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You should read the following discussion in conjunction with the consolidated financial statements included in the Accountants' Report and the notes thereto included in Appendix I to this document and the selected historical financial information and operating data included elsewhere in this document. The consolidated financial statements have been prepared in accordance with HKFRSs.

Our historical results do not necessarily indicate results expected for any future periods. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results may differ from those anticipated in these forward-looking statements as a result of any number of factors, including those set out in the sections headed "Forward-looking Statements" and "Risk Factors" in this document.

OVERVIEW

We provide integrated marketing solutions services mainly in the PRC to a large base of customers, with particular success in the fast moving consumer goods, footwear and apparel and real estate industries. 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.

We have been successful in event content marketing projects and we are a PRC event content marketing services company. For each year/period during the Track Record Period, revenue from content marketing services accounted for approximately 63.7%, 57.7%, 53.2% and 57.4% of our total revenue for 2019, 2020, 2021 and 4M2022, respectively.

For each year/period during the Track Record Period, our revenue amounted to RMB391.0 million, RMB308.4 million, RMB353.3 million and RMB143.8 million, respectively. Please refer to the paragraph headed "— Key Components of Our Consolidated Statements of Profit or Loss — Revenue" in this section of this document for details of the breakdown of our revenue by our different marketing service segments.

BASIS OF PRESENTATION

Our Company is an investment holding company. Immediately prior to the Reorganisation, our business was carried out by Xiamen Many Idea and its subsidiaries (the "Xiamen Many Idea Group") which were under the common control of Mr. Liu and Ms. Qu.

On 30 November 2021, Xiamen Many Idea and its subsidiary, 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 (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

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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 and the consideration was fully settled on 30 January 2022.

The designated assets and liabilities of Xiamen Many Idea and Beijing Many Idea set out below were not transferred to Xiamen Instant Interactive as at 1 December 2021 and were treated as a deemed distribution of assets to and assumption of liabilities by Controlling Shareholders in connection with the Reorganisation:

RMB'000

Distribution of assets to and assumptions of liabilities by Controlling Shareholders:	
Financial assets at FVTOCI	62,558
• Equity investments in Xiamen Vision	56,034
• Equity investments in Xiamen Advertising	6,524
Prepayment, deposits and other receivables	2,791
• Value-added tax recoverable	2,769
• Deposits for lease rented by Xiamen Many Idea	15
• Deposits for lease rented by Beijing Many Idea	7
Income tax payables	(12,463)
• Income tax payables attributed to Xiamen Many Idea	(12,320)
• Income tax payables attributed to Beijing Many Idea	(143)
Other payables and accruals	(53)
Amounts due to investees	(2,200)
Borrowings	(52,210)
	(1,577)

In relation to the above assets and liabilities which were not transferred to Xiamen Instant Interactive, they can be categorised as (i) tax related items; (ii) restricted business related items; (iii) lease related items; and (iv) borrowings.

Tax related items include (i) value-added tax recoverable of RMB2.8 million; (ii) income tax payables attributed to Xiamen Many Idea and Beijing Many Idea of RMB12.5 million; and (iii) other payables and accruals of RMB53,000 representing other tax payables of Xiamen Many Idea and Beijing Many Idea. As advised by our PRC Legal Advisers, these tax related items were not transferrable under the relevant PRC tax laws and regulations.

Restricted business related items include (i) the equity investments in Xiamen Vision and Xiamen Advertising by Xiamen Many Idea of RMB62.6 million; and (ii) amounts due to investees of RMB2.2 million representing amounts payable to Xiamen Vision by Xiamen Many Idea for its equity investment in Xiamen Vision. As advised by our PRC Legal Advisers, given both of Xiamen Vision and Xiamen Advertising possess the ICP licences and foreign companies are restricted from holding such licences which are considered as restricted business, these restricted business related items were not transferrable under the relevant PRC laws and regulations.

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Lease related items refer to deposits for leases rented by Xiamen Many Idea and Beijing Many Idea. As the leases were for the registered addresses of Xiamen Many Idea and Beijing Many Idea, those were not considered relevant to the transferred businesses and therefore were not transferred to Xiamen Instant Interactive.

Borrowings represent the borrowings by Xiamen Many Idea from banks which were not assigned to Xiamen Instant Interactive. As most of such bank borrowings were due to expire shortly after the Business Transfer in December 2021 or January 2022 and it would be unduly cumbersome to transfer those borrowings to Xiamen Instant Interactive given any such transfer would typically require consent from the lenders, those bank borrowings were not transferred to Xiamen Instant Interactive. As at the Latest Practicable Date, all of such borrowings had been fully repaid.

In view of the above, our Directors are of the view, and the Sole Sponsor concurs, that all assets and liabilities and the financial results attributable to the integrated marketing solutions services (save for the non-transferable items with details as set out above) for each of the periods comprising the Track Record Period were properly included in the Accountants' Report set out in Appendix I to this document.

The companies now comprising our Group were under the common control of Mr. Liu and his spouse, Ms. Qu, immediately before and after the completion of the Reorganisation. Accordingly, the Historical Financial Information has been prepared on a consolidated basis by applying the principles of merger method of accounting as if the Reorganisation had been completed at the beginning of the Track Record Period. Please refer to the section headed "History, Reorganisation and Corporate Structure" in this document for further information of the Reorganisation.

Accordingly, our consolidated statements of profit or loss and other comprehensive income, our consolidated statements of changes in equity and our consolidated statements of cash flows for the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2022 have included the results, changes in equity and cash flows of the companies now comprising our Group from the earliest date presented or since their respective dates of incorporation, whichever was shorter, as if the current group structure had been in existence throughout the Track Record Period. Our consolidated statements of financial position as at 31 December 2019, 2020 and 2021 and 30 April 2022 have been prepared to present the assets and liabilities of the companies now comprising our Group as if the current group structure had been in existence at those dates. No adjustment is made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

The Historical Financial Information of our Group has been prepared by applying the accounting policies in conformity with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, which are effective for our Group's accounting period beginning on 1 January 2022 throughout the Track Record Period.

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As advised by our Directors, each of Xiamen Many Idea and Beijing Many Idea has not conducted any business other than the business of our Group during the Track Record Period and up to the completion of the Business Transfer (i.e. 1 December 2021) and therefore the entire business conducted by Xiamen Many Idea and its subsidiaries, including Beijing Many Idea were transferred to our Group pursuant to the Business Transfer. Accordingly, the Historical Financial Information reported under the Accountants' Report has been prepared on a combined basis by applying the principles of merger method of accounting including the financial performance of Xiamen Many Idea and Beijing Many Idea since the commencement of the Track Record Period (i.e. 1 January 2019). To the best knowledge of our Directors having made all reasonable enquiries, as at the Latest Practicable Date, both Xiamen Many Idea and Beijing Many Idea were still at the preparation stage and have yet to commence the Excluded Business, and these companies have not incurred any expenses of material nature.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, financial position and results of operations have been, or maybe expected to be in the future, significantly affected by a number of factors, many of which may be beyond our control. A discussion of certain of these key factors is set out below.

Prospect and Performance of the Industries of Our Customers

During the Track Record Period, our integrated marketing solutions services relied on customers from fast moving consumer goods, footwear and apparel and real estate industries. For each year/period during the Track Record Period, our revenue generated from our customers in the fast moving consumer goods industry amounted to RMB170.8 million, RMB144.5 million, RMB178.6 million and RMB68.4 million, which accounted for approximately 43.7%, 46.9%, 50.5% and 47.6% of our total revenue for the respective periods. For the same periods, our revenue generated from our customers in the footwear and apparel industry amounted to RMB107.8 million, RMB68.8 million, RMB108.0 million and RMB43.2 million, which accounted for approximately 27.6%, 22.3%, 30.6% and 30.0% of our total revenue, respectively. For the same periods, our revenue generated from our customers in the real estate industry amounted to RMB43.4 million, RMB41.8 million, RMB48.9 million and RMB17.3 million, which accounted for approximately 11.1%, 13.5%, 13.8% and 12.0% of our total revenue, respectively.

Given that the majority amount of our revenue came from customers in these industries, any downturn in these industries in the PRC may have a material adverse impact on our business, prospects, financial condition and/or results of operations. Please refer to the section headed "Risk Factors — Risks Relating to Our Business and Our Industry — 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" in this document for further information.

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Impact of COVID-19 Outbreak on Our Business Operations

As a result of various lockdown restrictions during COVID-19 outbreak in the PRC, marketing services businesses in China has been affected in different ways with offline events being negatively affected while online marketing services experienced a significant growth. For 2020, three and 15 of our content marketing and public relations event planning projects had been delayed or cancelled, respectively. Our revenue in 2020 declined by approximately 21.1% compared to 2019. Our business started to recuperate in 2021.

Since February 2022, there was a resurgence of COVID-19 pandemic in the PRC, in particular the emergence and increasing reported cases of the Delta and Omicron virus variants which has created uncertainties for our business operations. During 4M2022, we had one event content marketing project and one public relations event planning project being delayed. 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. Despite the above, our revenue increased by 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 which mainly was due to we had four content marketing projects delayed from 2021 were completed in January 2022 and we had two content marketing projects which started in 2021 were completed in January 2022 before the resurgence of COVID-19 pandemic in the PRC. 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” and “Financial Information — Review of Historical Results of Operations” in this document for further information.

Further, the average turnover days of our trade receivables increased from 123.7 days in 2019 to 191.9 days in 2020 and slightly decreased to 178.2 days in 2021 and further decreased to 169.4 days for 4M2022. We recorded longer average turnover days of our trade receivables in 2020 and 2021 compared to 2019 primarily due to the delay in payment by our customers as a result of the impact of COVID-19 on their business operations. For further details of the impact of COVID-19 on our trade receivables, please refer to the paragraph headed “— Selected Balance Sheet Items — Trade Receivables” in this section of this document.

Recent Establishment of SaaS Interactive Marketing Service Segment

In view of the growing demand in the market, particularly from brand owners, for quality and efficient interactive marketing templates and tools to excavate online private traffic coupled with rising costs in obtaining online public traffic leading to increasing demand in online private traffic management, we began to prepare for the expansion into the SaaS interactive marketing services in 2018 and finally launched our SaaS interactive marketing platform, Content Engine (内容引擎), in June 2021, and has achieved success. As at 30 September 2022, our Content Engine platform had over 8,000 user accounts.

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Although our SaaS interactive marketing services have only recently launched and have not contributed to a significant amount of our revenue during the Track Record Period, it is our strategic focus and we expect it will become the key driver of our future growth. We have undertaken various efforts to enhance our Content Engine platform including, among others, (i) obtaining the licences for the copyrights of 200 anime image IPs to use in our mini-games and H5 screen interactive marketing contents; (ii) collaborating with interactive marketing contents development companies to develop marketing software for us; and (iii) connecting our platform with design studios to provide a great variety of marketing templates on our Content Engine platform. However, we cannot assure you that we will be able to succeed in growing this new business segment despite the resources and efforts we put into it. For some of the risks that we may face in our SaaS interactive marketing service, please refer to the section headed "Risk Factors — Risks Relating to Our Business and Our Industry" in this document for further information.

Ability to Maintain or Reduce Media Advertising Resources Costs

Our media advertising resources costs mainly represent the costs of obtaining marketing rights to the various events for our content marketing projects, the costs of obtaining advertising resources from advertising channels or their agents including both online and traditional advertising channels for our integrated marketing solutions services (excluding SaaS interactive marketing services) and other media technical and execution costs. For 2019, 2020, 2021 and 4M2022, our media advertising resources costs was RMB177.6 million, RMB157.6 million, RMB183.8 million and RMB75.5 million, respectively, which accounted for approximately 45.4%, 51.1%, 52.0% and 52.5% of our total revenue for the same periods, respectively.

The following table sets forth a sensitivity analysis to illustrate the impact of hypothetical increase in our media advertising resources costs on our profit before tax and total cost of revenue for the periods indicated, with all other factors remaining constant.

	For the year ended 31 December			For the four months ended 30 April	
	2019	2020	2021	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>				
Profit before tax for the year/period	98,595	36,944	79,368	6,040	19,089
Assuming 5% increase in our media advertising resources costs					
Impact on total cost of revenue	8,881	7,880	9,192	1,942	3,774
Impact on profit before tax for the year/period	(8,881)	(7,880)	(9,192)	(1,942)	(3,774)
Assuming 10% increase in our media advertising resources costs					
Impact on total cost of revenue	17,763	15,760	18,384	3,885	7,548
Impact on profit before tax for the year/period	(17,763)	(15,760)	(18,384)	(3,885)	(7,548)

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We generally procured IP contents from IP content providers (IP owners or IP operators) and advertising resources from media channels or their agents on a project by project basis during the Track Record Period. There is no assurance that the IP content providers and media channels or their agents will continue to provide their relevant products or services to us at favourable or similar prices, or at all.

Preferential Tax Treatments

During the Track Record Period, we enjoyed certain preferential tax treatments in some of our PRC subsidiaries during the course of providing integrated marketing solutions services. For example, Hainan Many Idea, our indirect wholly owned subsidiary incorporated on 19 March 2021, was entitled to a preferential tax rate of 15% for 2021.

These preferential tax treatments have lowered our income tax expenses. The effect of tax concession granted to our PRC subsidiaries was RMB6.7 million, RMB4.2 million, RMB5.4 million and RMB1.9 million, respectively, for 2019, 2020, 2021 and 4M2022. Our effective tax rate was 18.8%, 14.0%, 18.4% and 20.1%, respectively, for the same periods. However, there is no guarantee that we can continue to enjoy the preferential tax treatments which we had previously enjoyed during the Track Record Period and that no further change will be made to the PRC tax policies that could materially and adversely affect our results of operation. If there is any termination of, or changes to, the preferential tax treatments that we have enjoyed or intend to apply, it could adversely affect our profitability. Please refer to the section headed "Risk Factors — Risks Relating to Our Business and Our Industry — Any termination of, or changes to, the preferential tax treatments that we have enjoyed or intend to apply could adversely affect our profitability" in this document for further information.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The discussion and analysis of our financial position and results of operations are based on the consolidated financial statements prepared in accordance with the significant accounting policies set out in the Accountants' Report in Appendix I to this document. Preparation of our individual and consolidated financial information requires us to make estimates and judgements in applying certain critical accounting policies which may have a significant impact on our consolidated results. We base our estimates on historical experience and other assumptions which our management believes to be reasonable under the circumstances. Results may differ from these estimates under different assumptions and conditions.

The following discussion provides supplemental information on our critical accounting policies, certain of which require estimates and assumptions from our management.

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Useful Lives and Residual Values of Property, Plant and Equipment

We determine the estimated useful lives and residual values for our property, plant and equipment. This estimate is based on our historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. We will increase the depreciation charge where useful lives are less than previously estimated lives. We will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives; actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expense in the future periods.

Impairment of Trade Receivables, Deposits and Other Receivables and Amount due from Related Parties

The measurement of impairment losses under HKFRS 9 requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, including the economic downturn and uncertainties that have arisen as a result of COVID-19 pandemic, have made these estimates more judgemental, in which can result in different levels of allowances.

At the end of each of the Track Record Period, we assess whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. We consider reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualification information and also, forward-looking analysis.

Impairment of Property, Plant and Equipment, Intangible Assets and Right-of-use Assets

Property, plant and equipment, intangible assets and right-of-use assets are tested for impairment when indicators exist. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount being fair value less costs of disposal or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Estimated Incremental Borrowing Rate for Leases

We cannot readily determine the interest rate implicit in a lease, and therefore, we use an incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that we would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what we "would have to pay", which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and

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conditions of the lease. We estimate the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Income Tax and Deferred Tax

Determining income tax provisions requires us to make judgements on the future tax treatment of certain transactions. We carefully evaluate tax implications of transactions in accordance with prevailing tax regulations and make tax provisions accordingly. In addition, deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. This requires significant judgement on the tax treatments of certain transactions and also assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered.

