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Post Hearing Information Pack of

新傳企劃有限公司
New Media Lab Limited

(Incorporated in the Cayman Islands with limited liability)

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NEW MEDIA LAB

新傳企劃有限公司

New Media Lab Limited

(incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED]	**:**	**[REDACTED] Shares**
Number of [REDACTED]	**:**	**[REDACTED] (including [REDACTED] [REDACTED])(subject to re-allocation)**
Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to re-allocation)**
[REDACTED]	**:**	**Not more than [REDACTED] per [REDACTED] and expected to be not less than [REDACTED] per [REDACTED], plus 1% brokerage, 0.0027% SFC transaction levy, 0.00015% AFRC transaction levy and 0.00565% Stock Exchange trading fee (payable in full on application and subject to refund)**
Nominal Value	**:**	**HK$0.01 per Share**
[REDACTED]	**:**	**[REDACTED]**

Joint Sponsors

英皇企業融資
Emperor Corporate Finance

Lego Corporate Finance Limited
力高企業融資有限公司

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[REDACTED] **[REDACTED]**

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[REDACTED] **[REDACTED]** **[REDACTED]**

[REDACTED] and [REDACTED]

[REDACTED] **[REDACTED]** **[REDACTED]**

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An announcement will be published on the website of the Stock Exchange at **www.hkexnews.hk** and the website of our Company at **www.newmedialab.com.hk** if there is any change to the expected timetable.

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

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SUMMARY

This summary aims to give you an overview of the information contained in this document and should be read in conjunction with the full text of this document. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this document. You should read the whole document including the Appendices hereto, which constitute an integral part of this document, before you decide to invest in the **[REDACTED]**. *There are risks associated with any investment. Some of the particular risks in investing in the* **[REDACTED]** *are set out in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to invest in the* **[REDACTED]**.

BUSINESS OVERVIEW

We are a digital media company that operates in Hong Kong, providing integrated advertising solutions to advertisers ranging from multi-national brand owners, advertising agencies to SMEs primarily through our Digital Media Platforms. We produce and distribute contents on diverse areas of interest under our different well-known and popular media brands. Coupled with our strong digital media presence, including our own websites and mobile apps as well as on third party social media platforms such as Facebook, Instagram, Youtube and LinkedIn, we are able to reach and attract different types of audience, which in turn generates value for our advertisers. To complement our Digital Media Platforms we still maintained, though with diminishing importance as compared to our digital business, the publication of some magazines and travel guidebooks in which advertisers can also place advertisements. With our reach to audience of different categories on multiple media platforms we are able to offer integrated advertising solutions to and cater for the different advertising needs of our clients and monetise the traffic generated by our contents on our Digital Media Platforms and audience's interest in our print publications into our revenue. According to the Euromonitor Report, our Group ranked second amongst online advertising companies in Hong Kong for three consecutive years of 2020, 2021 and 2022 in terms of revenue with a market share of approximately 1.9%, 1.8% and 1.8% respectively.

Our media brands

During the Track Record Period and as at the Latest Practicable Date, our Group operates nine (9) media brands, namely "新假期" (Weekend Weekly), "東方新地" (Oriental Sunday), "經濟一週" (Economic Digest) and "新 Monday" (New Monday/NM+) which started off as print magazines in the early 2000s and have a strong heritage, as well as More, GOtrip, Sunday Kiss, and the two more recent brands SSwagger and Madame Figaro introduced in 2018 and 2019 respectively. They offer contents ranging from lifestyle such as dining and local attractions, gourmet and gastronomy, fashion, beauty and travel, entertainment news, kids and parenting, electronic gadgets and gaming to designer and luxury labels, finance and investment related contents.

We have strong digital presence with millions of subscribers that follow our contents on our Digital Media Platforms. As at the end of the Track Record Period, the total number of followers of the Facebook fanpages and Instagram profiles operated by our Group has exceeded 7.4 million and 1.2 million respectively; for the year ended 31 December 2022, our 9 websites recorded unique visits of over 219.7 million with cumulative web impression reaching over 4.2 billion. In 2020, our Group has launched seven mobile applications for "Weekend Weekly", "Economic Digest", "More", "Oriental Sunday", "Sunday Kiss", "GOtrip" and "New Monday" respectively, and has achieved a total acquisition of approximately 1.4 million as at 31 December 2022.

