

SUMMARY

This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide whether 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]. Various expressions used in this summary are defined in the sections headed "Definitions" and "Glossary of Technical Terms" in this document.

BUSINESS OVERVIEW

We provide integrated marketing solutions services in the PRC. Our integrated marketing solutions services consist of five types of marketing services, namely (i) content marketing; (ii) SaaS interactive marketing; (iii) digital marketing; (iv) public relations event planning; and (v) media advertising. Content marketing uses content as the carrier and integrates advertisements of brand customers into various events and videos to achieve marketing purposes. It can be divided into two broad categories: event content marketing and digital content marketing. Among event content marketing, sports content marketing relies on sports events such as marathons and street dancing for marketing purposes. We have been successful in the provision of event content marketing services.

In view of the increasing demand from our customers for maximising the value of its online private traffic through the use of quality and efficient SaaS marketing platform, we began to prepare for the expansion into the SaaS interactive marketing services in 2018. Through our continuous development efforts, we officially launched our SaaS interactive marketing platform, Content Engine (內容引擎), in June 2021.

Through our integrated marketing solutions services, we can provide our customers with both online and offline marketing solutions services to enhance the awareness and popularity of their brands and products. Our customers consist of a number of brands which we have developed a stable business relationship. During the Track Record Period, we were engaged by over 200 customers to provide our integrated marketing solutions services, with particular success in the fast moving consumer goods, footwear and apparel and real estate industries. Our customers' brands include, among others, HongXing Erke* (鴻星爾克), ABC Kids, Hanhoo* (韓后), Liby* (立白), FILA (斐樂), Gold Crown* (金冠), 361 Degrees* (361度), Guirenniao* (貴人鳥), Panpan* (盼盼), Hengan* (恒安), Anjoy* (安井), CR Land* (華潤置地) and Vanke* (萬科).

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The diagram below generalises the business model of our integrated marketing solutions services:



Our Services and Projects

Content Marketing

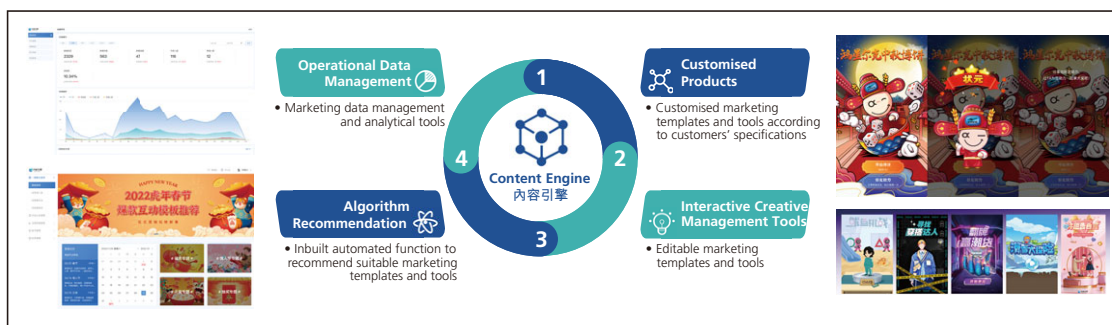
For our content marketing services, we offer sponsorship opportunities to our customers to integrate their brands into events and videos utilising our self owned or third party IP contents. Our content marketing projects include event content marketing projects and digital content marketing projects depending on the primary mode of core content carrier, with event content marketing projects relying primarily on offline events, such as concerts, marathons, fashion shows and other events, and digital content marketing projects relying primarily on play series, short video clips and mini games that are presented through online media. After we have located suitable IP contents either sourced from third parties or self-developed by us, we would prepare sponsorship proposals for pitching to our customers. If we have received sufficient indication of interest, we will proceed to obtain the marketing rights from the IP contents providers or to execute our self owned IP contents for marketing projects. During each period of the Track Record Period, we specifically focused on content marketing services which accounted for approximately 63.7%, 57.7%, 53.2% and 57.4% of our total revenue for 2019, 2020, 2021 and 4M2022, respectively.

We have capability on project planning, design, operation and execution. Through our content marketing services, we are able to facilitate our brand owner customers to enhance the effectiveness of their marketing campaigns and brand value. Some of our content marketing projects include ABC Kids Planet Race* (小馬星球), Sofa Music Festivals* (沙發音樂節) and Fashion Week Series* (國際時尚週).

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SaaS Interactive Marketing

Our Content Engine platform provides a cloud-based marketing solutions platform for our customers. Our Content Engine integrates our core interactive content marketing strategies into digital standardised marketing templates where our customers can easily utilise for their own marketing needs. The platform aims to assist our customers to fully utilise and monetise their online private traffic through interactions with their end-customers, drive repurchase rates of their end-customers and realise growth of their business. Our customers can use our Content Engine platform to create customised online marketing contents, such as an interactive mini-game to share with existing end-customers, who can forward such contents to new end-customers. Our customers can also utilise the customised online marketing contents through screens installed in offline stores to interact with end-customers. All of these enable our customers to effectively obtain new end-customers. The diagram below generalises the major functions of our Content Engine platform:



Digital Marketing, Public Relations Event Planning and Media Advertising

For our digital marketing and media advertising services, we provide tailor made marketing and advertising strategies to our customers utilising online media channels (such as NetEase (網易), Weibo (微博), WeChat (微信), Youku (優酷), KOLs, and other video and social media platforms) or traditional advertising channels (such as television and outdoor public advertising resources). For our public relations event planning services, we provide comprehensive marketing services including event planning, event promotion, event set up and hosting as well as overall event management. Some of the events we have successfully organised for our customers include product launches, festival celebrations, annual meetings, and trade fairs.

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Our Customers

Our customers consist of brand owners, with a majority from the fast moving consumer goods industry as well as the footwear and apparel and real estate industries in the PRC. We have also established strong business relationships with leading sports brand companies. Six of the top ten sports brand companies in the PRC in terms of revenue in 2021 were our customers. During the Track Record Period, we were engaged by over 200 customers for our integrated marketing solutions services. During each period of the Track Record Period, we derived approximately 26.6%, 27.1%, 37.3% and 46.9% of our revenue from our five largest customers, respectively. For the same periods, we derived approximately 6.3%, 6.3%, 8.9% and 11.4% of our revenue from our largest customer, respectively.