Fair Value of Unlisted Financial Assets Measured at FVTOCI

The fair value measurement of financial asset at fair value through other comprehensive income ("FVTOCI") were categorised within Level 3 of the fair value hierarchy, which required significant judgements and estimates by considering factors including, but not limited to, the future operating performance and cash flow of the investee company and economic and market conditions in which the investee company operated. The fair value of the financial asset at FVTOCI will be revised upward or downward where future performance are different from previous forecast.

In relation to the valuation of the fair value of financial assets at FVTOCI, our Directors, based on the professional advice received, adopted the following procedures: (i) reviewed the underlying investment agreements; (ii) engaged independent valuer, provided necessary financial and non-financial information so as to enable the valuer to perform valuation procedures and discussed with the valuer on relevant assumptions; (iii) carefully considered all information especially those non-market related information input, such as expected revenue of the investee companies and discount for lack of marketability, which require management assessments and estimates; and (iv) reviewed the valuation working papers and results prepared by the valuer. Based on the above procedures, our Directors are of the view that the valuation analysis performed by the valuer is fair and reasonable, and the financial statements of our Group are properly prepared.

Details of the fair value of the financial asset at FVTOCI and corresponding significant unobservable input of the valuation are disclosed in Note 42(f) in the Accountants' Report in Appendix I to this document. The Reporting Accountants have carried out their work in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 "Accountants' Report on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants for the purpose of expressing an opinion on the Historical Financial Information of our Group for the Track Record Period as a whole and the Reporting Accountants opinion is set out on page I-2 of the Accountants' Report in Appendix I to this document.

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The Sole Sponsor has conducted the following due diligence work in relation to the valuation of the fair value of financial assets at FVTOCI which includes but not limited to: (i) discussed with the Company's management and the Reporting Accountants to understand the nature and details of the financial assets at FVTOCI; (ii) obtained and reviewed the relevant underlying investment agreements; (iii) reviewed the valuation report prepared by the valuer regarding the fair values of the financial assets at FVTOCI, and assessed the qualification of such valuer; (iv) reviewed relevant notes in the Accountants' Report as contained in Appendix I; (v) discussed with the Company, the Reporting Accountants and the valuer about the key basis and assumptions for the valuation of financial assets at FVTOCI; (vi) obtained and reviewed the internal policy of the Company on investment; and (vii) discussed with the Reporting Accountants in respect of the audit procedures they have conducted for the purpose of expressing an opinion on the Historical Financial Information of the Group as a whole. Having considered the work done by the Directors and Reporting Accountants and the relevant due diligence done as stated above, nothing has come to the Sole Sponsor's attention that would cause the Sole Sponsor to question the valuation analysis performed by the valuer on the financial assets at FVTOCI.

Fair Value of Derivative Financial Liabilities

Our Company has issued the [REDACTED] Loans with conversion features to investors during the Track Record Period. We bifurcated the conversion features and classified the conversion option derivative portion of the [REDACTED] Loans as financial liabilities at FVTPL of which no quoted prices in an active market exist. The fair value is established by using valuation techniques which include the Black-Scholes option pricing method. Valuation techniques are certified by an independent valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Valuation models established by the valuer make the maximum use of market inputs and rely as little as possible on our own specific data. The determination of the fair value of conversion option derivative portion of the [REDACTED] Loans is based on certain parameters including but not limited to stock price and its volatility, exercise price, option life and risk-free interest rate. However, it should be noted that some inputs, such as fair value of the ordinary shares of our Company, possibilities under different scenarios such as initial public offering, time to liquidation and discount for lack of marketability, require management estimates. Management estimates and assumptions are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions changed, it may lead to a change in the fair value of the other financial liabilities at FVTPL. The fair values of the conversion features and the conversion option derivative portion of the [REDACTED] Loans are set out in Note 35 to the Accountant's Report in Appendix I to this document.

In relation to the valuation of the derivative financial liabilities, our Directors, based on the professional advice received, adopted the following procedures: (i) reviewed the terms of Loan Agreements; (ii) engaged independent valuer, provided necessary financial and non-financial information so as to enable the valuer to perform valuation procedures and discussed with the valuer on relevant assumptions; (iii) carefully considered all information especially those non-market related information input, such as fair value of the ordinary shares of our Company, possibilities under different scenarios, time to

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liquidation and discount for lack of marketability, which require management assessments and estimates; and (iv) reviewed the valuation working papers and results prepared by the valuer. Based on the above procedures, our Directors are of the view that the valuation analysis performed by the valuer is fair and reasonable, and the financial statements of our Group are properly prepared.

The fair values of the conversion features and the conversion option derivative portion of the [REDACTED] Loans are set out in Note 35 to the Accountants' Report in Appendix I to this document and details of the fair value measurement of derivative financial liabilities, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs, the relationship of unobservable inputs to fair value and reconciliation of level 3 measurements are disclosed in Note 42(f) to the Accountants' Report in Appendix I to this document in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200 "Accountants' Report on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants in Appendix I. The Reporting Accountants' opinion on the Historical Financial Information of our Group for the Track Record Period as a whole is set out on page I-2 of the Accountants' Report in Appendix I to this document.

In relation to the valuation analysis performed by valuer on derivative financial liabilities, the Sole Sponsor has conducted relevant due diligence work, including but not limited to, (i) discussed with the Company's management and the Reporting Accountants to understand the nature and details of the derivative financial liabilities; (ii) obtained and reviewed the Loan Agreements; (iii) reviewed the valuation report prepared by the valuer regarding the fair values of the liability portion and the conversion option derivative portion of the [REDACTED] Loans, and assessed the qualification of such valuer; (iv) reviewed relevant notes in the Accountants' Report in Appendix I to this document; (v) discussed with the Company and the Reporting Accountants about the key basis and assumptions for the valuation of derivative financial liabilities; and (vi) discussed with the Reporting Accountants in respect of the audit procedures they have conducted for the purpose of expressing an opinion on the Historical Financial Information of the Group as a whole. Having considered the work done by the Directors and Reporting Accountants and the relevant due diligence done as stated above, nothing has come to the Sole Sponsor's attention that would cause the Sole Sponsor to question the valuation analysis performed by the valuer on the derivative financial liabilities.

Useful Lives of Intangible Assets

Our management determines the estimated useful lives and related amortisation charges for our intangible assets with reference to the estimated periods that we intend to derive future economic benefits from the use of these assets. Our management will revise the amortisation charges where useful lives are different to that of previously estimated, or it will write off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore amortisation expense in future periods.

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RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income data for the periods indicated derived from our consolidated statements of profit or loss and other comprehensive income set out in the Accountants' Report in Appendix I to this document:

	For the year ended 31 December			For the four months ended 30 April	
	2019	2020	2021	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
Other revenue	6,374	6,574	8,505	3,075	1,754
Other gains and losses	-	-	1,409	-	(2,717)
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)
Fair value changes of convertible bond — conversion option derivative	-	-	-	-	759
Finance costs	(568)	(1,090)	(3,787)	(1,522)	(4,210)
[REDACTED] expenses	<u>-</u>	<u>-</u>	<u>(8,655)</u>	<u>-</u>	<u>(5,404)</u>
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	<u>66,516</u>	<u>26,419</u>	<u>56,146</u>	<u>4,228</u>	<u>15,271</u>
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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	For the year ended 31 December			For the four months ended 30 April	
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2021 RMB'000	2022 RMB'000
Other comprehensive income, net of tax					
Items that will not be reclassified to profit or loss:					
Fair value changes on financial assets at fair value through other comprehensive income	(2,687)	513	27,336	15,837	–
Other comprehensive (expenses)/income for the year/period	(2,687)	513	27,336	15,837	–
Total comprehensive income for the year/period	<u>77,337</u>	<u>32,297</u>	<u>92,077</u>	<u>20,578</u>	<u>15,260</u>
Total comprehensive income for the year/period attributable to:					
Owners of the Company	64,283	26,845	78,868	17,392	15,271
Non-controlling interests	13,054	5,452	13,209	3,186	(11)
	<u>77,337</u>	<u>32,297</u>	<u>92,077</u>	<u>20,578</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 31 December			For the four months ended 30 April	
	2019 <i>RMB'000</i>	2020 <i>RMB'000</i>	2021 <i>RMB'000</i>	2021 <i>RMB'000</i>	2022 <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
	<u>80,024</u>	<u>31,784</u>	<u>73,396</u>	<u>4,741</u>	<u>20,664</u>
Adjusted profit for the year/period (non-HKFRS measures)	<u>80,024</u>	<u>31,784</u>	<u>73,396</u>	<u>4,741</u>	<u>20,664</u>

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KEY COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

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						For the four months ended			
	2019		2020		2021		2021		2022	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							<i>(unaudited)</i>			
Revenue										
Content marketing	249,175	63.7	178,051	57.7	188,164	53.2	20,372	29.0	82,546	57.4
SaaS interactive marketing	-	-	-	-	10,581	3.0	-	-	8,951	6.2
Digital marketing	62,972	16.1	73,123	23.7	87,950	24.9	30,757	43.8	24,959	17.4
Public relations event planning	42,870	11.0	39,428	12.8	25,434	7.2	5,866	8.4	3,858	2.7
Media advertising	36,021	9.2	17,775	5.8	41,171	11.7	13,224	18.8	23,493	16.3
Total	391,038	100.0	308,377	100.0	353,300	100.0	70,219	100.0	143,807	100.0

Our revenue derived from content marketing services, digital marketing services, public relations event planning services and media advertising services are recognised over the period of time when the related services are rendered according to the progress of completion as stipulated under the agreements. Revenue would be recognised when we deliver the services to our customers, such as delivery of design and advertising plans, and will continue to recognise until all promised services are delivered. For SaaS interactive marketing services, the annual subscription fees are recognised over the year of subscription. For our SaaS customised products, we recognise the revenue when the products are delivered to our customers. For SaaS interactive marketing services where we engage SaaS agents to market and sell our SaaS products, as we regard our SaaS agents as our direct buyers, we recognise revenue generated from our SaaS agents for our SaaS interactive marketing services upon setting up and activating user accounts after deduction of the commission expenses paid or payable to such SaaS agents.

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Content Marketing

For content marketing services, we are primarily involved in planning, design, operation and execution of content marketing projects, and we derived our revenue through securing sponsorships for our customers to those projects.

During the Track Record Period, we generated majority of our revenue from content marketing services. For 2019, 2020, 2021, 4M2021 and 4M2022, revenue from our content marketing services was RMB249.2 million, RMB178.1 million, RMB188.2 million, RMB20.4 million and RMB82.5 million, respectively, which contributed to approximately 63.7%, 57.7%, 53.2%, 29.0% and 57.4% of our total revenue during the same periods, respectively.

For our content marketing services, we focus on sports and fashion lifestyle projects. Our content marketing services can be categorised as (i) event content marketing projects and (ii) digital content marketing projects based on the primary marketing channel on which the content marketing projects rely. It can also be categorised as (i) self owned IP content marketing projects and (ii) third party IP content marketing projects based on the ownership of the IP contents used in the content marketing projects. For further details of our business operations in this segment, please refer to the section headed "Business — Our Integrated Marketing Solutions — Content Marketing" in this document.

Content Marketing Projects Revenue by Nature of Primary Marketing Channel

Below table sets out a breakdown of the revenue of our content marketing projects, in terms of amount and as a percentage to our revenue from content marketing projects, by nature of primary marketing channel 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	%
Revenue										
Event content marketing	234,553	94.1	134,277	75.4	136,183	72.4	871	4.3	44,386	53.8
Digital content marketing	14,622	5.9	43,774	24.6	51,981	27.6	19,501	95.7	38,160	46.2
Total	249,175	100.0	178,051	100.0	188,164	100.0	20,372	100.0	82,546	100.0

Our revenue from event content marketing projects decreased by RMB100.3 million or 42.8% from RMB234.6 million in 2019 to RMB134.3 million in 2020 primarily due to the impact of COVID-19 on our business operations. We have historically been focusing mostly on event content marketing projects for our content marketing services. However, given the various COVID-19 restrictions imposed by the PRC government, it led to temporary postponement or cancellation of some of our content marketing projects particularly for event content marketing projects. For 2020, three and 11 of our content marketing projects were delayed or cancelled.

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As a result of the impact of COVID-19 to offline events, we saw a shift of demand from our customers from event content marketing projects to digital content marketing projects in 2020. This is reflected in the increase in number of our digital content marketing projects which contributed towards our revenue in the corresponding years from three projects in 2019 to nine projects in 2020. As a result, the proportion of revenue generated from event content marketing projects as a percentage to our total revenue from content marketing services decreased from approximately 94.1% in 2019 to approximately 75.4% in 2020, while the proportion of revenue generated from digital content marketing projects as a percentage to our total revenue from content marketing services increased from approximately 5.9% in 2019 to approximately 24.6% in 2020.

Our revenue from event content marketing projects remained relatively stable at RMB136.2 million in 2021 compared to RMB134.3 million in 2020 while our revenue from digital content marketing projects increased by RMB8.2 million or approximately 18.7% from RMB43.8 million in 2020 to RMB52.0 million in 2021 as driven by the continuous shift of customer spending on promotion and marketing to digital content marketing and the COVID-19 pandemic further accelerated the digitalisation process in the PRC. As a result, our revenue generated from event content marketing projects as a percentage to our total revenue from content marketing projects decreased from approximately 75.4% to 72.4% while our revenue generated from digital content marketing projects as a percentage to our total revenue from content marketing projects increased from approximately 24.6% to 27.6%.

Our revenue from event content marketing projects increased by RMB43.5 million or approximately 4,996.1% from RMB871,000 for 4M2021 to RMB44.4 million for 4M2022 primarily due to the completion of five event content marketing projects in 4M2022, as compared to one completed event content marketing project in 4M2021. Out of the five completed event content marketing projects, three of them, which were delayed from 2021, were completed in January 2022 and the remaining two were event content marketing projects started in 2021 and completed in January 2022. In addition, we were able to secure more sponsoring customers for our event content marketing projects with a total of 19 sponsorships received during 4M2022 as compared to three sponsorships received during 4M2021. Our revenue from digital content marketing projects increased by RMB18.7 million or approximately 95.7% from RMB19.5 million for 4M2021 to RMB38.2 million for 4M2022 primarily due to increased number of projects and sponsoring customers. We had a total of five digital content marketing projects with an aggregate of 15 sponsoring customers for 4M2022 as opposed to four digital content marketing projects with an aggregate of 10 sponsoring customers for 4M2021. As a result, our revenue generated from event content marketing projects as a percentage to our total revenue from content marketing projects increased from approximately 4.3% for 4M2021 to 53.8% for 4M2022 while our revenue generated from digital content marketing projects as a percentage to our total revenue from content marketing projects decreased from approximately 95.7% for 4M2021 to 46.2% for 4M2022.

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Content Marketing Projects Revenue by Ownership of IP Contents

Below table sets out a breakdown of the revenue of our content marketing projects, in terms of amount and as a percentage to our revenue from content marketing services, by ownership of IP contents 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	%
Revenue										
Self owned IP content marketing	34,688	13.9	52,126	29.3	58,868	31.3	14,784	72.6	36,745	44.5
Third party IP content marketing	214,488	86.1	125,925	70.7	129,296	68.7	5,588	27.4	45,801	55.5
Total	249,175	100.0	178,051	100.0	188,164	100.0	20,372	100.0	82,546	100.0

Our revenue from our self owned IP content marketing projects increased by approximately 50.3% from RMB34.7 million in 2019 to RMB52.1 million in 2020 which was primarily due to the hosting of two successful content marketing projects utilising self owned IP contents, namely, 2020 Minnan Attitude Festival* (2020閩南態度節) and Sofa Music Festival* (沙發音樂節), in 2020. Our revenue from our third party IP content marketing projects decreased by approximately 41.3% from RMB214.5 million in 2019 to RMB125.9 million in 2020 which was primarily due to decrease in number of sponsoring customers of our third party owned IP content marketing projects as a result of the COVID-19 pandemic.

