89	1.68
Capital adequacy ratio			
Gearing ratio (%)(7)	N/A(8)	11.3	21.8

Notes:

(1) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100%.

(2) Net profit margin is calculated based on profit for the year divided by revenue and multiplied by 100%.

(3) Return on equity is calculated based on profit for the year divided by total equity at the end of the year and multiplied by 100%.

(4) Return on assets is calculated based on profit for the year divided by total assets at the end of the year and multiplied by 100%.

(5) Current ratio is calculated based on total current assets divided by total current liabilities.

(6) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities. Our quick ratio equaled to our current ratio as of December 31, 2017, 2018 and 2019, respectively as we did not have inventories balance as of the same dates.

(7) Gearing ratio is calculated based on total borrowings (including bank and other borrowings and lease liabilities) less cash and cash equivalents divided by total equity multiplied by 100%.

(8) Gearing ratio as of December 31, 2017 was not applicable as we had net cash as of the same date.

See "Financial Information — Key Financial Ratios" for details of the above ratios.

RECENT DEVELOPMENTS

Outbreak of Novel Coronavirus Disease 2019

There has been an outbreak of an infectious disease caused by a novel coronavirus (the "**COVID-19**"). The disease quickly spread within the PRC and globally and materially and adversely affected the global economy.

Our Directors are of the view that the recent outbreak of COVID-19 worldwide has had the following impact on our business, results of operations and financial condition:

- ***Sales of services:*** The sales of our online marketing solutions and pan-entertainment content services were moderately and adversely impacted. With the outbreak of COVID-19, some advertisers were undergoing financial difficulties, in particular those from travelling or located in high risk regions. Even for those industries not severely affected by the COVID-19, the advertisers were postponing their advertising campaigns or even reducing their advertising spending as a result of the uncertain economy. However, advertisers from other industries were experiencing stable growth, such as online insurance and social media. As a result of the aforementioned two offsetting factors, we recorded a moderate decrease in our sales of services during the COVID-19; and

- ***Operations:*** We adopted a strict disease prevention scheme to reduce the risk of our employees from infection of COVID-19. The measures implemented include, among others, sterilizing our workplaces twice a day, ventilating the workplaces, requiring employees to return to work in batches, segmenting lunch time, monitoring the body temperature of employees twice a day, and keeping track of the travel history and health of employees and their immediate family members. As of the Latest Practicable Date, all of our employees had returned to work.

Our Directors confirm that, up to the date of this document, (i) there has been no material adverse change in our financial or trading position since December 31, 2019; and (ii) there has been no material adverse change in our business, the industry in which we operate and/or market or regulatory environment to which we are subject.

[**REDACTED**]

	Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]	**Based on an [REDACTED] of HK$[REDACTED] per [REDACTED]**
Market capitalization of our Shares upon completion of the [**REDACTED**]	HK$[**REDACTED**]	HK$[**REDACTED**]
Unaudited pro forma adjusted net tangible assets per [**REDACTED**](1)	HK$[**REDACTED**]	HK$[**REDACTED**]

Note:

(1) See "Appendix II — Unaudited Pro Forma Financial Information" for further details regarding the assumptions used and the calculations method.

[**REDACTED**] EXPENSES

Our [**REDACTED**] expenses mainly include [**REDACTED**] commissions, professional fees paid to legal advisors and the Reporting Accountants for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**]. The estimated total [**REDACTED**] expenses (based on the mid-point of our indicative [**REDACTED**] for the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised) for the [**REDACTED**] are approximately [**REDACTED**]. During the Track Record Period, we incurred [**REDACTED**] expenses of RMB[**REDACTED**], of which approximately RMB[**REDACTED**] was charged to the combined statements of profit or loss for the year ended December 31, 2019, as administrative expenses and approximately RMB[**REDACTED**] was capitalized in the combined statements of financial position as of December 31, 2019 to be charged against equity upon successful [**REDACTED**]. We expect to incur additional [**REDACTED**] expenses of approximately [**REDACTED**], of which approximately [**REDACTED**] is expected to be recognized as administrative expenses and approximately [**REDACTED**] is expected to be recognized as a deduction in equity directly upon the [**REDACTED**]. Our Directors do not expect that such expenses will have a material adverse effect on our results of operations for the year ending December 31, 2020.

DIVIDENDS

Netjoy Network declared dividends of RMB11.0 million to its shareholders in November 2018, which was settled in January 2019. In addition to cash dividends, Netjoy Network distributed bonus shares as dividends to the then existing Shareholders in 2017 and 2018, amounting to RMB12.9 million and RMB13.8 million, respectively. Other than that, no dividend has been proposed, paid or declared by our Company since its incorporation, or by any of the subsidiaries of our Group during the Track Record Period.

We do not currently have a formal dividend policy or a fixed dividend payout ratio. Any future declaration of dividends will be at the absolute discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors that our Directors consider relevant. See "Financial Information — Dividends" for more details.

USE OF [REDACTED]

We estimate the [**REDACTED**] of the [**REDACTED**] which we will receive, assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] stated in this document), will be approximately [**REDACTED**], after deduction of [**REDACTED**] commissions and estimated expenses payable by us in connection with the [**REDACTED**] and assuming the [**REDACTED**] is not exercised.

We intend to use the [**REDACTED**] of the [**REDACTED**] for the following purposes:

Percentage of [REDACTED]	Future Plans	Approximately HK$ in millions
[**REDACTED**]%	To enhance our research and development capabilities, in particular machine learning algorithms and AI capabilities, and improve our information technology infrastructure. See "Business — Our Strategies — Enhance our big data analytics and AI capabilities."	[**REDACTED**]
[**REDACTED**]%	To expand our business by enlarging our advertiser and media partner bases and diversifying our revenue resources. See "Business — Our Strategies — Expand our advertising customer base and explore opportunities in specific industry verticals."	[**REDACTED**]
[**REDACTED**]%	To pursue strategic investments in and acquisitions of upstream and downstream industry participants to achieve synergies. See "Business — Our Strategies — Selectively pursue strategic collaboration, investment and acquisition opportunities."	[**REDACTED**]
[**REDACTED**]%	Working capital and other general corporate purposes.	[**REDACTED**]