Our Pricing Strategy

We adopt different pricing strategies based on the different types of marketing services we provide. For content marketing, digital marketing, public relations event planning and media advertising services, we primarily adopt the cost-plus pricing model. We generally take into account various factors, such as expected number of participants, popularity and cost of the IP contents, location of the events and form and duration of online advertisements for content marketing, and factors such as scope of works, scale, duration and complexity of the project, cost of labour and media resources and venue for other types of marketing services to determine the price for each project. For our SaaS interactive marketing services, we offer our customers various subscription plans, who may select the suitable plan based on their marketing needs and pay relevant annual subscription fees to us. They may also subscribe to additional services on our Content Engine platform or request for customised products for additional fees. We price our SaaS interactive marketing services with reference to market prices on similar services.

Our Suppliers

Our suppliers include, among others, IP contents providers (i.e., IP owners or IP operators), venue providers, performance providers, contractors to set up the venue, production and material suppliers, online and traditional media channels or channel agents, equipment rental companies, cloud server providers, software developers, H5 developers, and data intelligence solution providers. For each year/period during the Track Record Period, approximately 37.0%, 41.3%, 49.1% and 61.8% of our total purchases were attributable to our five largest suppliers, respectively. For the same periods, approximately 8.0%, 9.8%, 15.5% and 14.9% of our total purchases were attributable to our largest supplier, respectively.

Seasonality

Our Group's business is subject to seasonality. We typically record higher sales and gain momentum in the fourth quarter, as some of the major holidays (e.g. Mid-autumn Festival, National Day, Christmas) and high-profile digital platform sale campaigns (e.g. Double 11 Singles' Day, Double Twelve) fall in the fourth quarter and brand owners focus their promotion and marketing on sale campaigns associated with these holidays. This is in line with the industry norm on seasonality.

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COMPETITIVE LANDSCAPE

The marketing services industry is a highly competitive and fragmented industry in China with over one million marketing services companies and the top five marketing services companies only accounted for approximately 16.9% of the total revenue of marketing services market in China in 2021. Our Group, with revenue of approximately RMB0.4 billion in 2021, accounted for approximately 0.03% of the market share of China's marketing services market in 2021.

COMPETITIVE STRENGTHS

We believe the following competitive advantages have contributed to our success:

- we have capability of project planning, design, operation and execution, through which we support our customers to enhance the effectiveness of their marketing campaigns and brand value;
- we have capability to integrate "online" and "offline" media channel resources, through which we are able to provide one-stop integrated marketing solutions services to our customers, thereby enhancing the publicity effect of marketing activities for our customers;
- we have stable cooperation with a large number of customers and majority of our customers come from fast moving consumer goods, footwear and apparel and real estate industries;
- we have capability to operate and commercialise IP contents through our integrated marketing solutions services;
- we are empowered by our SaaS interactive marketing platform, Content Engine, which provides integrated "Content + Technology" platform services with editable marketing templates and tools that can be tailored to different needs of our customers; and
- we have a visionary and experienced management team.

BUSINESS STRATEGIES

We plan to further increase our market share and enhance our overall competitiveness in providing integrated marketing solutions services by implementing the following strategies:

- expand our SaaS interactive marketing business by enhancing the diversity and quality of our interactive creative management tools, investing in the data analytic abilities, and upgrading the platform with new functions;
- scale up our IP contents portfolio and expand our integrated marketing solutions businesses;

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- expand our geographical coverage and enlarge our customer base; and
- expand through pursuit of investment and acquisition opportunities.

RISK FACTORS

There are certain risks involved in our operations and in connection with the [REDACTED]. Many of these risks are beyond our control and can be categorised into (i) risks relating to our business and our industry; (ii) risks relating to doing business in the PRC; (iii) risks relating to the [REDACTED] and our Shares; and (iv) risks relating to information contained in this document. Some of the major risk factors include the following:

- our business may continue to be adversely affected by the COVID-19 pandemic or any occurrence of natural disasters;
- we rely on our customers from the fast moving consumer goods, footwear and apparel and real estate industries and any adverse development in these industries may impact us;
- if we fail to successfully obtain marketing rights to projects with IP contents or acquire IP contents suiting our customers' and their end-customers' preferences or to successfully commercialise these IP contents, we may lose our customers;
- our SaaS interactive marketing services have a short operating history, which makes it difficult to evaluate the prospects and future growth in our SaaS interactive marketing services;
- our gross profit margins have fluctuated during the Track Record Period and may continue to fluctuate in the future;
- our business depends on our ability to maintain our existing business with our customers and our ability to attract new customers and we generally do not enter into long term business contracts with our customers;
- our Group operates in a competitive industry and if we fail to compete effectively, our business may be adversely affected; and
- our intangible assets at amortised cost may become impaired and the amortisation cost incurred could materially and adversely affect our results of operation and financial condition.

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KEY OPERATIONAL AND FINANCIAL DATA

The following table sets out certain key items of the consolidated financial information of our Group during the Track Record Period as extracted from, and should be read in conjunction with, the Accountants' Report in Appendix I to this document.

Summary of Selected Information of Consolidated Statements of Profit or Loss and Other Comprehensive Income

	For the year ended 31 December			For the four months ended	
	2019	2020	2021	30 April 2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Revenue	391,038	308,377	353,300	70,219	143,807
Cost of revenue	<u>(261,691)</u>	<u>(233,735)</u>	<u>(238,764)</u>	<u>(50,002)</u>	<u>(97,714)</u>
Gross profit	129,347	74,642	114,536	20,217	46,093
Selling and marketing expenses	(16,022)	(15,389)	(9,969)	(3,215)	(2,260)
Administrative expenses	(16,869)	(16,313)	(16,913)	(4,676)	(6,152)
Provision for impairment loss on trade receivables, net	(3,667)	(11,480)	(5,758)	(7,839)	(8,774)
[REDACTED] expenses	-	-	(8,655)	-	(5,404)
Profit before income tax expense	98,595	36,944	79,368	6,040	19,089
Income tax expense	<u>(18,571)</u>	<u>(5,160)</u>	<u>(14,627)</u>	<u>(1,299)</u>	<u>(3,829)</u>
Profit for the year/period	<u>80,024</u>	<u>31,784</u>	<u>64,741</u>	<u>4,741</u>	<u>15,260</u>
Profit for the year/period attributable to:					
Owners of the Company	66,516	26,419	56,146	4,228	15,271
Non-controlling interests	<u>13,508</u>	<u>5,365</u>	<u>8,595</u>	<u>513</u>	<u>(11)</u>
	<u>80,024</u>	<u>31,784</u>	<u>64,741</u>	<u>4,741</u>	<u>15,260</u>