Our revenue from our self owned IP content marketing projects increased by approximately 12.9% from RMB52.1 million in 2020 to RMB58.9 million in 2021 which was primarily due to (i) our successful commercialisation of our self owned IP (ABC Kids Planet Race* (小馬星球)) by securing more sponsorship from our customers in two content marketing projects utilising such IP; and (ii) the ease of COVID-19 restrictions in 2021. Our revenue from our third party IP content marketing projects increased slightly by approximately 2.68% from RMB125.9 million in 2020 to RMB129.3 million in 2021 which was primarily due to gradual recovery in spending by our customers on content marketing projects, which was reflected in the increase of average project fee in 2021 as compared to 2020.

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Our revenue from our self owned IP content marketing projects increased by approximately 148.5% from RMB14.8 million for 4M2021 to RMB36.7 million for 4M2022, which was primarily due to hosting of five successful self owned IP content marketing projects with a total of 16 sponsoring customers for 4M2022, as opposed to hosting of three self owned IP content marketing projects with only a total of eight sponsoring customers for 4M2021. Our revenue from our third party IP content marketing projects increased by approximately 719.6% from RMB5.6 million for 4M2021 to RMB45.8 million for 4M2022, which was primarily due to the increase in number of completed third party IP content marketing projects from two projects for 4M2021 to five projects for 4M2022. In particular, (i) two of our third party IP content marketing projects, which were delayed from 2021, were completed in January 2022; and (ii) two of our third party IP content marketing projects started in 2021 were completed in January 2022.

SaaS Interactive Marketing

Our recently launched SaaS interactive marketing service platform, Content Engine, provides a cloud-based interactive marketing solutions to our customers. In 2021 and 4M2022, revenue from our SaaS interactive marketing services amounted to RMB10.6 million and RMB9.0 million, respectively, which contributed to approximately 3.0% and 6.2% of our total revenue, respectively. For the four months ended 30 April 2022, our SaaS interactive marketing services segment had 23 customers, all of which were active and paying customers. We also partnered with three SaaS agents to market and sell our SaaS interactive marketing services to small and medium size customers. As at 30 September 2022, our Content Engine platform had over 8,000 user accounts. For further details of our business operations in this segment, please refer to the section headed “Business — Our Integrated Marketing Solutions — SaaS Interactive Marketing Service” in this document.

Digital Marketing

For digital marketing services, we provide marketing and advertising services on various online media channels (such as NetEase (網易), Toutiao (頭條), Weibo (微博), WeChat (微信) and Youku (優酷)) to our customers. Our revenue from digital marketing services increased by approximately 16.1% from RMB63.0 million in 2019 to RMB73.1 million in 2020 as some of our customers re-allocated their advertising budget from offline and traditional marketing channels to online marketing channels. Our revenue from digital marketing services further increased by approximately 20.3% from RMB73.1 million in 2020 to RMB88.0 million in 2021 primarily due to our customers’ continued demand for marketing utilising online marketing channels and the COVID-19 pandemic further accelerated the digitalisation process in the PRC. Our revenue from digital marketing services decreased by approximately 18.9% from RMB30.8 million for 4M2021 to RMB25.0 million for 4M2022 primarily due to delay of the advertising campaign by one of our existing customers of digital marketing services because it plans to upgrade the logo and package of its products. For further details of our business operations in digital marketing services, please refer to the section headed “Business — Our Integrated Marketing Solutions — Digital Marketing” in this document.

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Below table sets out a breakdown of the revenue of our digital marketing services, in terms of amount and as a percentage to our revenue from digital marketing services, by advertising media channel 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	%
Revenue										
Advertising with										
NetEase	28,780	45.7	35,665	48.8	44,074	50.1	15,872	51.6	15,269	61.2
Advertising with other										
channels	34,192	54.3	37,458	51.2	43,876	49.9	14,885	48.4	9,690	38.8
Total	62,972	100.0	73,123	100.0	87,950	100.0	30,757	100.0	24,959	100.0

Our revenue generated from digital marketing projects utilising NetEase (網易) as a percentage to our total revenue from digital marketing services remained relatively stable for 2019, 2020 and 2021 at approximately 45.7%, 48.8% and 50.1%, while for 4M2022, such percentage increased to 61.2% from 51.6% for 4M2021 primarily due to the decrease in revenue generated from digital marketing projects utilising other advertising channels from RMB14.9 million for 4M2021 to RMB9.7 million for 4M2022. We witnessed such decrease in revenue from digital marketing projects utilising other advertising channels primarily due to delay of the advertising campaign by one of our existing customers of digital marketing services because it plans to upgrade the logo and package of its products.

Public Relations Event Planning and Media Advertising

For public relations event planning services, we provide planning, organisation and management services to our customers for the hosting of various events such as product launches, festival celebrations, annual meetings, and trade fairs. For media advertising services, we provide marketing and advertising services on various traditional advertising channels (such as television and advertising spaces in public transport stations) to our customers. For further details of our business operations in public relations event planning services and media advertising services, please refer to the sections headed "Business — Our Integrated Marketing Solutions — Public Relations Event Planning" and "Business — Our Integrated Marketing Solutions — Media Advertising" in this document, respectively.

For 2019, 2020, 2021, 4M2021 and 4M2022, our revenue generated from public relations event planning services amounted to RMB42.9 million, RMB39.4 million, RMB25.4 million, RMB5.9 million and RMB3.9 million, respectively, representing approximately 11.0%, 12.8%, 7.2%, 8.4% and 2.7% of our total revenue for the same periods, respectively. The decrease in revenue from public relations event planning services in 2020 as compared to 2019 was primarily due to various social distancing

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restrictions (such as restrictions imposed on the number of attending participants) imposed by the PRC government in response to COVID-19 which led to our customers reducing spending on hosting events. The further decrease in revenue from public relations event planning services from 2020 to 2021 and from 4M2021 to 4M2022 was mainly attributable to a decreased demand from customers for public relations events due to the potential tightening of social distancing requirements which dampened the customers' interest in organising their own public relations events.

For 2019, 2020, 2021, 4M2021 and 4M2022, our revenue from our media advertising services was RMB36.0 million, RMB17.8 million, RMB41.2 million, RMB13.2 million and RMB23.5 million, respectively, which contributed to approximately 9.2%, 5.8%, 11.7%, 18.8% and 16.3% of our total revenue during the same periods, respectively. Our revenue from media advertising services decreased from 2019 to 2020 primarily as a result of COVID-19 which shifted the spending of some of our customers from utilising offline and traditional marketing channels to online marketing channels. Our revenue from media advertising services recuperated from 2020 to 2021 primarily due to the general ease of COVID-19 restrictions and people started to increase visiting public venues which we believe led to our customers demand to increase spending in traditional advertising channels. Our revenue from media advertising services increased by approximately 77.7% from RMB13.2 million for 4M2021 to RMB23.5 million for 4M2022 primarily due to (i) substantial increase in bus advertisements from RMB1.1 million in 4M2021 to RMB4.5 million in 4M2022; (ii) engagement by 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.

Revenue by geographical location

Below table sets out a breakdown of our revenue by geographical location based on the business addresses of our customers, 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>									
Fujian Province	275,339	70.4	213,318	69.2	239,766	67.9	47,102	67.1	130,004	90.4
Guangdong Province	52,787	13.5	39,933	12.9	55,362	15.7	12,135	17.3	8,698	6.1
Beijing	18,464	4.7	14,733	4.8	20,407	5.8	2,642	3.8	4,202	2.9
Zhejiang Province	15,571	4.0	14,260	4.6	5,056	1.4	290	0.4	-	-
Other Provinces ⁽¹⁾	28,877	7.4	26,133	8.5	32,709	9.3	8,050	11.4	903	0.6
Total	391,038	100.0	308,377	100.0	353,300	100.0	70,219	100.0	143,807	100.0

Note:

- (1) Other provinces include Shanghai, Shandong, Hunan, Anhui, Guangxi, Yunnan, Shaanxi, Hainan, Jiangsu, Shanxi, Jiangxi, Zhejiang and Sichuan.

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For 2019, 2020, 2021, 4M2021 and 4M2022, majority of our revenue, based on the business addresses of our customers, was generated from the Fujian province which accounted for approximately 70.4%, 69.2%, 67.9%, 67.1% and 90.4% of our total revenue for the same periods, respectively. The higher revenue contribution from our customers with business addresses in Fujian Province for 4M2022 compared to 4M2021 was primarily due to (i) increase in revenue from content marketing services where the sponsoring customers had their business addresses in Fujian Province and (ii) increase in number of customers with their business addresses based in Fujian Province from 29 customers in 4M2021 to 38 customers in 4M2022. Over 50% of our total revenue for 4M2022 was from our sponsoring customers of our content marketing services where their business addresses were in Fujian Province as opposed to only around 17.6% for 4M2021.

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	56,013	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	39.2	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

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Our media advertising resources costs primarily represent the costs of obtaining marketing rights from IP contents providers for our content marketing projects, the costs of obtaining advertising resources from advertising media channels or their agents including both online and traditional advertising media channels (excluding costs related to our SaaS interactive marketing service) and other media technical and execution costs. 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.

Our media advertising resources costs are recognised as either (i) prepayments in case our interactive marketing services are yet to be rendered or performed; or (ii) trade payables in case our interactive marketing services have been rendered or performed while the respective payments have not been made to our suppliers. Our media advertising resources costs are recognised as cost of revenue over the period of contract when our corresponding interactive marketing services are rendered or when the advertisements are placed, as our customers simultaneously received and consumed the benefits provided by us. Our media advertising resources costs (other than the payment to NetEase (網易) in relation to cooperation arrangement) are incurred on a project basis and are entirely transferrable to our customers. For media advertising resources costs incurred under the cooperation arrangement with NetEase (網易), we pay a fixed fee periodically in exchange for the rights to sell certain advertising resources in Xiamen city and Zhangzhou city in the PRC to our customers. As the arrangement involves the right in terms of advertising resources granted to our Group for a predetermined period of time instead of granting a specified quantitative amount of online traffic with no definite time span in relation to the use of such online traffic, prepayment were recognised when we paid to our suppliers in recognition of the advertising resources to be granted to us at later period of time and will subsequently be recognised as cost of revenue on a pro-rata basis with the predetermined period of time while no inventory is recognised on the balance sheet. As for media advertising resources costs incurred under other advertising arrangements, we would only acquire the advertising resources on a back-to-back basis. We do not hold any advertising resources (i.e. the online traffic) but is entitled to consume the advertising resources simultaneously when the digital marketing advertisement is placed. Such costs were recognised as cost of revenue when the digital marketing advertisement is placed. As such, we do not hold any advertisement inventory and there is no inventory risks relating to the media advertising resources costs for our business.

Production costs primarily represent the costs of procuring performances or artists for events, venue set up and rental costs, travelling expenses, the costs of props, and materials for the relevant events, the costs of photography, video and audios production, etc. Equipment rental costs primarily represent the costs of equipment rental expenses for audio, LED screen, lighting, video and other equipment. Staff costs mainly represent staff salaries and benefits of our project staff who are involved in our projects. SaaS costs represent the amortisation of intangible assets for our Content Engine platform including, among others, copyright licences of IPs and software for our SaaS interactive marketing services.

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Overall speaking, the fluctuations in cost of revenue generally followed the fluctuations in revenue. Further, the fluctuations in cost of revenue also depends on the changes in types and mix of marketing services we provided in the respective periods. Our cost of revenue as a percentage to our total revenue was higher in 2020 compared to 2019 and 2021 primarily due to that there were a number of projects delayed or cancelled or reduced sponsorship from customers for certain projects hosted after we had incurred certain costs in those projects. Our cost of revenue as a percentage to our total revenue remained relatively stable at 71.2% and 67.9% for 4M2021 and 4M2022, respectively. For details of breakdown in relation to the movement of project numbers during the Track Record Period, including, among others, the number of projects completed or cancelled during the respective periods, please refer to section headed "Business — Our Projects — Projects by project basis and subscription basis" in this document.

Gross Profit and Gross Profit Margin

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

	For the year ended 31 December						For the four months ended 30 April				
	2019		2020		2021		2021		2022		
	Gross		Gross		Gross		Gross		Gross		
	Gross	Profit	Gross	Profit	Gross	Profit	Gross	Profit	Gross	Profit	
Profit Margin		Profit Margin		Profit Margin		Profit Margin		Profit Margin			
RMB'000		%		RMB'000		%		RMB'000		%	
<i>(unaudited)</i>											
Gross Profit & Gross Profit Margin											
Content marketing	86,999	34.9	42,755	24.0	64,657	34.4	6,934	34.0	27,003	32.7	
SaaS interactive marketing	-	-	-	-	3,998	37.8	-	-	3,768	42.1	
Digital marketing	22,107	35.1	15,810	21.6	28,417	32.3	9,725	31.6	10,370	41.5	
Public relations event planning	15,725	36.7	13,798	35.0	10,453	41.1	1,729	29.5	1,768	45.8	
Media advertising	4,516	12.5	2,279	12.8	7,011	17.0	1,829	13.8	3,184	13.6	
Total	129,347	33.1	74,642	24.2	114,356	32.4	20,217	28.8	46,093	32.1	

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 there were a number of projects delayed or cancelled or reduced sponsorship from customers for certain projects hosted after we had incurred certain costs in those projects. We recorded a higher gross profit margin for 4M2022 compared to 4M2021 primarily due to (i) substantial increase in revenue from content marketing services which had a higher gross profit margin than our average gross profit

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margin; (ii) the launch of our SaaS interactive marketing services in June 2021 which had a relatively high gross profit margin; (iii) 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 (iv) 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. For details of breakdown in relation to the movement of project numbers during the Track Record Period, including, among others, the number of projects completed or cancelled during the respective periods, please refer to section headed "Business — Our Projects — Projects by project basis and subscription basis" in this document.

Content Marketing

For 2019, 2020, 2021 and 4M2022, our gross profit was mainly derived from our content marketing projects, which accounted for approximately 67.3%, 57.3%, 56.5% and 58.6% of our total gross profit for the relevant period, respectively. For 4M2021, our gross profit from content marketing projects only accounted for approximately 34.3% of our total gross profit as our gross profit from digital marketing projects contributed to almost half of our total gross profit.

Below table sets out the breakdown of gross profit and gross profit margin of our content marketing projects by nature of primary marketing channel for the periods indicated:

	For the year ended 31 December						For the four months ended 30 April			
	2019		2020		2021		2021		2022	
	Gross		Gross		Gross		Gross		Gross	
	Gross	Profit	Gross	Profit	Gross	Profit	Gross	Profit	Gross	Profit
	Profit Margin		Profit Margin		Profit Margin		Profit Margin		Profit Margin	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>									
Gross Profit & Gross Profit Margin										
Event content marketing	81,590	34.8	28,009	20.9	46,558	34.2	210	24.1	14,361	32.4
Digital content marketing	5,409	37.0	14,746	33.7	18,099	34.8	6,724	34.5	12,642	33.1
Total	86,999	34.9	42,755	24.0	64,657	34.4	6,934	34.0	27,003	32.7

The gross profit margin of our event content marketing projects was approximately 34.8%, 20.9%, 34.2%, 24.1% and 32.4%, respectively, for 2019, 2020, 2021, 4M2021 and 4M2022, while the gross profit margin of our digital content marketing projects remained relatively stable at approximately 37.0%, 33.7%, 34.8%, 34.5% and 33.1%, respectively, for the same periods. In 2020, due to COVID-19 social distancing restrictions (such as

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restrictions imposed on the number of attending participants) which led to delay and cancellation of certain projects, or reduced sponsorship from customers for certain projects hosted while we had incurred certain costs in those projects. As a result, the overall gross profit margin of our event content marketing projects decreased in 2020 compared to 2019. In particular, we recorded a gross loss for three event content marketing projects in 2020. In 2021, our gross profit margin from event content marketing projects was similar to 2019 primarily due to the ease of COVID-19 restrictions and we had included protective clause in our business arrangements with our customers and suppliers to mitigate the impact of COVID-19 restrictions on our operations and financial conditions. Our gross profit margin from event content marketing projects for 4M2021 was lower than for 4M2022 primarily because the only event content marketing project we had for 4M2021, which was scheduled to be held in Fujian Province, was delayed as a result of COVID-19 pandemic, which led to reduced sponsorship from sponsoring customers, while we had incurred certain costs in the project as planned.

Below table sets forth the breakdown of gross profit and gross profit margin of our content marketing projects by ownership of IP contents for the periods indicated:

	For the year ended 31 December						For the four months ended 30 April				
	2019		2020		2021		2021		2022		
	Gross		Gross		Gross		Gross		Gross		
	Gross Profit	Profit Margin	Gross Profit	Profit Margin	Gross Profit	Profit Margin	Gross Profit	Profit Margin	Gross Profit	Profit Margin	
RMB'000		%		RMB'000		%		RMB'000		%	
<i>(unaudited)</i>											
Gross Profit & Gross Profit Margin											
Self owned IP content marketing	13,409	38.7	11,601	22.3	21,023	35.7	5,096	34.5	12,081	32.9	
Third party IP content marketing	73,590	34.3	31,154	24.7	43,634	33.7	1,838	32.9	14,922	32.6	
Total	86,999	34.9	42,755	24.0	64,657	34.4	6,934	34.0	27,003	32.7	

The gross profit margin of our self owned IP content marketing projects was approximately 38.7%, 22.3%, 35.7%, 34.5% and 32.9%, for 2019, 2020, 2021, 4M2021 and 4M2022, respectively, and the gross profit margin of our third party IP content marketing projects was approximately 34.3%, 24.7%, 33.7%, 32.9% and 32.6%, respectively, during the same periods. The gross profit margins of our self owned IP content marketing projects and that of our third party IP content marketing projects dropped significantly in 2020 primarily due to reduction of sponsorship from customers for certain content marketing projects hosted as a result of COVID-19 restrictions while we incurred the respective costs as scheduled and planned. Save for 2020, the gross profit margins of both self owned IP content marketing and third party IP content marketing projects were relatively stable during the Track Record Period.

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Digital Marketing

For digital marketing services, the primary costs represent the costs of obtaining advertising resources from advertising media channels. Below table sets out a breakdown of the gross profit and gross profit margin of our digital marketing services by advertising media channel for the periods indicated:

	For the year ended 31 December						For the four months ended 30 April				
	2019		2020		2021		2021		2022		
	Gross		Gross		Gross		Gross		Gross		
	Gross	Profit	Gross	Profit	Gross	Profit	Gross	Profit	Gross	Profit	
Profit Margin		Profit Margin		Profit Margin		Profit Margin		Profit Margin			
RMB'000		%		RMB'000		%		RMB'000		%	
	<i>(unaudited)</i>										
Gross Profit & Gross Profit Margin											
Advertising with NetEase	14,755	51.3	12,955	36.3	21,424	48.6	6,960	43.9	8,596	56.3	
Advertising with other channels	7,352	21.5	2,855	7.6	6,993	15.9	2,765	18.6	1,774	18.3	
Total	22,107	35.1	15,810	21.6	28,417	32.3	9,725	31.6	10,370	41.5	

With our advertising through NetEase (網易), we are able to better control our costs when utilising such channel for our digital marketing projects and generally has a higher gross profit margin. The gross profit margin of our digital marketing projects utilising NetEase (網易) was approximately 51.3%, 36.3%, 48.6%, 43.9% and 56.3%, respectively, for 2019, 2020, 2021, 4M2021 and 4M2022, which was higher than the gross profit margin of our digital marketing projects utilising other advertising channels at approximately 21.5%, 7.6%, 15.9%, 18.6% and 18.3%, respectively, for the same periods.

We recorded a lower gross profit margin for our digital marketing projects both utilising NetEase (網易) and other advertising channels in 2020 as compared to 2019. Our gross profit margin of digital marketing projects utilising NetEase (網易) increased from approximately 36.3% in 2020 to 48.6% in 2021, while our gross profit margin for our digital marketing projects utilising other advertising channels increased from approximately 7.6% in 2020 to 15.9% in 2021. Our gross profit margin of digital marketing projects utilising NetEase (網易) increased from approximately 43.9% for 4M2021 to 56.3% for 4M2022, while our gross profit margin of digital marketing projects utilising other advertising channels remained relatively stable at approximately 18.6% and 18.3% for 4M2021 and 4M2022, respectively.

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For digital marketing projects utilising our cooperation arrangement with NetEase (網易), we were required to pay a fixed fee to NetEase (網易) to acquire the rights for certain advertising resources in designated regions in the PRC. Given we had achieved success in our cooperation arrangement with NetEase (網易) in Xiamen city and Zhangzhou city, we further extended our cooperation arrangement with NetEase (網易) to Shangrao city, Jiangxi Province in 2020. We initially expected to target companies in the real estate industry in Jiangxi Province and we expected to increase our marketing efforts in serving corporate customers in real estate industry. Nevertheless, the performance in Shangrao city did not meet our initial expectation in the fourth quarter given the then weakening real estate market sentiment in Shangrao city and thereby resulted in lower gross profit margin in 2020. Although our cooperation arrangement with NetEase (網易) in Shangrao city also adopted the same cooperation arrangement as that in Xiamen city and Zhangzhou city in which we are required to pay a fixed fee to NetEase (網易) to acquire the rights for certain advertising resources, the actual orders received from customers to place advertisement in Shangrao city fell short of our Group's expectation due to the reasons mentioned above, resulted in lower revenue generated from our cooperation arrangement with NetEase (網易) in Shangrao city. Given the fixed fee payment under the cooperation arrangement is not dependent on the number of advertisements we placed with NetEase (網易), the lower revenue generated from placing advertisements in Shangrao city as a result of overall reduced demand due to weakening real estate market sentiment led to lower gross profit margin compared to those utilising our cooperation arrangement with NetEase (網易) in Xiamen city and Zhangzhou city. In view of the performance of our cooperation arrangement with NetEase (網易) in Shangrao city in 2020, we adopted more stringent cost control measures in the promotion of such channel in Shangrao city in 2021 and this resulted in increase of gross profit margin in 2021 compared to 2020. However, our gross profit margin of digital marketing projects utilising our cooperation arrangement with NetEase (網易) in Shangrao city was still less than those utilising our cooperation arrangement with NetEase (網易) in Xiamen city and Zhangzhou city. As such, we decided not to conduct further digital marketing projects utilising our cooperation arrangement with NetEase (網易) in Shangrao city for 4M2022, which resulted in higher total gross profit margin of our digital marketing projects utilising NetEase (網易). Upon the expiry of the media channel cooperation agreement with NetEase (網易) for Shangrao city on 30 April 2022, we did not sign a new agreement for Shangrao city.

For digital marketing projects utilising other advertising channels, we entered into a one year cooperation agreement with a leading online media company in 2020 where we would receive greater discounts when we met the sales target agreed with the media company. However, the demand from our customers to promote on such channel was below expectation. Eventually, we did not enjoy the discount we initially anticipated and thereby we recorded lower gross profit margin of 7.6% in 2020 as compared to that of 21.5% in 2019. In view of the foregoing, we then ceased our cooperation with such online media company. Nonetheless, the gross profit margin in 2021 was slightly lower than that in 2019, mainly attributable to (i) change of terms and policies of a media channel company in June 2021 which resulted in lower gross profit margin utilising channel from such media channel company during the year; and (ii) our adoption of preferential pricing strategies to attract new customers. Our gross profit margin of digital marketing projects utilising other advertising channels remained relatively stable at 18.6% and 18.3% for 4M2021 and 4M2022.

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Public Relations Event Planning and Media Advertising

The gross profit margin of our public relations event planning projects remained relatively stable at approximately 36.7% and 35.0% for 2019 and 2020, respectively, but increased to approximately 41.1% in 2021. We recorded a higher gross profit margin in 2021 primarily due to a project with a high contract amount for which we were mainly responsible for the design and planning of such project and did not incur any costs of production or materials. Our gross profit margin of public relations event planning projects increased from approximately 29.5% for 4M2021 to 45.8% for 4M2022 primarily due to we had five public relations event planning projects which we were mainly responsible for the design, planning and preparation of promotional materials without the need to incur high production and material cost.

The gross profit margin for our media advertising projects remained relatively stable at approximately 12.5% and 12.8% for 2019 and 2020, respectively, but increased to approximately 17.0% in 2021. We recorded a higher gross profit margin in 2021 primarily attributable to a new advertising channel that we secured at a competitive cost. Our gross profit margin of media advertising projects remained relatively stable at approximately 13.8% and 13.6% for 4M2021 and 4M2022, respectively.

Other Revenue

The following table sets forth a breakdown of our other revenue for the periods indicated:

	For the year ended 31 December			For the four months ended 30 April	
	2019	2020	2021	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>				
Other Revenue					
Government grants	4,922	3,349	3,092	651	2
Bank interest income	940	2,190	1,550	647	568
Additional value added tax input deduction	489	959	3,815	1,731	1,179
Gain on early termination of a lease	–	–	29	29	–
Others	23	76	19	17	5
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>6,374</u>	<u>6,574</u>	<u>8,505</u>	<u>3,075</u>	<u>1,754</u>

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Our other revenue consists of government grants, bank interests income, additional value added tax ("VAT") input deduction, gain on early termination of a lease and others. Government grants mainly represent grants received from the PRC local government authority as incentives to our Group for the proposed listing of the shares of Xiamen Many Idea on ChiNext, for our development in culture and creative industries, and our business development with advanced technology. VAT input deduction primarily represents the utilisation of VAT tax credits under the Announcement on Relevant Policies for Deepening the Value-Added Tax Reform (關於深化增值稅改革有關政策的公告). Gain on early termination of a lease refers to the gain recognised from early termination of lease agreement for one of our office premises.

Selling and Marketing Expenses

The following table sets forth a breakdown of our selling and marketing expenses, 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>									
Selling and Marketing Expenses										
Salaries and staff benefits	7,160	1.8	7,578	2.5	3,590	1.0	1,309	1.8	682	0.5
Entertainment and travelling expenses	3,418	0.9	2,267	0.7	2,530	0.7	468	0.7	449	0.3
Amortisation and depreciation	3,704	0.9	3,631	1.2	2,484	0.7	1,037	1.5	709	0.5
Others	1,740	0.4	1,913	0.6	1,365	0.4	401	0.6	420	0.3
Total	16,022	4.1	15,389	5.0	9,969	2.8	3,215	4.6	2,260	1.6

Our selling and marketing expenses primarily consist of: (i) salaries and staff benefits of our marketing and technical support staff, (ii) entertainment and travelling expenses which primarily represent entertainment, accommodation and travelling expenses, (iii) amortisation and depreciation which mainly represent depreciation of equipment, vehicles and renovation of our leased properties, depreciation of our right-of-use assets of our leases and amortisation of computer software and (iv) other expenses which include, among others, property management fees, office expenses and local transportation expenses.

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Administrative Expenses

The following table sets forth a breakdown of our administrative expenses, in terms of amount and as a percentage of 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	%
Administrative Expenses										
Staff costs and benefits	7,326	1.9	7,716	2.5	7,484	2.1	2,369	3.4	2,216	1.5
Legal and professional fees	3,678	0.9	4,799	1.6	633	0.2	347	0.5	106	0.1
Amortisation and depreciation	1,766	0.5	1,729	0.6	1,356	0.4	535	0.7	409	0.3
Research and development cost	-	-	-	-	4,737	1.3	949	1.4	2,857	2.0
Other taxes	1,862	0.5	401	0.1	873	0.2	39	0.1	255	0.2
Others	2,237	0.6	1,668	0.5	1,830	0.5	437	0.6	309	0.2
Total	16,869	4.3	16,313	5.3	16,913	4.8	4,676	6.7	6,152	4.3

Our administrative expenses primarily consist of: (i) staff costs and benefits which mainly represent the salaries of our administrative employees, training expenses and labour union fees, (ii) legal and professional fees which mainly represent our legal and professional fees incurred in relation to our business operation and the intended listing of Xiamen Many Idea on ChiNext, (iii) amortisation and depreciation which mainly represent depreciation of equipment, vehicles and renovation of our leased properties, depreciation of our right-of-use assets of our leases and amortisation of computer software, (iv) research and development costs which mainly represent the salaries of our employees for the research and development of our Content Engine platform; (v) other taxes which mainly represents urban maintenance and construction tax and stamp duties and (vi) other expenses.

Other gains and losses

We recorded other gains amounted to approximately RMB1.4 million in 2021, which mainly represents the write-back of trade payables during the year. For 4M2022, we recorded other losses of approximately RMB2.7 million, which represents exchange losses from the [REDACTED] from some of the [REDACTED] Investments during the period.

Net Provision for Impairment Loss on Trade Receivables

For 2019, 2020, 2021, 4M2021 and 4M2022, our net provision for impairment loss on trade receivables amounted to RMB3.7 million, RMB11.5 million, RMB5.8 million, RMB7.8 million and RMB8.8 million, respectively.

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Fair Value Changes of Convertible Bond

Our fair value change of convertible bond represents the gain or loss in fair value of the [REDACTED] Loans.

Finance Costs

Our finance costs primarily consist of (i) interest expenses on bank borrowing, (ii) interest expenses on loan from third parties, (iii) interest expenses on loan from a Shareholder, (iv) imputed interest expenses on convertible bonds and (v) interest expenses on lease liabilities.

Our interest expenses on loan from third parties represent the interest expenses on the loans from two Independent Third Parties for the aggregate principal amount of approximately RMB101.3 million pursuant to three loan agreements (the "**Third Party Loan Agreements**") entered into on 20 January 2022 with the two Independent Third Parties. In view that 55% of the consideration, being the remaining consideration of the Business Transfer, should be settled prior to the lodging of the Company's [REDACTED] application to the Hong Kong Stock Exchange which was expected to take place in January 2022 while we were in negotiation with some of our [REDACTED] investors in respect of their [REDACTED] investments, we entered into the Third Party Loan Agreements with the lenders and applied such loans to settle the remaining consideration of the Business Transfer. One of the Independent Third Parties is a company which engages in wholesale of car parts and electrical appliances (the "**First Lender**"), and its principal place of business is in Xiamen City. One of its shareholders is a shareholder of one of our suppliers for each period of the Track Record Period. We became acquainted with the First Lender through Mr. Liu as its supervisor is a sibling of Mr. Liu's mother. The other Independent Third Party is a company which engages in leasing and sale of solar photovoltaic system (the "**Second Lender**"), and its principal place of business is in Jiangxi Province. One of its ultimate beneficial owners (the "**Second Lender Shareholder**") is a director of Xiamen Vision and an ultimate beneficial owner of a shareholder of Xiamen Vision. The Second Lender Shareholder is also the ultimate beneficial owner of the landlord of our leased property in Shangrao city, Jiangxi Province. Another ultimate beneficial owner of the Second Lender is also a shareholder of one of our suppliers during the Track Record Period. We became acquainted with the Second Lender through Mr. Liu and Ms. Huang Tingting as the Second Lender Shareholder is an acquaintance of Mr. Liu and Ms. Huang Tingting. The terms of such Third Party Loan Agreements 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. All such loans were unsecured in nature. We believe they provided such loans to us as they are familiar with our business operations and have confidence in our ability to repay the loans. The loans were fully repaid as at 6 June 2022.