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Non-HKFRS financial measures

Our Directors consider that the presentation of our Group's adjusted net profit under non-HKFRS financial measures by eliminating the impact of [REDACTED] expenses can better reflect our operational performance during the Track Record Period. Furthermore, our management also uses the non-HKFRS financial measures to assess our operating performance and formulate business plans. We believe that the non-HKFRS financial measures provide useful information to the investors. Notwithstanding the above, the presentation of the non-HKFRS financial measures is not intended to be considered in isolation or as substitute for the financial information prepared and presented in accordance with HKFRS. The non-HKFRS financial measures have limitations as analytical tools and our non-HKFRS financial measures may differ from the non-HKFRS financial measures used by other companies, and therefore the comparability of such information may be limited. The following table sets forth a reconciliation of our Group's adjusted net profit under non-HKFRS financial measures for the periods indicated to that prepared in accordance with HKFRS measures:

	For the year ended December 31			For the four months ended	
	2019	2020	2021	30 April 2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Reconciliation					
Profit for the year/period	80,024	31,784	64,741	4,741	15,260
Add: [REDACTED] expenses	—	—	8,655	—	5,404
Adjusted profit for the year/period (non-HKFRS measures)	80,024	31,784	73,396	4,741	20,664

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Revenue, Gross Profit and Gross Profit Margin

During the Track Record period, we generated our revenue from the provision of integrated marketing solutions services which include (i) content marketing services; (ii) SaaS interactive marketing services; (iii) digital marketing services; (iv) public relations event planning services; and (v) media advertising services. The following table sets forth the breakdown of revenue we generated, by amount and as a percentage to our total revenue, by business segment for the periods indicated:

	For the year ended 31 December											
	2019				2020				2021			
	Revenue	Gross profit		margin	Revenue	Gross profit		margin	Revenue	Gross profit		margin
		RMB'000	%			RMB'000	%			RMB'000	%	
Content marketing	249,175	63.7	86,999	34.9	178,051	57.7	42,755	24.0	188,164	53.2	64,657	34.4
SaaS interactive marketing	-	-	-	-	-	-	-	-	10,581	3.0	3,998	37.8
Digital marketing	62,972	16.1	22,107	35.1	73,123	23.7	15,810	21.6	87,950	24.9	28,417	32.3
Public relations event planning	42,870	11.0	15,725	36.7	39,428	12.8	13,798	35.0	25,434	7.2	10,453	41.1
Media advertising	36,021	9.2	4,516	12.5	17,775	5.8	2,279	12.8	41,171	11.7	7,011	17.0
Total	391,038	100.0	129,347	33.1	308,377	100.0	74,642	24.2	353,300	100.0	114,536	32.4

	For the four months ended 30 April							
	2021				2022			
	Revenue	Gross profit		margin	Revenue	Gross profit		margin
		RMB'000	%			RMB'000	%	
<i>(unaudited)</i>								
Content marketing	20,372	29.0	6,934	34.0	82,546	57.4	27,003	32.7
SaaS interactive marketing	-	-	-	-	8,951	6.2	3,768	42.1
Digital marketing	30,757	43.8	9,725	31.6	24,959	17.4	10,370	41.5
Public relations event planning	5,866	8.4	1,729	29.5	3,858	2.7	1,768	45.8
Media advertising	13,224	18.8	1,829	13.8	23,493	16.3	3,184	13.6
Total	70,219	100.0	20,217	28.8	143,807	100.0	46,093	32.1

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The following table sets out a breakdown of revenue in terms of amount and as a percentage to our total revenue by our customers’ industry during the Track Record Period:

Customer’s industry	For the year ended 31 December				For the four months ended 30 April														
	2019		2020		2021		2022												
	Revenue RMB’000	Percentage to total revenue %	Gross profit margin %	Number of contracts	Revenue RMB’000	Percentage to total revenue %	Gross profit margin %	Number of contracts											
Fast moving consumer goods	170,807	43.7	32.1	76	144,519	46.9	27.1	94	39,103	50.5	27.1	178,579	47.6	32.5	68,433	47.6	94	20,880	30.5
Footwear and apparel	107,810	27.6	35.5	42	68,785	22.3	26.4	39	18,179	30.6	26.4	107,992	30.0	33.2	43,160	30.0	60	14,829	34.4
Real estate	43,423	11.1	31.7	38	41,750	13.5	27.6	35	11,530	13.8	27.6	48,866	13.8	29.3	17,307	12.0	29	5,649	32.6
Others ⁽¹⁾	68,998	17.6	32.4	91	53,323	17.3	10.9	73	5,830	5.1	10.9	17,863	5.1	35.3	14,907	10.4	17	4,735	31.8
Total	391,038	100.0	33.1	247	308,377	100.0	24.2	241	74,642	100.0	24.2	353,300	100.0	32.4	143,807	100.0	200	46,093	32.1

Note:

- (1) Includes but not limited to food & beverages, hotel, finance, medical, travel services, software, e-commerce, sports, tobacco and alcohol trade, insurance, and public institutions.