Our interest expenses on loan from a Shareholder represent the interest expenses on the loan of principal amount of US\$3 million from Asia One Developments Co., Ltd. ("**Asia One**"). Please refer to the section headed "History, Reorganisation and Corporate Structure — Reorganisation — 13. [REDACTED] Investment: Further subscription and allotment of Shares" in this document for further information. Our imputed interest expenses on convertible bonds relate to the interest expenses from the [REDACTED] Loans.

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Please refer to the section headed "History, Reorganisation and Corporate Structure — [REDACTED] Investment by way of [REDACTED] Loans" in this document for further information.

We recorded finance costs of RMB568,000, RMB1.1 million, RMB3.8 million, RMB1.5 million and RMB4.2 million, respectively, for 2019, 2020, 2021, 4M2021 and 4M2022, and of which, (i) our interest expenses on bank borrowings amounted to RMB27,000, RMB684,000, RMB3.5 million, RMB1.4 million and RMB5,000, respectively, for the same periods, (ii) our interest expenses on loan from third parties amounted to nil, nil, nil, nil and RMB1.5 million, respectively, for the same periods, (iii) our interest expenses on loan from a Shareholder, Asia One, amounted to nil, nil, nil, nil and RMB810,000, respectively, for the same periods, (iv) our imputed interest expenses on convertible bonds amounted to nil, nil, nil, nil and RMB1.8 million, respectively, for the same periods, and (v) our interest expenses on lease liabilities amounted to RMB541,000, RMB406,000, RMB328,000, RMB89,000 and RMB111,000, respectively, for the same periods.

[REDACTED] Expenses

For 2019, 2020, 2021, 4M2021 and 4M2022, our [REDACTED] expenses in relation to the [REDACTED] amounted to nil, nil, RMB8.7 million, nil and RMB5.4 million, respectively.

Income Tax Expenses

For 2019, 2020, 2021, 4M2021 and 4M2022, our income tax expenses were RMB18.6 million, RMB5.2 million, RMB14.6 million, RMB1.3 million and RMB3.8 million, respectively. During the Track Record Period, certain subsidiaries of our Group were entitled to certain preferential tax rates. Please refer to Note 15 in the Accountants' Report in Appendix I to this document for further information of the preferential tax rates we enjoyed during the Track Record Period.

Our weighted average applicable tax rate for 2019, 2020, 2021, 4M2021 and 4M2022 was 18.8%, 14.0%, 18.4%, 21.5% and 20.1%, respectively.

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

Year Ended 31 December 2020 Compared to Year Ended 31 December 2019

Revenue

Our total revenue decreased 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. Our revenue from content marketing services decreased from RMB249.2 million in 2019 to RMB178.1 million in 2020, primarily due to temporary postponement or cancellation of some of our content marketing projects. For 2020, three and 11 of our content marketing projects were delayed or cancelled. For our digital marketing services, our revenue from

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digital marketing services increased by RMB10.2 million, or approximately 16.1%, from RMB63.0 million in 2019 to RMB73.1 million in 2020, primarily as a result of COVID-19 which shifted the spending of some of our customers from utilising offline and traditional marketing channels to online marketing channels. Please refer to the paragraph headed “— Key Components of Our Consolidated Statements of Profit or Loss — Revenue” in this section of this document for detailed analysis.

Cost of Revenue

Our total cost of revenue decreased by RMB28.0 million, or approximately 10.7%, from RMB261.7 million in 2019 to RMB233.7 million in 2020, which was primarily due to decrease in revenue. In terms of components breakdown, media advertising resources costs decreased by RMB20.0 million, or approximately 11.3%, from RMB177.6 million in 2019 to RMB157.6 million in 2020, as a significant portion of the media advertising resources costs was used in content marketing projects which recorded an approximately 28.5% decrease in revenue from 2019 to 2020. Our production costs decreased by RMB8.6 million, or approximately 12.8%, from RMB66.9 million for 2019 to RMB58.3 million for 2020 which was generally in line with our decrease in revenue.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our total gross profit decreased by RMB54.7 million, or approximately 42.3%, from RMB129.3 million in 2019 to RMB74.6 million in 2020. Our overall gross profit margins decreased from approximately 33.1% in 2019 to approximately 24.2% in 2020, primarily due to the lower gross profit margin for our content marketing services and digital marketing services. Please refer to the paragraph headed “— Key Components of our Consolidated Statements of Profit or Loss — Gross Profit and Gross Profit Margin” in this section of this document for further analysis.

Other Revenue

Our other revenue remained relatively stable at RMB6.4 million and RMB6.6 million in 2019 and 2020, respectively.

Selling and Marketing Expenses

Our selling and marketing expenses remained relatively stable at RMB16.0 million in 2019 to RMB15.4 million in 2020, and our selling and marketing expenses as a percentage to our total revenue remained relatively stable at approximately 4.1% in 2019 and 5.0% in 2020.

Administrative Expenses

Our administrative expenses remained relatively stable at RMB16.9 million and RMB16.3 million in 2019 and 2020, respectively, and our administrative expenses as a percentage to our total revenue also remained relatively stable at approximately 4.3% in 2019 and 5.3% in 2020.

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Net Provision for Impairment Loss on Trade Receivables

Our net provision for impairment loss on trade receivables increased by RMB7.8 million, or approximately 213.1%, from RMB3.7 million in 2019 to RMB11.5 million in 2020, primarily as a result of increase in trade receivables which increased from RMB148.1 million as at 31 December 2019 to RMB176.1 million as at 31 December 2020. Such increase in trade receivables was primarily due to the impact of COVID-19 on our customers' business and operations which prolonged the time for their payments to us. Further, in view of the impact of COVID-19, we have made a larger amount of provision for impairment loss on our trade receivable.

Finance Costs

Our finance costs increased by RMB522,000, or approximately 91.9%, from RMB568,000 in 2019 to RMB1.1 million in 2020, primarily due to increase in bank borrowings which in 2020.

Income Tax Expenses

Our income tax expenses decreased by RMB13.4 million, or approximately 72.2%, from RMB18.6 million in 2019 to RMB5.2 million in 2020, primarily as a result of (i) decrease in profit before income tax expense by approximately 62.5%, from RMB98.6 million in 2019 to RMB36.9 million in 2020; and (ii) a deferred tax credit of RMB3.2 million in 2020 as compared to deferred tax expenses of RMB581,000 in 2019 as a result of increase of expected credit loss recognised on trade receivables. Our weighted average applicable tax rate decreased from 18.8% in 2019 to 14.0% in 2020 which was primarily due to the deferred tax credit granted to one of our subsidiaries arising from recognition for expected credit loss on trade receivables during the corresponding year.

Profit for the Year

As a result of the foregoing, 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.

Year Ended 31 December 2021 Compared to Year Ended 31 December 2020

Revenue

Our total revenue increased by RMB44.9 million, or approximately 14.6%, from RMB308.4 million in 2020 to RMB353.3 million in 2021, primarily due to increase in revenue in our content marketing services, digital marketing services, media advertising services and SaaS interactive marketing services which was partially offset by a decrease in revenue in our public relations event planning services. Increase in revenue from our content marketing services was primarily due to our customers' increased spending in promotion and marketing of their brands and products through our digital content marketing projects. Increase in revenue from our digital marketing services was primarily due to increase in our customers' continued demand for marketing utilising online marketing channels and the COVID-19 pandemic further accelerated the digitalisation

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process in the PRC. Revenue from our media advertising services recuperated in 2021 primarily due to the general ease of COVID-19 restrictions and people started to increase visiting public venues which we believe led to our customers demand to increase spending on traditional advertising channels. We also recorded revenue of approximately RMB10.6 million attributable to our SaaS interactive marketing services. Please refer to the paragraph headed “— Key Components of Our Consolidated Statements of Profit or Loss — Revenue” in this section of this document for further analysis.

Cost of Revenue

Our total cost of revenue increased by RMB5.0 million, or approximately 2.2%, from RMB233.7 million in 2020 to RMB238.8 million in 2021, primarily due to increase in (i) cost of obtaining advertising resources from advertising media channels or their agents in relation to provision of digital marketing service and media advertising services which was in line with the growing revenue trend of the respective business segments and (ii) addition of SaaS cost for our SaaS interactive marketing services which was officially launched in June 2021.

Gross Profit and Gross Profit Margin

Our total gross profit increased by RMB39.9 million, or approximately 53.4%, from RMB74.6 million in 2020 to RMB114.5 million in 2021. Our overall gross profit margin increased from 24.2% in 2020 to 32.4% in 2021 primarily due to (i) the increase in gross profit from our content marketing service, digital marketing service and media advertising services; and (ii) the launch of our SaaS interactive marketing services in June 2021. Please refer to the paragraph headed “— Key Components of our Consolidated Statements of Profit or Loss — Gross Profit and Gross Profit Margin” in this section of this document for further analysis.

Other Revenue

Our other revenue increased by RMB1.9 million, or approximately 29.4%, from RMB6.6 million in 2020 to RMB8.5 million in 2021, which was primarily due to increase in VAT input deduction by utilising the VAT tax credit under the Announcement on Relevant Policies for Deepening the Value-Added Tax Reform (關於深化增值稅改革有關政策的公告).

Selling and Marketing Expenses

Our selling and marketing expenses decreased by RMB5.4 million, or approximately 35.2%, from RMB15.4 million in 2020 to RMB10.0 million in 2021. Such decrease was mainly due to an internal staff restructuring with an aim to reduce the number of junior sales and marketing staff to improve human resource efficiency. As a percentage of our total revenue, our selling and marketing expenses decreased from approximately 5.0% in 2020 to approximately 2.8% in 2021.

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Administrative Expenses

Our administrative expenses increased by RMB0.6 million, or approximately 3.7%, from RMB16.3 million in 2020 to RMB16.9 million in 2021, primarily due to our deployment of additional resources to SaaS research and development with research and development cost of RMB4.7 million was incurred for 2021 and partially offset by decrease in legal and professional fees of RMB4.2 million as there were no longer any legal and professional fees incurred in 2021 in relation to the intended listing of Xiamen Many Idea on ChiNext.

As a percentage of our total revenue, our administrative expenses remained relatively stable at approximately 5.3% and 4.8% in 2020 and 2021, respectively.

Net Provision for Impairment Loss on Trade Receivables

Our net provision for impairment loss on trade receivables decreased by RMB5.7 million, or approximately 49.8%, 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 attributable to our greater credit control to recover trade receivables from our customers.

Finance Costs

Our finance costs increased by RMB2.7 million, or approximately 247.4%, from RMB1.1 million in 2020 to RMB3.8 million in 2021, primarily as a result of the timing of when we incurred our bank borrowings. For 2020, we had bank borrowings starting in the second half of the year while for 2021, we had bank borrowings for the majority of the year which led to greater interest expenses.

[REDACTED] Expenses

Our [REDACTED] expenses in 2021 was RMB8.7 million, representing expenses we incurred in relation to the [REDACTED].

Income Tax Expenses

Our income tax expenses increased by RMB9.5 million, or approximately 183.5%, from RMB5.2 million in 2020 to RMB14.6 million in 2021, primarily as a result of the increase in our profit before tax in 2021.

Profit for the Year

As a result of the foregoing, 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.

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Four Months Ended 30 April 2022 Compared to Four Months Ended 30 April 2021

Revenue

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. Please refer to the paragraph headed “— Key Components of Our Consolidated Statements of Profit or Loss — Revenue” in this section of this document for further analysis.

Cost of Revenue

Our total cost of revenue increased by RMB47.7 million, or approximately 95.4%, from RMB50.0 million for 4M2021 to RMB97.7 million for 4M2022, primarily due to increase in revenue contributed by content marketing. In terms of cost breakdown, the costs of obtaining marketing rights from IP contents providers increased from RMB2.8 million for 4M2021 to RMB21.5 million for 4M2022 primarily as a result of the five third party IP content marketing projects we held for 4M2022 where we had to obtain the marketing rights for those projects. We also had addition of SaaS cost for our SaaS interactive marketing services which was officially launched in June 2021. Our staff costs increased from RMB1.3 million for 4M2021 to RMB2.4 million for 4M2022 as we increased our staff resources to our projects given we had several projects delayed from 2021 to 4M2022.

Gross Profit and Gross Profit Margin

Our total gross profit increased by RMB25.9 million, or approximately 128.0%, from RMB20.2 million for 4M2021 to RMB46.1 million for 4M2022. Our average gross profit margin increased from 28.8% for 4M2021 to 32.1% for 4M2022 primarily due to (i) substantial increase in revenue from content marketing services which had a higher gross profit margin than our average gross profit margin; (ii) the launch of our SaaS interactive marketing services in June 2021 which had a relatively high gross profit margin; (iii) 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

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Zhangzhou city; and (iv) 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 paragraph headed "— Key Components of our Consolidated Statements of Profit or Loss — Gross Profit and Gross Profit Margin" in this section of this document for further analysis.

Other Revenue

Our other revenue decreased by RMB1.3 million, or approximately 43.0%, from RMB3.1 million for 4M2021 to RMB1.8 million for 4M2022, which was primarily due to (i) decrease in government grants as we did not receive the government grants for enhancement of high quality development in culture and creative industries and for sustainable business development with high-technology and advanced technology which we received for 4M2021; and (ii) decrease in VAT input deduction utilising the VAT tax credit under the Announcement on Relevant Policies for Deepening the Value-Added Tax Reform (關於深化增值稅改革有關政策的公告).

Selling and Marketing Expenses

Our selling and marketing expenses decreased by RMB0.9 million, or approximately 29.7%, from RMB3.2 million for 4M2021 to RMB2.3 million for 4M2022. Such decrease was mainly due to (i) decrease in salaries and staff benefits as a result of the temporary arrangement to have certain of our selling and marketing employees to assist with the several projects delayed from 2021 to 4M2022, in particular increase of content marketing project for 4M2022; and (ii) the decrease in depreciation of renovation of our leased properties, which was fully recognised by 2021. As a percentage of our total revenue, our selling and marketing expenses decreased from approximately 4.6% for 4M2021 to approximately 1.6% for 4M2022.

Administrative Expenses

Our administrative expenses increased by RMB1.5 million, or approximately 31.6%, from RMB4.7 million for 4M2021 to RMB6.2 million for 4M2022, primarily due to our deployment of additional resources to SaaS research and development with research and development cost of RMB2.9 million for 4M2022 as compared to RMB0.9 million for 4M2021. As a percentage of our total revenue, our administrative expenses remained relatively stable at approximately 6.7% and 4.3% for 4M2021 and 4M2022, respectively.

Net Provision for Impairment Loss on Trade Receivables

Our net provision for impairment loss on trade receivables increased by RMB0.9 million, or approximately 11.9%, from RMB7.8 million for 4M2021 to RMB8.8 million for 4M2022 primarily due to increase in trade receivables which was mainly due to substantial increase in revenue contributed by content marketing. As at the Latest Practicable Date, RMB153.2 million or approximately 64.6% of our trade receivables as at 30 April 2022 had been subsequently settled.

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Fair Value Changes of Convertible Bond

Our gain in fair value of convertible bond for 4M2022 was RMB759,000, representing the gain in fair value of the [REDACTED] Loans in relation to the conversion option derivative. We did not have such loans in 4M2021.

Finance Costs

Our finance costs increased by RMB2.7 million, or approximately 176.6%, from RMB1.5 million for 4M2021 to RMB4.2 million for 4M2022, primarily due to our interest expenses on loans from the Third Party Loan Agreements, our interest expenses on loan from one of our Shareholders, Asia One, and our imputed interest expenses in relation to the [REDACTED] Loans. We did not have such loans in 4M2021.

[REDACTED] Expenses

Our [REDACTED] expenses for 4M2022 was RMB5.4 million, representing expenses we incurred in relation to the [REDACTED].

Income Tax Expenses

Our income tax expenses increased by RMB2.5 million, or approximately 194.8%, from RMB1.3 million to RMB3.8 million, primarily as a result of the increase in our profit before tax for 4M2022.

Profit for the Period

As a result of the foregoing, 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.

LIQUIDITY AND CAPITAL RESOURCES

Overview

During the Track Record Period and up to the Latest Practicable Date, we have funded our cash requirements principally from cash generated from our operating activities, proceeds from the [REDACTED] Loans, proceeds from shareholder loan from Asia One, proceeds from the Third Party Loan Agreements and borrowings. In the future, we expect to continue to rely on cash flows from our operating activities, the net [REDACTED] from the [REDACTED] and other debt to fund our working capital needs and business expansion. As at 31 December 2019, 2020, 2021 and 30 April 2022, we had cash and cash equivalents of RMB116.9 million, RMB45.2 million, RMB50.2 million and RMB86.6 million, respectively.

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Cash Flow

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

	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>				
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
Net increase/(decrease) in cash and cash equivalents	103,051	(71,689)	4,944	53,179	36,583
Cash and cash equivalents at beginning of year/period	13,881	116,932	45,243	45,243	50,187
Effect of foreign exchange rate changes on cash and cash equivalents	-	-	-	-	(133)
Cash and cash equivalents at end of year/period	116,932	45,243	50,187	98,422	86,637

Net cash generated from/(used in) operating activities

Cash flows generated from/(used in) operating activities included profit before income tax expense mainly adjusted for (i) depreciation of property, plant and equipment, and right-of-use assets, amortisation of intangible assets, finance costs, interest income, net provisions for impairment loss recognised on trade receivables, fair value changes of conversion option derivative, effect of foreign exchange rate changes and gain on written-back of trade payables, which lead to the operating profits before working capital changes; (ii) effects of cash flow arising from changes in working capital, primarily include increase in trade receivables, increase or decrease in prepayments, deposits and other receivables, increase or decrease in trade payables, increase or decrease in other payables and accruals and increase or decrease in contract liabilities, which result in cash generated from or used in operations.

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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.

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 (i) 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 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; (ii) increase in contract liabilities of approximately RMB12.2 million, and was partially 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 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. We intend to improve our cash flow position by enhancing our credit control measures including (i) expediting our collection of trade receivables; and (ii) closely monitoring the settlement to suppliers, endeavouring to negotiate more favourable credit terms with them, and maximising the utilisation of the credit terms with them without undermining our relationships with them. For details of our trade and other receivables control measures, please refer to the paragraph headed “— Selected Balance Sheet Items — Trade Receivables” in this section of this document.

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Net cash generated from/(used in) investing activities

Cash flows generated from/(used in) investing activities mainly relate to (i) investment in financial assets at fair value through other comprehensive income which relates to our total equity investments in approximately 17.0729% of Xiamen Vision and approximately 9.0909% of Xiamen Advertising; (ii) increase or decrease in short-term deposits; and (iii) purchase of intangible assets primarily for our SaaS interactive marketing services.

For 2019, our net cash generated from investing activities was RMB47.6 million, which was primarily attributable to (i) net decrease in short-term deposit of RMB50.3 million, and partially offset by (ii) investment in Xiamen Vision and Xiamen Advertising by Xiamen Many Idea amounted to approximately RMB4.1 million.

For 2020, our net cash used in investing activities was RMB104.7 million, which was primarily attributable to net increase in short-term deposit of RMB105.0 million.

For 2021, our net cash generated from investing activities was RMB5.9 million, which was primarily attributable (i) decrease in short-term deposits of RMB130 million; and partially offset by (ii) investment in Xiamen Advertising and Xiamen Vision by Xiamen Many Idea amounted to approximately RMB32.8 million; and (iii) purchase of intangible assets of RMB93.8 million including, among others, copyright licences of IPs and acquisition of software for our SaaS interactive marketing business.

For 4M2022, our net cash used in investing activities was RMB8.6 million, which was primarily attributable to purchase of intangible assets of RMB8.5 million for acquisition of software for our SaaS interactive marketing business.

Net cash (used in)/generated from financing activities

Cash flows (used in)/generated from financing activities mainly relate to proceeds and repayment of borrowings, proceeds from issuance of convertible bonds, repayment of principal portion of the lease liabilities, issuance of shares, capital contributions from a beneficial shareholder to a subsidiary, settlement of consideration arising from the Business Transfer and interest paid for our borrowings and our lease liabilities.

For 2019, our net cash used in financing activities was RMB3.7 million, which was primarily attributable to repayment of principal portion of the lease liabilities of RMB3.1 million, which represents payment for our office rentals.

For 2020, our net cash generated from financing activities was RMB40.0 million, which was primarily attributable to proceeds from borrowings of RMB44.8 million, partially offset by repayment of principal portion of the lease liabilities of RMB3.8 million, which represents payment for our office rentals.

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For 2021, our net cash used in financing activities was RMB48.9 million, which was primarily attributable to settlement of consideration arising from the Business Transfer of RMB201.6 million, which represented part of the payment paid to Xiamen Many Idea for the Business Transfer, partially offset by capital contributions from a beneficial shareholder to a subsidiary of RMB153.0 million, which represented the payment by Mr. Liu for the 1% interest in Beijing Many Idea Cloud, one of the members of our Group.

For 4M2022, our net cash generated from financing activities was RMB59.3 million, which was primarily attributable to (i) proceeds from borrowings of RMB130.4 million; (ii) proceeds from issuance of convertible bonds of RMB44.4 million which represented the proceeds from the [REDACTED] Loans; (iii) issuance of share of RMB69.7 million which primarily related to the [REDACTED] investment from Asia One in its subscription of our Shares, and was partially offset by (i) repayment of borrowings of RMB53.9 million; and (ii) the settlement of consideration arising from the Business Transfer of RMB130.3 million, which represented the settlement of the remaining consideration paid to Xiamen Many Idea for the Business Transfer.

SELECTED BALANCE SHEET ITEMS

Intangible Assets

The net book value of our intangible assets was RMB410,000, RMB317,000, RMB87.6 million and RMB92.1 million as at 31 December 2019, 2020 and 2021 and 30 April 2022, respectively. The increase in intangible assets as at 30 April 2022 was primarily from acquisition of software for our SaaS interactive marketing services for 4M2022. In particular, we entered into two software development agreements during 4M2022, pursuant to which we cooperated with interactive marketing contents development companies to develop interactive marketing tools for us for an aggregate amount of RMB8.5 million. The increase in intangible asset as at 31 December 2021 was primarily resulted from the acquisition of copyright licences of IPs and software for our SaaS interactive marketing services in 2021. In particular, we entered into IP anime copyrights licensing agreements with Xiamen Miaojun, an Independent Third Party and one of our top five suppliers in 2019 and 2020, pursuant to which we acquired licences for the copyrights of 200 anime IPs for approximately RMB23.3 million, which was determined based on a number of factors, such as (i) annual licensing fees for each IP and number of fans of the IPs on social media; and (ii) the number of views of the video clips associated with the IPs on the relevant online video platforms (such as Tencent, Bilibili and iQIYI); or (iii) exposure of the IPs with reference to the downloading rate of the respective emoji pack, where applicable. We had also considered a number of other available IPs in the market and obtained quotes on the annual licensing fees. The 200 anime IPs we acquired through licensing include, among others, IPs such as LEON (綠豆蛙), LEEONA (粉紅莉安娜), BLOO (螃蟹小藍), SABON (薩蹦蹦). In particular, LEON (綠豆蛙) had a social media fan base of around 60,000 in the last 30 days and more than 68 million views from major media platforms, as at 6 September 2022. For details of the key terms under the IP anime copyrights licensing agreements, please refer to the section headed “Business — Our Suppliers — IP Copyrights Licensing” in this document. We also entered into software development agreements in 2021, pursuant to which we cooperated with interactive marketing contents development companies to develop interactive marketing tools for us

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for an aggregate amount of approximately RMB70.5 million. We became acquainted with Xiamen Miaojun and the above interactive marketing contents development companies either through recommendation by peers or through our ordinary procurement process of suppliers. The following table sets out the names, background, location of registered office and registered capital of the interactive marketing contents development companies with which we cooperated in 2021 and for 4M2022 and the relevant contract amount for the software development agreements we entered with them.

Company	Background ⁽¹⁾	Location of registered office ⁽¹⁾	Approximate registered capital ⁽¹⁾ (‘000)	Contract amount (‘000)
Zhongyun Technology Co., Ltd.* (中運科技股份有限公司)	A PRC listed company engaging in artificial intelligence development	Guangzhou City	RMB69,718	RMB8,000
Fujian Xunwang Network Technology Co., Ltd.* (福建訊網網絡科技股份有限公司)	A PRC listed company engaging in software development and operation of e-commerce platforms	Quanzhou City	RMB11,000	RMB9,000
Beijing Tengyun Tianxia Science and Technology Co., Ltd.* (北京騰雲天下科技有限公司)	A private company that provides data intelligence products and services	Beijing City	RMB50,000	RMB23,000
Xiamen Guanyou Network Technology Co., Ltd.* (廈門冠遊網路科技有限公司)	A private company engaging in promotion of browser games, development of games and artificial intelligence software development	Xiamen City	RMB500	RMB4,000
Xiamen Chuanyuezhe Network Technology Co., Ltd.* (廈門川越者網路科技有限公司)	A private company engaging in development of games and artificial intelligence software development	Xiamen City	RMB3,300	RMB10,000
Beijing Chuangqi Interactive Technology Co., Ltd.* (北京創奇互動科技有限公司)	A private company that provides online marketing technology and search engine upgrade	Beijing City	RMB10,000	RMB6,000
Fujian Chuangke Xunda Communication Technology Co., Ltd.* (福建省創科訊達通信科技有限公司)	A private company engaging in internet technology development and software development	Fuzhou City	RMB10,000	RMB4,000
Shenzhen Rongqi Moving Line Digital Technology Co., Ltd.* (深圳市融企動線數字科技有限公司)	A private company engaging in information technology development	Shenzhen City	RMB50,000	RMB5,000
Fujian Blue Hat Interactive Entertainment Technology Ltd.* (福建藍帽子互動娛樂科技股份有限公司)	A company listed on NASDAQ that provides animated game development and software development	Xiamen City	RMB31,054	RMB11,000
Jiangsu Paixin Cultural and Creative Co., Ltd.* (江蘇拍信文化創意有限公司)	A private company that provides creative content platform	Wuxi City	RMB10,000	RMB4,000

Note:

(1) The information is extracted from or is made reference to public sources.

For our intangible assets, after initial recognition, we determine whether intangible assets are impaired on an annual basis or more frequently if events or changes in circumstance indicate that the carrying amount of these assets exceeds its recoverable amount. As a result, our evaluations in the future on intangible assets at amortised cost may result in material impairment charges. Please refer to the section headed “Risk Factors — Risks Relating to our Business and our Industry — 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” in this document for further information.

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Net Current Assets

The following table sets forth our current assets and current liabilities of the consolidated statements of financial position as at the respective dates:

	As at 31 December			As at 30 April 2022	As at 31 August 2022
	2019	2020	2021	RMB'000	RMB'000
	RMB'000	RMB'000	RMB'000		<i>(Unaudited)</i>
Current Assets					
Trade receivables	139,552	156,097	147,470	206,917	201,835
Prepayments, deposits and other receivables	8,583	20,822	50,021	39,459	108,749
Contract costs	-	-	84	59	72
Amounts due from related parties	-	-	-	26,637	-
Short-term bank deposits	25,000	130,000	-	-	-
Cash and cash equivalents	116,932	45,243	50,187	86,637	36,779
Total current assets	290,067	352,162	247,762	359,709	347,435
Current Liabilities					
Trade payables	(22,286)	(19,015)	(20,470)	(60,145)	(47,607)
Other payables and accruals	(8,789)	(5,623)	(11,157)	(7,708)	(15,544)
Contract liabilities	(1,163)	(3,276)	(15,493)	(9,645)	(17,316)
Borrowings	-	(44,841)	-	(78,499)	(51,919)
Lease liabilities	(3,755)	(2,553)	(2,907)	(2,990)	(3,097)
Amounts due to a director	-	-	(2)	-	-
Amounts due to related parties	-	-	(130,293)	-	-
Amounts due to investees	(300)	(2,800)	-	-	-
Convertible bonds-liability component	-	-	-	(44,116)	(48,591)
Convertible bonds-conversion option derivative	-	-	-	(3,082)	(876)
Income tax payable	(20,502)	(11,850)	(11,890)	(17,920)	(9,737)
Total current liabilities	(56,795)	(89,958)	(192,212)	(224,105)	(194,687)
Net current assets	233,272	262,204	55,550	135,604	152,748

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As at 31 December 2019, 2020, 2021, 30 April 2022 and 31 August 2022, we had net current assets of RMB233.3 million, RMB262.2 million, RMB55.6 million, RMB135.6 million and RMB152.7 million, respectively. We recorded an increase in net current assets by RMB80.0 million from RMB55.6 million as at 31 December 2021 to RMB135.6 million as at 30 April 2022, which was mainly attributable to an increase in current assets by RMB111.9 million and partially offset by an increase in current liabilities of RMB31.9 million. The increase in current assets was mainly due to (i) an increase in trade receivable of RMB59.4 million primarily as a result of 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; (ii) increase in amounts due from related parties of RMB26.6 million which represents the amount due from Xiamen Many Idea 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 on 1 December 2021, and such amounts due from related parties have been fully settled as at the Latest Practicable Date; and (iii) increase in cash and cash equivalents of approximately RMB36.5 million. On the other hand, the increase in current liabilities mainly represents (i) increase in borrowings of RMB78.5 million primarily as a result of the loans from the Third Party Loan Agreements, loan from one of our Shareholders, Asia One, and bank borrowings; (ii) increase of convertible bonds of RMB47.2 million which represents the liability portion and conversion option derivative of the issuance of [REDACTED] Loans in January 2022; and (iii) increase in trade payables of RMB39.7 million as a result of increase in our revenue, which is partially offset by a decrease in amounts due to related parties of RMB130.3 million as a result of settlement of the remaining consideration in relation to the Business Transfer. Our net current assets increased from RMB135.6 million as at 30 April 2022 to RMB152.7 million as at 31 August 2022, which was primarily due to (i) an increase in prepayments, deposits and other receivables of RMB69.3 million mainly attributable to increase in deposits for upcoming marketing events in the fourth quarter of 2022 as our Group typically records higher sales in the fourth quarter due to seasonality, and the increase in prepayments to professional parties in connection with the [REDACTED]; (ii) decrease in bank borrowings of RMB26.6 million as a result of our repayment of short-term bank borrowings, and partially offset by (i) decrease in cash and cash equivalents of RMB49.9 million; and (ii) decrease in amounts due from related parties of RMB26.6 million due to our full settlement with Xiamen Many Idea.

Trade Receivables

Our trade receivables primarily represent outstanding amount due from our customers for the services we provided in the ordinary course of business. We had trade receivables less provision for impairment loss recognised of RMB139.6 million, RMB156.1 million, RMB147.5 million and RMB206.9 million as at 31 December 2019, 2020 and 2021 and 30 April 2022, respectively.