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Our revenue declined in 2020 from 2019 primarily due to the decrease in revenue in our content marketing services, public relations event planning services and media advertising services as a result of the various COVID-19 related social distancing restrictions which significantly impacted our services through offline or traditional advertising channels. Our business, including content marketing and media advertising projects, started to recuperate in 2021 as our customers increased their spending in promotion and marketing of their brands and products. Our total revenue increased by RMB73.6 million, or approximately 104.8%, from RMB70.2 million for 4M2021 to RMB143.8 million for 4M2022, primarily due to increase in revenue from our content marketing services, media advertising services and SaaS interactive marketing services which was partially offset by a decrease in revenue from our digital marketing services and public relations event planning services. Increase in revenue from our content marketing services was primarily due to the completion of five event content marketing projects in 4M2022 where we were able to secure a total of 19 sponsorships, as compared to one completed event content marketing project in 4M2021 where we only secured three sponsorships. Increase in revenue from our media advertising services was primarily due to (i) substantial increase in bus advertisements from RMB1.1 million in 4M2021 to RMB4.5 million in 4M2022; (ii) engagement of our previous customer who previously engaged us for public relations event planning services to promote their brand through our media advertising services in 4M2022; and (iii) increase in spending by some of our existing customers on our media advertising services. We also recorded revenue of RMB9.0 million from our SaaS interactive marketing services for 4M2022 which was officially launched in June 2021.

Our gross profit for 2019, 2020, 2021, 4M2021 and 4M2022 was RMB129.3 million, RMB74.6 million, RMB114.5 million, RMB20.2 million and RMB46.1 million, respectively, and our gross profit margin for the same periods was approximately 33.1%, 24.2%, 32.4%, 28.8% and 32.1%, respectively. For 2020, we had a lower gross profit margin compared to 2019 and 2021 primarily due to COVID-19 which resulted in a number of projects being delayed or cancelled or reduction of sponsorship from customers for certain projects hosted offline after we had incurred certain costs in those projects. The contract amount of the projects that were delayed or cancelled in 2020 was approximately RMB110.2 million. We recorded a higher gross profit margin for 4M2022 compared to 4M2021 primarily due to (i) the launch of our SaaS interactive marketing services in June 2021 which had a relatively high gross profit margin; (ii) increase in gross profit margin from digital marketing services as a result of our cessation of cooperation arrangement with NetEase (網易) in Shangrao city which was less profitable than our cooperation arrangement with NetEase (網易) in Xiamen city and Zhangzhou city; and (iii) increase in gross profit margin from public relations event planning services as we were engaged in five projects in which we were mainly responsible for design, planning and preparation of promotional materials without the need to incur high production and material costs.

Please refer to the sections headed "Financial Information — Key Components of Our Consolidated Statements of Profit or Loss" and "Financial Information — Review of Historical Results of Operations" in this document for further information.

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Cost of Revenue

Our cost of revenue primarily consists of media advertising resources costs, production costs, equipment rental costs, staff costs, SaaS cost, and other costs. The following table sets forth the principal components of our cost of revenue, in terms of amount and as a percentage to our total revenue, for the periods indicated:

	For the year ended 31 December						For the four months ended 30 April			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Cost of Revenue										
Media advertising resources costs										
– Marketing rights from IP contents providers	75,471	19.3	45,026	14.6	56,012	15.8	2,825	4.0	21,509	14.9
– Cost of obtaining advertising resources from advertising media channels or their agents	99,948	25.6	105,543	34.2	121,834	34.5	34,030	48.5	49,425	34.4
– Other media technical and execution costs	2,208	0.6	7,026	2.3	5,993	1.7	1,995	2.8	4,543	3.2
Sub-total	177,627	45.4	157,595	51.1	183,840	52.0	38,850	55.3	75,477	52.5
Production costs	66,850	17.1	58,281	18.9	35,235	10.0	9,043	12.9	13,851	9.6
Equipment rental costs	4,458	1.1	5,705	1.9	2,909	0.8	160	0.2	253	0.2
Staff costs	5,855	1.5	6,310	2.0	5,117	1.4	1,254	1.8	2,436	1.7
SaaS costs	–	–	–	–	6,241	1.8	–	–	5,032	3.5
Other costs	6,901	1.8	5,844	1.9	5,422	1.5	695	1.0	665	0.4
Total	261,691	66.9	233,735	75.8	238,764	67.6	50,002	71.2	97,714	67.9

Our media advertising resources costs accounted for the largest and majority portion of our cost of revenue, representing approximately 45.4%, 51.1%, 52.0%, 55.3% and 52.5% of our total revenue for 2019, 2020, 2021, 4M2021 and 4M2022, respectively. Overall speaking, the fluctuations in cost of revenue generally follows the fluctuations in revenue and also depends on the changes in types and mix of marketing services we provided in the respective periods.

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Profit for the Year/Period

For 2019, 2020, 2021, 4M2021 and 4M2022, our profit for the year/period amounted to RMB80.0 million, RMB31.8 million, RMB64.7 million, RMB4.7 million and RMB15.3 million, respectively. Our profit for the year decreased by RMB48.2 million, or approximately 60.3%, from RMB80.0 million in 2019 to RMB31.8 million in 2020 primarily attributable to (i) the decrease in revenue by RMB82.7 million, or approximately 21.1%, from RMB391.0 million in 2019 to RMB308.4 million in 2020, primarily due to the decrease in revenue in our content marketing services, public relations event planning services and media advertising services as a result of the various COVID-19 restrictions which significantly impacted on our services through offline or traditional advertising channels; and (ii) the increase in our net provision for impairment loss on trade receivables from RMB3.7 million in 2019 to RMB11.5 million in 2020, primarily due to the impact of COVID-19 on our customers' business and operations which prolonged the time for their payments to us and we made a larger amount of provision for impairment loss on our trade receivables in view of the impact of COVID-19.

Our profit for the year increased by RMB33.0 million, or approximately 103.7%, from RMB31.8 million in 2020 to RMB64.7 million in 2021 primarily attributable to (i) the increase in revenue in our content marketing services and digital marketing services due to the increase in customers' spending through digital and online content with COVID-19 further accelerated digitalisation process in the PRC, together with the recuperation of revenue in media advertising services primarily due to general ease of local restrictions and people started to visit public venues; (ii) the launch of our SaaS interactive marketing services in June 2021; (iii) the decrease in our selling and marketing expenses from RMB15.4 million in 2020 to RMB10.0 million in 2021, primarily due to an internal staff restructuring with an aim to reduce the number of junior sales and marketing staff to improve human resources efficiency; and (iv) the decrease in our net provision for impairment loss on trade receivables from RMB11.5 million in 2020 to RMB5.8 million in 2021, primarily due to less delay in settlement of our trade receivables in 2021 given our greater credit control to recover trade receivables from our customers.