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Our trading term with our customers are mainly on credit and the credit terms are generally 180 days. We endeavoured to maintain strict control over our outstanding receivables to help monitor our credit risk. We have in place a number of credit control measures, including (i) maintain regular communications with our customers' relevant personnel; (ii) our finance department will monitor the collection of payments from customers and report the progress of the trade receivables on a regular basis to ensure payments from our customers without delay; (iii) check with our customers every week on the payment process and status; (iv) adopt progressive approach in demanding payments from customers; (v) negotiate with our customers in an amicable manner to accelerate payments or consider shortening their credit terms; and (vi) conduct review on the recoverable amount of each individual trade receivable balance at the end of each reporting period to ensure adequate provision of impairment losses for irrevocable amounts. The following table sets forth the ageing analysis of our trade receivables, based on the date of rendering services, as at the dates indicated:

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
One month to six months	124,078	115,074	109,019	160,606
More than six months but less than 12 months	16,750	37,592	38,991	49,491
More than one year but less than two years	4,671	16,990	15,582	21,716
More than two years	2,604	6,472	5,265	5,265
Total	148,103	176,128	168,857	237,078

The following table sets forth our trade receivables average turnover days for the periods indicated:

	For the year ended 31 December			For the four months ended 30 April
	2019	2020	2021	2022
Average trade receivables turnover days ⁽¹⁾	123.7	191.9	178.2	169.4

Notes:

- (1) We calculate the trade receivables turnover days using the average of opening and ending balance of trade receivables for the year/period, divided by revenue for the relevant year/period, multiplied by 365 days for 2019, 2020 and 2021 and 120 days for 4M2022.

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For 2019, 2021 and 4M2022, the average turnover days of our trade receivables were within the general credit period granted to our customers. For 2020, we recorded longer average turnover days of our trade receivables than our general credit period granted to our customers primarily due to delay in payment by our customers as a result of the impact of COVID-19 on their business operations.

As at the Latest Practicable Date, RMB153.2 million or approximately 64.6% of our trade receivables as at 30 April 2022 had been subsequently settled. We do not believe there is any recoverability issue for our trade receivables having considered (i) we cautiously assess the recoverability of our trade receivables and make provision for impairment losses on a project-by-project basis, taking into consideration various factors, including but not limited to (a) credibility and payment record of our customers, and (b) the ageing analysis of trade receivables during the Track Record Period taking into account our credit terms with customers are generally 180 days; (ii) we had not received any indication from our customers that they do not intend to settle our trade receivables as at the Latest Practicable Date; and (iii) we have made full provisions for trade receivables which are over 12 months past due and with reference to a valuation report in respect of the assessment of expected credit losses on our account receivables which takes into account various factors including loss rate, exposure at default and forward-looking adjustments.

Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables primarily consist of (i) prepayments, (ii) deposits, (iii) value added tax recoverable, (iv) interest receivables, (v) other receivables and (vi) deferred [REDACTED] expenses. Our prepayments, deposits and other receivables balances as at 31 December 2019, 2020 and 2021 and 30 April 2022 were RMB9.3 million, RMB21.1 million, RMB50.3 million and RMB39.7 million, respectively. As at the Latest Practicable Date, RMB30.2 million or approximately 76.0% of our prepayments, deposits and other receivables as at 30 April 2022 had been

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subsequently settled. The following table sets forth our prepayments, deposits and other receivables based as at the dates indicated:

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current				
Prepayments	6,885	15,261	43,969	32,917
Deposits	789	766	486	488
Value added tax recoverable	539	2,943	3,012	1,738
Interest receivables	267	1,762	533	1,094
Other receivables	103	90	174	201
Deferred [REDACTED] expenses	-	-	1,847	3,021
	8,583	20,822	50,021	39,459
Non-current				
Deposits	699	265	250	250
	699	265	250	250
Total	9,282	21,087	50,271	39,709

Prepayments

As at 31 December 2019, 2020 and 2021 and 30 April 2022, our prepayments were RMB6.9 million, RMB15.3 million, RMB44.0 million and RMB32.9 million, respectively. Our prepayments primarily represent our prepayments made to our suppliers for our marketing projects and for our SaaS interactive marketing services platform. Our prepayment increased from RMB6.9 million as at 31 December 2019 to RMB15.3 million as at 31 December 2020 primarily due to prepayments to suppliers in acquiring media advertising resources or procuring production materials for two content marketing projects which were delayed by end of 2020 due to the impact of COVID-19 and were subsequently completed in the first half of 2021. Our increase in prepayments further increased to RMB44.0 million as at 31 December 2021 primarily due to (i) increase in prepayments in relation to the acquisition of media advertising resources associated with the growth of our media advertising segment across the period; and (ii) prepayments made in relation to acquisition of marketing rights from IP contents providers and related media advertising resources, procurement of production materials, venue rental and set ups for five delayed projects. In particular, four projects were postponed by end of 2021 due to COVID-19 restrictions and one project was delayed due to flood in the relevant area which led to delay in recognition of expenses to suppliers. Of the five delayed projects, four of them were completed in January 2022 and the remaining one is expected to be completed in the second half of 2022. Our prepayment decreased from RMB44.0 million as at 31 December 2021 to RMB32.9 million as at 30 April 2022 mainly due to completion of a

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number of our projects during 4M2022 which were carried over from 2021. As at the Latest Practicable Date, RMB28.5 million or approximately 86.4% of our prepayment as at 30 April 2022 had been subsequently utilised. Majority of our remaining prepayments as at 30 April 2022 which had not been subsequently utilised as at the Latest Practicable Date primarily relates to our prepayments to our suppliers for one of our content marketing projects which started in May 2022 and had not been completed as at the Latest Practicable Date as there are multiple events to each project.

Generally, where a project is cancelled the prepayments we made to suppliers will be either refunded by the suppliers, or will be utilised for other projects where the same suppliers have been engaged. We performed credibility check on each existing and potential suppliers whom we made prepayments to, and there is no historical default of refund of prepayments nor failure of providing the agreed services to us after prepayments were made. We therefore consider the credit risk for impairment losses on prepayments were minimal.

Deposits

As at 31 December 2019, 2020 and 2021 and 30 April 2022, our total deposits (including current and non-current deposits) were RMB1.5 million, RMB1.0 million, RMB736,000 and RMB738,000, respectively. Our total deposits primarily represent deposits paid to NetEase (網易) and deposits for our leases.

Value Added Tax Recoverable

As at 31 December 2019, 2020 and 2021 and 30 April 2022, our value added tax recoverable was RMB539,000, RMB2.9 million, RMB3.0 million and RMB1.7 million, respectively. Our value added tax recoverable primarily represents the value added input tax in excess of the value added output tax which can be used to offset the value added input tax in the future.

Interest Receivables

As at 31 December 2019, 2020 and 2021 and 30 April 2022, our interest receivables were RMB267,000, RMB1.8 million, RMB533,000 and RMB1.1 million, respectively. Our interest receivables represent our accrued interest income from our bank deposits.

Other Receivables

As at 31 December 2019, 2020 and 2021 and 30 April 2022, our other receivables were RMB103,000, RMB90,000, RMB174,000 and RMB201,000, respectively. Our other receivables primarily represent petty cash that we provided to our employees for their daily work related expenses.

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Deferred [REDACTED] Expenses

We had nil, nil, RMB1.8 million and RMB3.0 million of deferred [REDACTED] expenses as at 31 December 2019, 2020 and 2021 and 30 April 2022, respectively. Our deferred [REDACTED] expenses refer to expenses in relation to the [REDACTED].

Amount due from Related Parties

Our amount due from related parties as at 31 December 2019, 2020 and 2021 and 30 April 2022 were nil, nil, nil and RMB26.6 million, respectively. Our amount due from related parties as at 30 April 2022 represented the amount due from Xiamen Many Idea 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 on 1 December 2021. We further reminded those customers that future payments shall be made to us instead of Xiamen Many Idea. Our amount due from related parties were non-trade in nature. As at the Latest Practicable Date, such amount due from Xiamen Many Idea had been fully settled and no additional payments relating to our provision of integrated marketing solutions services before the completion of Business Transfer were effected to Xiamen Many Idea.

Short-term Bank Deposits

The balance of our short-term bank deposits was RMB25.0 million, RMB130.0 million, nil and nil as at 31 December 2019, 2020 and 2021 and 30 April 2022. The effective interest rates of short term bank deposits is 2.25%, ranged from 1.75% to 2.33%, nil and nil per annum respectively as at 31 December 2019, 2020 and 2021 and 30 April 2022. These deposits have maturity period of the range from three months to one year.

Cash or Cash Equivalents

Our cash and cash equivalents as at 31 December 2019, 2020 and 2021 and 30 April 2022 were RMB116.9 million, RMB45.2 million, RMB50.2 million and RMB86.6 million, respectively. Our cash and cash equivalents comprise of cash on hand and bank deposits.

Trade Payables

Our trade payables as at 31 December 2019, 2020 and 2021 and 30 April 2022 were RMB22.3 million, RMB19.0 million, RMB20.5 million and RMB60.1 million, respectively. Our trade payables are primarily service fees payable to our suppliers and contractors.

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Our payment term with our suppliers are generally 30 to 90 days. The following table sets forth the total amounts and ageing analysis of our trade payables as at the dates indicated, based on the invoice dates:

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within six months	20,811	15,209	19,582	46,438
More than six months but less than 12 months	765	143	14	12,833
More than one year but less than two years	4	2,930	198	198
More than two years	706	733	676	676
Total	<u>22,286</u>	<u>19,015</u>	<u>20,470</u>	<u>60,145</u>

Based on invoice date as at 31 December 2019, 2020 and 2021 and 30 April 2022, most of our trade payables aged within six months. As at the Latest Practicable Date, approximately RMB46.6 million or approximately 77.4% of our trade payables as at 30 April 2022 had been fully settled.

The following table sets forth the number of turnover days for our trade payables for the periods indicated:

	For the year ended 31 December			For the four months ended
	2019	2020	2021	30 April 2022
Trade payables turnover days ⁽¹⁾	34.3	33.1	30.8	50.8

Notes:

- (1) We calculate the average trade payables turnover days using the average of opening and ending balance of trade payables for the year/period, divided by purchase cost for the relevant year/period, multiplied by 365 days for 2019, 2020 and 2021 and by 120 days for 4M2022.

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For each year/period during the Track Record Period, our average trade payables turnover days were approximately 34.3 days, 33.1 days, 30.8 days and 50.8 days, respectively. Our average trade payables turnover days increased from approximately 30.8 days for 2021 to 50.8 days for 4M2022 primarily due to our increase in revenue. Our average trade payables turnover days during the Track Record Period were all within the credit period generally granted to us.

Other Payables and Accruals

The following table sets forth a breakdown of our other payables and accruals as at the date indicated:

	As at 31 December			As at
	2019	2020	2021	30 April
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Accrued salaries	3,025	3,401	2,957	2,139
Accrued expenses	790	1,012	145	21
Accrued [REDACTED] expenses	–	–	5,612	3,181
Other tax payables	4,974	1,210	2,443	2,367
Total	8,789	5,623	11,157	7,708

Our other payables and accruals as at 31 December 2019, 2020 and 2021 and 30 April 2022 were RMB8.8 million, RMB5.6 million, RMB11.2 million and RMB7.7 million, respectively. Accrued salaries mainly represents the last month salary of each preceding year/period and/or the bonuses of our employees for the preceding year/period. Accrued expenses mainly include renovation fees for our leased properties and computer software purchase costs. Accrued [REDACTED] expenses represents expenses payable to professional parties in relation to the [REDACTED]. Majority of other tax payables consist of VAT payables. Our other tax payable as at 31 December 2020 was relatively low primarily due to the decline in net profit in 2020 as compared to that in 2019 and 2021.

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Contract Liabilities

We had contract liabilities of RMB1.2 million, RMB3.3 million, RMB15.5 million and RMB9.6 million as at 31 December 2019, 2020 and 2021 and 30 April 2022, respectively. Our contract liabilities primarily represent advance payments we received for our customers. The table below sets forth the movement of our contract liabilities as at the dates indicated:

	As at 31 December			As at 30 April
	2019	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year/period	1,901	1,163	3,276	15,493
Revenue recognised that was included in contract liabilities at the beginning of each of the year/period	(1,901)	(1,163)	(3,276)	(15,410)
Increase due to cash received, including amounts recognised as revenue during the year/period	42,351	33,075	42,815	10,239
Revenue recognised that was not included in contract liabilities at the beginning of the year/period	<u>(41,188)</u>	<u>(29,799)</u>	<u>(27,322)</u>	<u>(677)</u>
At the end of the year/period	<u>1,163</u>	<u>3,276</u>	<u>15,493</u>	<u>9,645</u>

Our contract liabilities increased from RMB1.2 million as at 31 December 2019 to RMB3.3 million as at 31 December 2020 primarily due to deposits received from a customer in relation to a project of which agreement was entered into during 2020 and the project was subsequently executed and completed during 2021.

Our contract liabilities increased from RMB3.3 million as at 31 December 2020 to RMB15.5 million as at 31 December 2021 primarily due to (i) the deposits received from our customers in relation to one digital marketing project and two media advertising projects, which were subsequently executed during 4M2022; (ii) the deposits received from our customers in relation to our content marketing services as a result of temporary delay of certain our event content marketing projects which were originally scheduled to be executed by the end of 2021; and (iii) deposits received from customers in connection with the newly launched SaaS interactive marketing services as the customers are required to pay subscription fee on an annual basis.

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Our contract liabilities decreased from RMB15.5 million as at 31 December 2021 to RMB9.6 million as at 30 April 2022 primarily due to the recognition of revenue upon completion of the projects during the period, offset by deposits received from our customers, of which (i) the deposit received in connection with one digital marketing project which was subsequently completed in May 2022; and (ii) the deposits received from two customers in relation to media advertising services. As at the Latest Practicable Date, RMB7.9 million or approximately 82.0% of our contract liabilities as at 30 April 2022 had been subsequently recognised as revenue.

Amounts Due to Related Parties

Our amounts due to related parties were nil, nil, RMB130.3 million and nil as at 31 December 2019, 2020 and 2021 and 30 April 2022, respectively. Amounts due to related parties mainly represent the payment due to Xiamen Many Idea and Beijing Many Idea as a result of the Business Transfer. Our amounts due to related parties were non-trade in nature. Such payment in relation to the Business Transfer was fully settled as at 31 January 2022.

Amounts Due to Investees

Our amounts due to investees (including current and non-current portion) were RMB5.3 million, RMB5.0 million, nil and nil as at 31 December 2019, 2020 and 2021 and 30 April 2022, respectively. Amounts due to investees represent the total subscription amounts for equity investments in Xiamen Vision and in Xiamen Advertising committed by Xiamen Many Idea which were not yet settled as at respective dates. We had no amount due to investee as at 31 December 2021 and 30 April 2022 as Xiamen Many Idea was no longer part of our Group subsequent to the Business Transfer.

Convertible Bonds

The convertible bonds represent the liability portion and conversion option derivative of the issuance of [REDACTED] Loans in January 2022 which amounted to RMB47.2 million as at 30 April 2022.

In January 2022, our Company as borrower entered into a convertible loan agreement (together, the “**Loan Agreements**”) with each of (i) ZGC; (ii) Many Idea Xue Jun; (iii) Huirong; and (iv) GEI (the [REDACTED] Loan Lenders), respectively, pursuant to which each of the [REDACTED] Loan Lenders agreed to grant a loan to our Company in the principal amount of US\$5 million (in respect of ZGC); (ii) US\$1 million (in respect of Many Idea Xue Jun); (iii) US\$600,000 (in respect of Huirong) and (iv) HK\$3 million (in respect of GEI), respectively. The [REDACTED] Loans were drawn down in January 2022. Please refer to the section headed “History — [REDACTED] Investment by way of [REDACTED] Loans” and Note 35 to the Accountants’ Report in Appendix I to this document for further information.

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In the event that the [REDACTED] Loans are converted into Shares on the [REDACTED] pursuant to the terms of the Loan Agreements, each of ZGC, Many Idea Xue Jun, Huirong and GEI will become interested in 1.9507%, 0.3901%, 2.2191% (including Shares held by Huirong as at the Latest Practicable Date) and 0.1493% of the total issued Share capital of our Company immediately after the [REDACTED] (without taking into account Shares which may be allotted and issued pursuant to the exercise of the [REDACTED] and the options which may be granted under the Share Option Schemes). Please refer to the section headed "Risk Factors — Risks Relating to the [REDACTED] and our Shares — The shareholding percentages of the existing Shareholders will be diluted following the conversion of convertible loan into our Shares" in this document for details.

Income Tax Payable

Our income tax payable mainly represents enterprise income tax and amounted to RMB20.5 million, RMB11.9 million, RMB11.9 million and RMB17.9 million as at 31 December 2019, 2020 and 2021 and 30 April 2022, respectively, which is generally in line with our profit before income tax expense during the Track Record Period. Our income tax payable remained stable as at 31 December 2020 and 2021. We had a higher income tax payable as at 30 April 2022 compared to 31 December 2021 despite we had a lower profit before income tax expense for 4M2022 compared to 2021 primarily due to the fact that some of our income tax payable for 2021 were carried over and not yet paid as at 30 April 2022, as they were not yet due as at 30 April 2022.

WORKING CAPITAL SUFFICIENCY

Taking into account cash from operating activities, cash available to our Group and the net [REDACTED] from the [REDACTED] (after a possible [REDACTED] setting the final [REDACTED] up to 10% below the low-end of the indicative [REDACTED] range), our Directors are of the opinion that we will have sufficient funds to meet our working capital requirements and financial requirements for capital expenditure and future cash requirements for at least the next 12 months from the date of this document.

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INDEBTEDNESS AND CONTINGENT LIABILITIES

Please see the table below for details of the nature of our indebtedness and contingent liabilities which includes (i) borrowings; and (ii) lease liabilities.

	As at 31 December			As at 30 April 2022	As at 31 August 2022
	2019	2020	2021		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					<i>(unaudited)</i>
Borrowings					
• Convertible bonds (liability component) in relation to the [REDACTED] Loans	–	–	–	44,116	48,591
• Other borrowings	–	44,841	–	78,499	51,919
Lease liabilities	9,773	6,018	6,925	6,679	4,371
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	9,773	50,859	6,925	129,294	104,881

Borrowings

As at 31 December 2019, 2020 and 2021 and 30 April 2022, we had total outstanding borrowings (excluding convertible bonds (liability component) in relation to the [REDACTED] Loans) of nil, RMB44.8 million, nil and RMB78.5 million, respectively. Our loans interest rate ranged from 4.68% to 5.22% per annum, 3.85% to 6.05% per annum, nil and 4.50% to 17.06% per annum respectively in 2019, 2020, 2021 and 4M2022. As at 31 December 2019, 2020 and 2021 and 30 April 2022, the convertible bonds (liability component) of the [REDACTED] Loans was nil, nil, nil and RMB44.1 million, respectively. For details of the [REDACTED] Loans, please refer to the paragraph headed “— Key Components of Our Consolidated Statements or Profit or Loss — Finance Costs” in this section of this document.

As at 31 August 2022, our borrowings comprised of (i) the loan from Asia One, our Shareholder, with an outstanding amount of USD3.0 million; (ii) the [REDACTED] Loans with an outstanding amount of USD6.6 million and HKD3.0 million; and (iii) bank borrowings. For details of the loans in relation to the loan from Asia One and the [REDACTED] Loans, please refer to the paragraph headed “— Key Components of Our Consolidated Statements or Profit or Loss — Finance Costs” in this section of this document. We had an aggregate committed banking facilities of RMB37 million, of which RMB32 million was utilised and the remaining RMB5 million was unutilised as at 31 August 2022. Such bank borrowings comprised of four bank facilities from three PRC commercial banks in the principal amount of RMB10 million, RMB10 million, RMB10 million and RMB7 million, respectively.

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Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we had not breached any financial covenant or defaulted in repayment of trade and other payables and bank borrowings or other loan facilities that were due and repayable. Except for the loans and bank borrowings under the banking facilities discussed above, we currently do not have any plans for other material external debt financing.

Our borrowings amount fluctuated during the Track Record Period in accordance with our internal financial resources and the financing needs in that year/period.

Lease Liabilities

Our lease liabilities primarily represent the amount payable under the leases in relation to the leasing of offices for our business operations. We had lease liabilities (including current and non-current lease liabilities) amounted to RMB9.8 million, RMB6.0 million, RMB6.9 million, RMB6.7 million and RMB4.4 million as at 31 December 2019, 2020 and 2021, 30 April 2022 and 31 August 2022. Our leases of properties generally have leased terms between three to eight years. The decline in lease liabilities as at 31 December 2020 as compared to that as at 31 December 2019 was primarily due to the expiry of a lease agreement.

The following table sets forth a breakdown of our lease liabilities by current and non-current portions as at the dates indicated:

	As at 31 December			As at 30 April	As at 31 August
	2019	2020	2021	2022	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>
Current	3,755	2,553	2,907	2,990	3,097
Non-current	6,018	3,465	4,018	3,689	1,274
Lease liabilities	9,773	6,018	6,925	6,679	4,371

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The following table sets forth the effective interest rate of the lease liabilities for the period indicated:

	For the year ended 31 December			For the four months ended 30 April 2022	For the eight months ended 31 August 2022
	2019	2020	2021	2022	2022
	%	%	%	%	%
Effective interest rate	<u>4.92-5.36</u>	<u>4.92-5.36</u>	<u>4.92-5.36</u>	<u>4.10-5.36</u>	<u>4.10-5.36</u>

Contingent Liabilities and Guarantees

As at 31 August 2022, we did not have any unrecorded significant contingent liabilities, guarantees or any litigation against us.

Save as those disclosed above in the paragraph headed “— Indebtedness and Contingent Liabilities” in this section of this document, as at 31 August 2022, we did not have any outstanding mortgage, charges, debentures or other loan capital (issued or agreed to issue), bank overdrafts, loans, liabilities under acceptance or acceptance credits, or other similar indebtedness and hire purchase commitment.

OFF-BALANCE SHEET ARRANGEMENTS

As at the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

CAPITAL EXPENDITURES AND COMMITMENTS

Our capital expenditures during the Track Record Period primarily consisted of (i) property, plant and equipment, which primarily consisted of computer equipment, office equipment and leasehold improvement in relation to renovation expenses for our properties; (ii) right-of-use assets, which primarily consisted of the our property leases; and (iii) intangible assets, which primarily consisted of, among others, copyright licences of IPs and acquisition of software for our SaaS interactive marketing business.

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The following table sets forth our capital expenditures for the periods indicated:

	For the year ended 31 December			For the four months ended
	2019	2020	2021	30 April 2022
	RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment	77	77	311	74
Right-of-use assets	1,572	-	571	13
Intangible assets	-	32	93,783	8,491
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total capital expenditure	<u>1,649</u>	<u>109</u>	<u>94,665</u>	<u>8,578</u>

RELATED PARTY DISCLOSURES

During the Track Record Period, we had bank borrowings secured by personal guarantee of our Directors, Mr. Liu and Ms. Qu. As at the Latest Practicable Date, there were no such guarantees provided by Mr. Liu and Ms. Qu in favour of our Group. We had no transactions with related parties during the Track Record Period. Please refer to Notes 33 and 41 to the Accountants' Report in Appendix I to this document for additional information.

KEY FINANCIAL RATIOS

The following table sets forth certain key financial ratios as at the dates or for the periods indicated:

	As at or for the year ended			As at or for the four months ended
	31 December			30 April
	2019	2020	2021	2022
Return on equity ⁽¹⁾	32.9%	11.5%	36.9%	N/A
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.

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- (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, 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%.

Return on Equity

Our return on equity decreased from 32.9% in 2019 to 11.5% in 2020 primarily due to our profit for the year decreased which was mainly attributable to temporary postponement or cancellation of some of our content marketing projects, while our total equity increased as a result of increase in short-term bank deposits and trade receivables. Our return on equity increased from 11.5% in 2020 to 36.9% in 2021 primarily due to (i) increase in our profit for the year which is generally in line with our increase in revenue and (ii) increase in amounts due to related parties which represents the payment due to Xiamen Many Idea and Beijing Many Idea in connection with the Business Transfer, and in turn lowered the equity balance as at 31 December 2021.

Return on Total Assets

Our return on total assets decreased from 21.4% in 2019 to 7.1% in 2020, mainly due to our profit for the year decreased while our total assets increased. Our return on total assets increased from 7.1% in 2020 to 16.1% in 2021, mainly due to increase in our profit for the year which is generally in line with our increase in revenue.

Current Ratio

As at 31 December 2019, 2020 and 2021 and 30 April 2022, our current ratio was 5.1, 3.9, 1.3 and 1.6, respectively. Please refer to the paragraph headed "— Selected Balance Sheet Items — Net Current Assets" in this section of this document for further details of changes in our current assets and current liabilities over the Track Record Period.

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Gearing Ratio

Our gearing ratio increased from 6.9% as at 31 December 2019 to 19.6% as at 31 December 2020, mainly due to increase in bank borrowings in 2020. Our gearing ratio increased to 47.5% as at 31 December 2021 mainly due to the increase in amounts due to Xiamen Many Idea and Beijing Many Idea in relation to the Business Transfer. Our gearing ratio decreased from 47.5% as at 31 December 2021 to 35.7% as at 30 April 2022 mainly due to (i) the [REDACTED] investment from Asia One in its subscription of our Shares; and (ii) increase in our retained earnings as at 30 April 2022.

Interest Coverage Ratio

Our interest coverage ratio decreased from 174.6 times in 2019 to 34.9 times in 2020 primarily due to increase in finance cost due to increase in bank borrowings. Our interest coverage ratio decreased from 34.9 times in 2020 to 22.0 times in 2021 primarily due to increase in new bank borrowings in the second half of 2020 resulting in the lower interest expenses recorded in 2020 as compared to in 2021, and was partially offset by the increase in profit before finance costs and income tax expense which was generally in line with our increase in revenue in 2021. Our interest coverage ratio increased from 5.0 times for 4M2021 to 5.5 times for 4M2022 mainly due to increase in profit before finance costs and income tax expense which was generally in line with our increase in revenue for 4M2022.

Gross Profit Margin

Our gross profit margin decreased from 33.1% in 2019 to 24.2% in 2020 and increased to 32.4% in 2021. Our gross profit margin increased from 28.8% for 4M2021 to 32.1% for 4M2022. Please refer to the paragraph headed “— Review of Historical Results of Operations” in this section of this document for detailed analysis of our gross profit margin.

Net Profit Margin

Our net profit margin decreased from 20.5% in 2019 to 10.3% in 2020 primarily due to (i) a decrease in gross profit and gross profit margin as a result of the lower gross profit margin for our content marketing services and digital marketing services; (ii) an increase in provision for impairment loss on trade receivables as a result of the impact of COVID-19 on our customers’ business and operations which prolonged the time for their payments to us; and was partially offset by a decrease in income tax expense. Our net profit margin increased from 10.3% in 2020 to 18.3% in 2021 primarily attributable to the increase in overall gross profit margin in all business segments as a result of gradual recovery in spending by our customers in marketing and promotion of their brands and products, and was partially offset by [REDACTED] expense of approximately RMB8.7 million which represents the legal and professional fee in connection with the [REDACTED]. Our net profit margin increased from 6.8% for 4M2021 to 10.6% for 4M2022 primarily attributable to (i) substantial increase in revenue from content marketing which had a higher gross profit margin than our average gross profit margin; (ii) the launch of the SaaS interactive marketing services in June 2021 which had a relatively high gross profit margin; (iii) increase in gross profit margin from digital marketing as a result of our

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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 (iv) increase in gross profit margin from public relations event planning 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, and was partially offset by [REDACTED] expenses of approximately RMB5.4 million which represents the legal and professional fee in connection with the [REDACTED].

QUALITATIVE AND QUANTITATIVE DISCLOSURE OF MARKET RISKS

We are exposed to various types of financial and market risks, including credit risk, liquidity risk, interest rate risk and foreign currency risk. Our Directors review and agree on financial management policies and practices for managing each of these risks.

Credit Risk

Our credit risk is primarily attributable to trade receivables. Our exposure to credit risk arising from deposits with banks is limited because the counterparties are reputable banks and financial institutions with high credit rating, for which we consider to have low risk.

For trade receivables, we consider our credit risk to be low as our customers are mainly reputable corporations. To manage our credit risk, we perform ongoing credit evaluation on the financial condition of our debtors and monitor the ageing of the receivable balances. Follow up action is taken in case of overdue balances. Our management reviews the recoverable amount of the receivables on an individual basis and a collective basis at each report date to ensure that adequate impairment losses are made for irrecoverable amounts. Our credit policies have been followed during the Track Record Period and we consider such to be effective in limiting our exposure to credit risk to a desirable level.

We have recognised expected credit losses on trade receivables during the Track Record Period. The provision for impairment on trade receivables as at 31 December 2019, 2020 and 2021 and 30 April 2022 were RMB8.6 million, RMB20.0 million, RMB21.4 million and RMB30.2 million, respectively.

Please refer to Notes 22 and 42 to the Accountants' Report in Appendix I to this document for additional information, including certain quantitative disclosure of our credit risk.

Liquidity Risk

Our policy is to regularly monitor our liquidity requirements and our compliance with lending covenants in order to maintain sufficient reserves of cash and adequate committed lines of funding from major banks to meet our liquidity requirements in the short and long term. We have followed our liquidity policies during the Track Record Period and we consider such policies to have been effective in managing liquidity risk.

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Please refer to Note 42 to the Accountants' Report in Appendix I to this document for additional information, including certain quantitative disclosure of our liquidity risk.

Interest Rate Risk

Floating interest rate instruments will result in our Group facing the risk of changes in market interest rate, and fixed interest rate instruments will result in our Group fair value interest rate risk. Our fair value interest rate risk arises primarily from borrowings and the [REDACTED] Loans. Borrowings and the [REDACTED] Loans at fixed rates expose our Group to fair value interest rate risk. We had no cash flow interest rate risk as there are no borrowings which bear floating interest rates. Other than cash at bank, we do not have significant interest-bearing assets. Our Directors consider that any change in the interest rate promulgated by banks from time to time is not expected to have significant impact to our Group. Please refer to Note 42 to the Accountants' Report in Appendix I to this document for additional information.

Foreign Currency Risk

We are exposed to foreign currency risk arising from various currency exposures, primarily with respect to the United States dollars and Hong Kong dollars as we have bank balances denominated in HKD and [REDACTED] Loans denominated in USD. We have not entered into any derivative instruments to hedge our foreign exchange exposures. Please refer to Note 42 to the Accountants' Report in Appendix I to this document for additional information.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

Please refer to the section headed "Appendix II — Unaudited Pro Forma Financial Information" in this document for details.

DIVIDENDS AND DIVIDEND POLICY

No dividend has been declared or paid by our Company since its incorporation and we do not have dividend policy.

Any amount of dividends we pay will be at the discretion of our Directors and will depend on our future operations and earnings, our development pipeline, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws. Please refer to Summary of the Constitution of our Company and Cayman Companies Act set out in Appendix III to this document. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

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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.

DISTRIBUTABLE RESERVES

As at 30 April 2022, we had a distributable reserves of RMB238.0 million.

[REDACTED] EXPENSES

Our [REDACTED] expenses primarily consist of [REDACTED] commissions and professional fees paid to the professional advisers for their services rendered in relation to the [REDACTED] and the [REDACTED]. 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], 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 statements 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].

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RECENT DEVELOPMENTS

Our Directors confirm that, up to the date of this document, there has been no material adverse change in the financial or trading position of our Group since 30 April 2022, being the end of the period reported in the Accountants' Report in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, there has been no material adverse change in our financial, operational or trading positions or prospects since 30 April 2022, being the date of our consolidated financial statements as set forth in the Accountants' Report in Appendix I to this document.