Our profit for the period increased by RMB10.6 million, or approximately 221.9%, from RMB4.7 million for 4M2021 to RMB15.3 million for 4M2022 primarily attributable to the increase in revenue by RMB73.6 million, or approximately 104.8%, from RMB70.2 million for 4M2021 to RMB143.8 million for 4M2022, primarily due to (i) increase in revenue from our content marketing services with five event content marketing projects completed in 4M2022 instead of one project completed in 4M2021; (ii) increase in revenue from our media advertising services with the increase in our bus advertisements and increase in spending by existing customers; and (iii) the launch of our SaaS interactive marketing services in June 2021.

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Summary of Selected Information of Consolidated Statements of Financial Position

	As at 31 December			As at
	2019	2020	2021	30 April
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2022</i> <i>RMB'000</i>
Current assets	290,067	352,162	247,762	359,709
Current liabilities	(56,795)	(89,958)	(192,212)	(224,105)
Net current assets	233,272	262,204	55,550	135,604
Non-current assets	21,301	19,313	101,977	107,604
Non-current liabilities	(11,018)	(5,665)	(4,018)	(3,689)
Net assets	243,555	275,852	153,509	239,519
Non-controlling interests	41,112	46,564	1,537	1,526

Net Current Assets

Our net current assets increased by RMB28.9 million as at 31 December 2020 mainly due to (i) increase in our trade receivables by RMB16.5 million primarily due to slower collection of trade receivables caused by the impact of COVID-19; (ii) increase in our prepayments, deposits and other receivables by RMB12.2 million primarily due to delay of certain of our projects where we had already prepaid our suppliers; and (iii) increase in our short-term bank deposits by RMB105.0 million, partially offset by (i) decrease in our cash and cash equivalents by RMB71.7 million; and (ii) increase in our borrowing by RMB44.8 million. Our net current assets decreased by RMB206.6 million as at 31 December 2021 mainly due to (i) decrease in our short-term bank deposits by RMB130.0 million; and (ii) increase in amount due to related parties by RMB130.3 million as at 31 December 2021, representing payment of the consideration in connection with the Business Transfer. Our net current assets increased by RMB80.0 million as at 30 April 2022 mainly attributable to (i) increase in trade receivable of RMB59.4 million primarily as a result of prolonged time of payments by our customers due to impact of COVID-19 and our increase in revenue; (ii) increase in amounts due from related parties of RMB26.6 million as a result of continued payments made by a number of our customers to Xiamen Many Idea for the integrated marketing solutions services we provided to them despite the Business Transfer having been completed; (iii) increase in cash and cash equivalents of approximately RMB36.5 million; and (iv) decrease in amounts due to related parties as a result of settlement of the remaining consideration in relation to the Business Transfer, partially offset by (i) increase in borrowings of RMB78.5 million; and (ii) increase in convertible bonds of RMB47.2 million which represents the liability portion and conversion option derivative of the issuance of [REDACTED] Loans in January 2022. For further details, please refer to the section headed “Financial Information — Selected Balance Sheet Items” in this document.

SUMMARY

Net Assets

Our net assets increased by RMB32.3 million as at 31 December 2020 mainly due to our profit for the year for 2020 of RMB31.8 million. Our net assets decreased by RMB122.3 million as at 31 December 2021 mainly due to the deemed distribution of profits of RMB370.0 million, which represented the deemed distributions to the controlling shareholders and the non-controlling interests in relation to the Business Transfer, partially offset by (i) our profit for the year for 2021 of RMB64.7 million; (ii) fair value changes of RMB27.3 million of our equity investments in Xiamen Vision and Xiamen Advertising; and (iii) capital contribution of RMB153.0 million by Mr. Liu to our Group and the contribution of RMB1.0 million by Mr. Liu and Ms. Qu to Xiamen Instant Interactive. Our net assets increased by RMB86.0 million as at 30 April 2022 mainly due to (i) our profit for the period for 4M2022 of RMB15.3 million; and (ii) proceeds from the [REDACTED] from Asia One in its subscription of our Shares.

Summary of Selected Information of Consolidated Statements of Cash Flows

	For the year ended 31 December			For the four months ended 30 April	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Operating profits before working capital changes	107,360	52,684	96,335	16,366	38,635
Changes in working capital	(38,234)	(42,660)	(46,014)	(135,111)	(52,808)
Tax paid	(9,983)	(16,996)	(2,315)	(23)	(22)
Net cash generated from/(used in) operating activities	59,143	(6,972)	48,006	(118,768)	(14,195)
Net cash generated from/(used in) investing activities	47,559	(104,713)	5,884	131,365	(8,558)
Net cash (used in)/generated from financing activities	(3,651)	39,996	(48,946)	40,582	59,336
Cash and cash equivalents at beginning of year/period	13,881	116,932	45,243	45,243	50,187
Cash and cash equivalents at end of year/period	116,932	45,243	50,187	98,422	86,637

For 4M2022, our net cash used in operating activities was RMB14.2 million, which primarily reflected the profit before income tax expense of RMB19.1 million; adjusted by non-cash items mainly consisting of net provision for impairment loss recognised on trade receivables of RMB8.8 million, and working capital changes mainly consisting of increase in trade receivables of RMB95.7 million mainly due to the impact of COVID-19 on some of our customers' business and operations which prolonged the time for their payments to us and our increase in revenue along with our growth in business in 4M2022, which was partially offset by (i) decrease in prepayments, deposits and other receivables of RMB11.8 million as a result of a number of projects from 2021 were completed during 4M2022; and (ii) increase in trade payables of RMB39.7 million as a result of increase in our revenue.

SUMMARY

For 4M2021, our net cash used in operating activities was RMB118.8 million, which primarily reflected the profit before income tax expense of RMB6.0 million; adjusted by non-cash items mainly consisting of net provision for impairment loss recognised on trade receivables of RMB7.8 million, and working capital changes mainly consisting of (i) increase in trade receivables of RMB53.9 million mainly due to slower collection of trade receivables caused by the impact of COVID-19; and (ii) increase in prepayments, deposits and other receivables of RMB76.1 million mainly due to prepayments to our suppliers as a result of the postponement of projects leading to delay in recognition of expenses of suppliers and prepayments to suppliers in connection with our SaaS interactive marketing services platform.

For 2021, our net cash generated from operating activities was RMB48.0 million, which primarily reflected the profit before income tax expense of RMB79.4 million; mainly adjusted by (i) amortisation of intangible assets of approximately RMB6.5 million primarily as a result of our acquisition of copyright licences of IPs and software for SaaS interactive marketing services in 2021; and (ii) increase in contract liabilities of approximately RMB12.2 million, and was offset by increase in prepayments, deposits and other receivables of RMB31.4 million, all of which were in line with the growth of our business operation in 2021.

For 2020, our net cash used in operating activities was RMB7.0 million, which primarily reflected the profit before income tax expense of RMB36.9 million; and non-cash items mainly adjusted by net provision for impairment loss recognised on trade receivables of RMB11.5 million as a result of the COVID-19 impact on our customers leading to greater provision on trade receivables; and offset by the negative adjustments for (i) increase in trade receivables of RMB28.0 million as a result of slower collection of trade receivables caused by the impact of COVID-19; (ii) increase in prepayments, deposits and other receivables of RMB10.3 million as a result of delay of certain of our projects where we had already prepaid our suppliers; and (iii) income tax paid of RMB17.0 million.

For 2019, our net cash generated from operating activities was RMB59.1 million, primarily reflected the profit before income tax expense of RMB98.6 million; negatively adjusted by (i) increase in trade receivables of RMB31.1 million as a result of growth of our business coupled with increase in our revenue; (ii) increase in prepayments, deposits and other receivables of RMB6.5 million as a result of growth of our business coupled with increase in our revenue; and (iii) income tax paid of RMB10.0 million.

SUMMARY

Key financial ratios

The following table sets forth some of our key financial ratios as at the dates or for the periods indicated. For their analysis, please refer to the section headed "Financial Information — Key Financial Ratios" in this document.

	As at or for the year ended 31 December			As at or for the four months ended 30
	2019	2020	2021	April 2022
	Return on equity ⁽¹⁾	32.9%	11.5%	36.9%
Return on total assets ⁽²⁾	21.4%	7.1%	16.1%	N/A
Current ratio(times) ⁽³⁾	5.1	3.9	1.3	1.6
Gearing ratio ⁽⁴⁾	6.9%	19.6%	47.5%	35.7%
Interest coverage ratio (times) ⁽⁵⁾	174.6	34.9	22.0	5.5
Gross profit margin ⁽⁶⁾	33.1%	24.2%	32.4%	32.1%
Net profit margin ⁽⁷⁾	20.5%	10.3%	18.3%	10.6%

Notes:

- (1) For 2019, 2020 and 2021, return on equity ratio is calculated by dividing profit for the year attributable to the owners of our Company by total equity attributable to the owners of our Company as at each relevant year end and multiplying 100%. Return on equity ratio for the four months ended 30 April 2022 is not meaningful as it is not comparable to the annual figures.
- (2) For 2019, 2020 and 2021, return on total assets ratio is calculated by dividing profit for the year attributable to the owners of our Company by total assets as at each relevant year end and multiplying 100%. Return on total assets ratio for the four months ended 30 April 2022 is not meaningful as it is not comparable to the annual figures.
- (3) Current ratio is total current assets divided by total current liabilities as at each relevant year/period end.
- (4) Gearing ratio is total debt divided by total capital plus total debt. Total debt is calculated as borrowings, lease liabilities, convertible bonds, amounts due to related parties and amounts due to investees. Capital includes equity attributable to owners of our Company.
- (5) Interest coverage ratio is profit before finance costs and income tax expenses for the year/period divided by finance costs for the year/period.
- (6) Gross profit for the year/period divided by revenue for the year/period and multiplied by 100%.
- (7) Profit for the year/period divided by revenue for the year/period and multiplied by 100%.

SUMMARY

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the [REDACTED] and the Capitalisation Issue (assuming that the [REDACTED] Loans are not converted into Shares and the [REDACTED] and the options which may be granted under the Share Option Scheme are not exercised at all), Mr. Liu and Ms. Qu (together with their controlled entities) will together form a group of controlling shareholders within the meaning of the Listing Rules and will be entitled to exercise aggregated voting rights of [REDACTED]% of the total issued share capital of our Company immediately upon the [REDACTED] through investment holding companies controlled by Mr. Liu and Ms. Qu, namely ZJJ Many Idea, Xiamen Dream Future, Many Idea Liujianhui and Many Idea Qushuo. For further details, please refer to the section headed “Relationship with Controlling Shareholders” in this document.

OUR [REDACTED] INVESTORS

Since the establishment of our Group, we have entered into several rounds of financing agreements with the relevant [REDACTED] Investors. For further details, please refer to the sections headed “History, Reorganisation and Corporate Structure — [REDACTED] Investments at Company Level” and “History, Reorganisation and Corporate Structure — [REDACTED] Investment by way of [REDACTED] Loans” in this document.

OUR MILESTONES

Our history began in 2012 with the establishment of Xiamen Many Idea to carry out public relations event planning business, and since then we were led by Mr. Liu, our Controlling Shareholder, who is a veteran in the integrated marketing solutions services and advertising industries. We then expanded into digital marketing and media advertising and then further into content marketing. Leveraging our years of experience in integrated marketing solutions services, we formally launched our SaaS platform in June 2021.

For further details and our milestones, please refer to the section headed “History, Reorganisation and Corporate Structure — Overview” in this document.

SUMMARY

[REDACTED] STATISTICS

Number of the [REDACTED] : [REDACTED]
 [REDACTED] : Not more than HK\$[REDACTED] per [REDACTED] and is expected to be not less than HK\$[REDACTED] per [REDACTED] (excluding brokerage, SFC transaction levy, Hong Kong Stock Exchange trading fee and the AFRC transaction levy)
 (If the [REDACTED] is set at 10% below the low-end of the indicative [REDACTED] range after making a [REDACTED], the [REDACTED] will be HK\$[REDACTED] per [REDACTED])

Based on an
 [REDACTED] of
 HK\$[REDACTED]

per Share, after
 [REDACTED]
 of 10%
 HK\$

Based on an
 [REDACTED] of
 HK\$[REDACTED]
 HK\$

Based on an
 [REDACTED] of
 HK\$[REDACTED]
 HK\$

[REDACTED] ⁽¹⁾ Unaudited pro forma consolidated net tangible assets per Share ^{(2)/(3)}	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

- (1) The calculation of [REDACTED] is based on [REDACTED] Shares with [REDACTED] [REDACTED] that are expected to be issued immediately upon completion of the [REDACTED] and the Capitalisation Issue (assuming that the [REDACTED] Loans are not converted into Shares and the [REDACTED] and the options which may be granted under the Share Option Scheme are not exercised at all).
- (2) Please refer to Appendix II to this document for the bases and assumptions in calculating this figure.
- (3) The unaudited pro forma consolidated net tangible assets per Share is calculated based on [REDACTED] Shares and have not been adjusted to illustrate the effect of the conversion of [REDACTED] Loans. Had such conversion of [REDACTED] Loans been completed on 30 April 2022, the calculation of [REDACTED] will be based on [REDACTED] Shares with [REDACTED] [REDACTED] that are expected to be issued immediately upon completion of the [REDACTED] and the Capitalisation Issue (assuming that the [REDACTED] Loans are converted into Shares and the [REDACTED] and the options which may be granted under the Share Option Scheme are not exercised at all) and the unaudited pro forma consolidated net tangible assets per Share would have been increased by [REDACTED].

SUMMARY

[REDACTED] EXPENSES

Our Directors estimate that the total estimated [REDACTED] expenses (based on the midpoint of our indicative price range for the [REDACTED] and assuming that the [REDACTED] is not exercised, including [REDACTED] commissions and excluding any discretionary incentive fee which may be payable by us) in relation to the [REDACTED] are approximately RMB[REDACTED], accounting for approximately [REDACTED]% of the gross [REDACTED] to be received from the [REDACTED]. The aforementioned estimated [REDACTED] expenses of approximately RMB[REDACTED] include (i) [REDACTED] related expenses of approximately RMB[REDACTED]; and (ii) non-[REDACTED] related expenses of approximately RMB[REDACTED], which consist of fees and expenses of legal advisers and Reporting Accountants of approximately RMB[REDACTED] and other fees and expenses of approximately RMB[REDACTED] million, accounting for approximately [REDACTED]% of the gross [REDACTED] from the [REDACTED]. During the Track Record Period, we incurred actual [REDACTED] expenses of RMB17.1 million, of which (i) RMB8.7 million and RMB5.4 million was charged to our consolidated statement of profit or loss for 2021 and 4M2022 respectively and (ii) approximately RMB[REDACTED] will be deducted from equity upon [REDACTED]. We expect to incur further [REDACTED] expenses of approximately RMB[REDACTED], of which RMB[REDACTED] will be charged to our consolidated statements of profit or loss upon successful [REDACTED] for the year ending 31 December 2022 and RMB[REDACTED] will be deducted from equity upon [REDACTED].

USE OF [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the stated range of the [REDACTED] of between HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED]), we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] from the [REDACTED] after deducting the [REDACTED] commissions and other estimated expenses in connection with the [REDACTED] and assuming that the [REDACTED] is not exercised. In line with our strategies, we intend to use our [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- approximately [REDACTED]%, or HK\$[REDACTED], for research and development and enhancing our SaaS interactive marketing platform;
- approximately [REDACTED]% or HK\$[REDACTED], for scaling up our IP contents portfolio and expanding our integrated marketing solutions businesses;
- approximately [REDACTED]%, or HK\$[REDACTED], for investment in expanding our geographical coverage and enlarging our customer base;
- approximately [REDACTED]%, or HK\$[REDACTED], for pursuing strategic cooperation, investments and acquisitions; and
- approximately [REDACTED]%, or HK\$[REDACTED], for working capital and general corporate use.

SUMMARY

Please refer to the section headed "Future Plans and Use of [REDACTED]" in this document for further details.

DIVIDENDS AND DIVIDEND POLICY

No dividend has been declared or paid by our Company since its incorporation and we do not have a fixed dividend payout ratio.

Any amount of dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, general financial condition 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. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

As we are a holding company incorporated under the laws of the Cayman Islands, our ability to declare and pay dividends will depend on the amount of dividends received from our subsidiaries, if any, 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 HKFRSs. PRC laws also require foreign-invested enterprises, such as all of our subsidiaries in the PRC, to set aside at least 10% of their net profit as statutory reserves, and such statutory reserves are not available for distribution as cash dividends. 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.

IMPACT OF COVID-19

Impact on our Project Execution

To varying degrees, our business operations had been affected by the COVID-19 outbreak. Due to the nationwide lockdowns across China during the COVID-19 outbreak, certain of our projects had been temporarily delayed or cancelled. For 2020, three and 15 of our content marketing and public relations event planning projects were delayed or cancelled, respectively. Our revenue from event content marketing projects decreased by approximately 42.8% from 2019 to 2020 and our overall revenue declined by approximately 21.1% from 2019 to 2020.

Our business, including content marketing and media advertising services, started to recuperate in 2021, despite several occasions of local movement restrictions due to COVID-19 which led to temporary delay of five event content marketing projects as at 31 December 2021. Our revenue from content marketing services and media advertising services increased by approximately 5.7% and 131.6%, respectively, for 2021 compared to 2020. In particular, four out of five of the delayed projects had been successfully hosted in January 2022. Further, for our digital marketing services, our revenue increased by approximately 20.3% for 2021 compared to 2020.

SUMMARY

For 4M2022, one of our event content marketing projects on teenage sports event in 2021 with a contract value of RMB7.5 million which was delayed to 2022 was further postponed as a result of local restrictive measures due to COVID-19. The project was planned to be held at Tangshan city, Hebei Province and is expected to be postponed to the second half of 2022. During the same period, we also had a public relations event planning project which was planned to be held at Quanzhou city, Fujian Province with a contract value of RMB980,000 which was delayed. It is expected that the project will be postponed to the second half of 2022. For the said two projects, we had made prepayments to suppliers in an aggregate amount of RMB1.2 million as at the Latest Practicable Date. In addition, our customers for nine of our projects, which were in pitching and negotiation stage, decided not to proceed further to the signing of contracts and withhold those projects. As those projects were at pitching and negotiation stage, we did not incur substantial costs in relation to those projects.

Subsequent to the Track Record Period from 1 May 2022 and up to the Latest Practicable Date, we had three additional delayed projects and two cancelled projects which were all content marketing projects. Of the three delayed projects, one had been completed on 3 September 2022, one is tentatively postponed to November 2022 and another one is under discussion with the relevant party. Upon negotiations with the IP content provider regarding the two cancelled content marketing projects, it was agreed that the projects will be substituted by two new projects, being a music festival and a cycling race which are expected to be completed by end of 2022. The aggregate contract value of the three additional delayed projects is RMB41.4 million and the two cancelled projects is RMB26.2 million.

During the Track Record Period, we incurred expenses of RMB5.0 million for delayed or cancelled projects that could not be recovered and two of our delayed projects during the Track Record Period had not been completed as at the Latest Practicable Date.

Impact on our Principal Place of Business and Staff

Other than the impacts on execution of our projects, the emergence of the Delta and Omicron virus variants have also created uncertainties for our business operations. Employees in our Beijing office and Quanzhou office were required to work from home due to quarantine measures taken by the authorities. Our Beijing office was closed from beginning of May 2022 to end of May 2022 and our Quanzhou office was closed from around mid-March 2022 to mid-April 2022. As at the Latest Practicable Date, both of our offices had been reopened and operated in full scale. Other than the closure of our Beijing office and Quanzhou office as mentioned, none of our other offices were closed due to the COVID-19 pandemic during 2022 up to the Latest Practicable Date. Further, none of our employees have been diagnosed with COVID-19 up to the Latest Practicable Date.

For further details, please refer to the sections headed "Business — Effects of the COVID-19 Outbreak", "Financial Information — Key Components of Our Consolidated Statements of Profit or Loss", "Financial Information — Review of Historical Results of Operations" and "Risk Factors — Risks Relating to Our Business and Our Industry — Our business may continue to be adversely affected by the COVID-19 pandemic or any occurrence of natural disasters" in this document.

SUMMARY

RECENT DEVELOPMENT

Financial Performance and Project Backlog

Based on our unaudited management accounts for the eight months ended 31 August 2022, our revenue for the eight months ended 31 August 2022 increased when compared with the corresponding period in 2021 despite the above impact of COVID-19 pandemic on our business operation mainly because (i) four out of five of the delayed content marketing projects in 2021 had been successfully held in January 2022 and two event content marketing projects which started in 2021 were successfully held in January 2022 before the resurgence of new wave of COVID-19 in China in the first quarter of 2022 and (ii) successful launch of our Content Engine under SaaS interactive marketing services in June 2021. We had a slightly higher gross profit margin for the eight months ended 31 August 2022 as compared to the corresponding period in 2021, mainly due to our successful launch of our Content Engine which enabled us to provide SaaS interactive marketing services starting from June 2021. As our revenue from SaaS interactive marketing services increased substantially for the eight months ended 31 August 2022 while the respective costs are mainly fixed in nature, we were able to benefit from our SaaS interactive marketing services and attained a higher gross profit margin for the eight months ended 31 August 2022 compared to the corresponding period in 2021. Having considered the above, our Directors are of the view that the impact of the recent increased reported cases of COVID-19 in the PRC to be temporary and do not expect COVID-19 to have a long-term material adverse impact on our business operations and financial performance.

As at 1 May 2022, our total outstanding contract sum for our marketing service business was RMB118.5 million. From 1 May 2022 and up to the Latest Practicable Date, we had a net contract sum of contracts awarded/terminated of RMB171.8 million and we had revenue recognised during the same period of RMB170.1 million. As a result, our total outstanding contract sum for our marketing service business as at the Latest Practicable Date was RMB120.2 million. As at 1 May 2022, we had a total of 88 outstanding projects. From 1 May 2022 and up to the Latest Practicable Date, we were awarded 253 projects and we had completed 248 projects during the same period. As a result, we had a total of 93 outstanding projects as at the Latest Practicable Date. For further information, please refer to the section headed "Business — Our Projects — Project by project basis and subscription basis" in this document.

SUMMARY

Business Transfer

As part of the Reorganisation, on 30 November 2021, Xiamen Many Idea and Beijing Many Idea (as transferors) and Xiamen Instant Interactive (as transferee) entered into the Business Transfer Agreement to transfer the rights, debts, obligations, assets and liabilities attached to the integrated marketing solutions services businesses (including content marketing, SaaS interactive marketing, digital marketing, public relations event planning and media advertising) carried on by Xiamen Many Idea and Beijing Many Idea, for a consideration of RMB370 million. The consideration represented the deemed distributions to the Controlling Shareholders and the non-controlling interests in relation to the Business Transfer at the date of the Business Transfer. The Business Transfer was completed on 1 December 2021. Certain assets and liabilities of Xiamen Many Idea and Beijing Many Idea were not transferred to Xiamen Instant Interactive as at 1 December 2021 and were treated as deemed distribution of assets to and assumption of liabilities by Controlling Shareholders in connection with the Reorganisation. For details, please refer to the section headed "Financial Information — Basis of Presentation" in this document.

In order for the Group to settle the consideration in connection with the Business Transfer, the Group has arranged bridging loans with two Independent Third Parties in January 2022 amounting to RMB101.3 million. The terms of such loans were for duration of 6 months, with interest rate being (i) zero for the first three months; and (ii) 2% per month for the remaining three months. The whole sum of the loans were unsecured in nature and had been fully drawn down as at 31 January 2022. As at 6 June 2022, the loans had been fully repaid. For details of the Business Transfer, please refer to section headed "History, Reorganisation and Corporate Structure — Reorganisation — Reorganisation for the [REDACTED] — b. Business Transfer in December 2021" in this document.

No Material Adverse Change

Our Directors confirmed that from 30 April 2022 up to the date of this document, (i) there had been no material adverse changes in the market conditions or the industry and environment in which we operate that materially and adversely affect our financial or operating position; (ii) there was no material adverse change in the trading and financial position or prospects of our Group; and (iii) no event had occurred that would materially and adversely affect the information shown in the Accountants' Report in Appendix I to this document.