Our advertising business

We offer integrated advertising products and services which can be distributed on both our Digital Media Platforms and in books and magazines we publish. We provide a wide spectrum of advertising products and services including display banners, advertorials and reviews, social newsfeeds, creative and production across our Digital Media Platforms and in our print circulations, whether alone or in different types of combinations or even as part of an advertising campaign to achieve maximum exposure and publicity. Other than conventional advertising products, we also utilise features of search engines to provide strategic services including segment marketing and SEO which helps our clients rank their information higher in search engines and improve their online visibility. We offer flexibility in our product offerings and services such that advertisers can pick and choose the specific or combination of products and services that best suit their marketing objectives and budgets, and we may be engaged directly by the advertisers and brand owners themselves or through advertising agencies. Our charges for tailor-made integrated advertising solutions are negotiated on project basis depending on the products purchased by and services to be provided to the client, taking into account factors including the prevailing standard rates (where applicable) on our rate card, the budget of the client, time duration and scale of the advertising campaign, our cost for providing the services, the client's relationship with our Group including the frequency and volume of the client's past engagement(s) and future business opportunities with the client. We price our products and services by taking into account various factors including market demands for our services and products, client's budget, the market rates and costs of providing the relevant services.

On the other hand, we also have programmatic advertising service agreements in place with various digital partners (i.e. the SSPs) under which we offer our available advertisement inventories (i.e. the number of advertisement or amount of advertisement space available for sale to advertisers) to these SSPs for pairing up with offers made by advertisers on the SSP's platforms. Our Group, as publisher, acts as the platform for displaying the advertisements allocated by the SSPs platforms and we do not produce any content for these advertisements. Since programmatic advertisement is basically an automatic bidding for our advertisement inventory on SSPs' platforms, our Group will usually specify a floor price (in terms of CPM) for advertisement inventories on our Digital Media Platforms. Driven by the bidding process, advertisement of the advertiser with the highest bidding CPM will be placed to respective advertisement inventories on our Digital Media Platforms through respective SSP's platform. Programmatic advertising revenue from sales of our advertisement inventories on our Digital Media Platforms is determined based on a pre-agreed portion of the aggregate CPM (i.e. the highest bids in terms of CPM) generated from respective SSP's platform from time to time. Such revenue sharing portion is based on the terms and conditions with each SSP. During the Track Record Period, the whole of our programmatic advertising revenue was derived from SSPs.

Our print media business

During the Track Record Period, we published four magazines, being (i) the 3-in-1 Oriental Sunday Magazine (combined with Weekend Weekly magazine and New Monday magazine) on a weekly basis (which ceased publication with the last issue in December 2020), (ii) Economic Digest Magazine as a weekly magazine, (iii) since third quarter of 2019, Madame Figaro Magazine as a quarterly magazine and (iv) in 2021, the Weekend Weekly x GOtrip Magazine as a quarterly magazine (though the 2022 issues were cancelled in view of reduced overseas travelling during this period).

The retail or cover price of each of our print publications is determined taking into account the cost of production, prevailing market price for publications of similar market positioning and demand for our publications. Our publications are primarily sold to the Distributors at pre-agreed discounts to the retail or cover price of the publications determined based on industry norms. For details of the distribution arrangements between our Group and the Distributors, please refer to the section headed "Business – Production Workflow – Distribution of magazines and books" of this document.

The following table sets forth the breakdown of our revenue during the Track Record Period:

	Year ended 31 December					
	2020		**2021**		**2022**	
	HK$'000	*% of revenue*	*HK$'000*	*% of revenue*	*HK$'000*	*% of revenue*
Advertising						
Digital advertising						
– Online advertising income	157,401	74.4	195,071	79.6	188,090	78.1
– Programmatic advertising income	22,851	10.8	36,787	15.0	41,079	17.1
	180,252	85.2	231,858	94.6	229,169	95.2
Print advertising	12,608	5.9	9,849	4.0	8,608	3.6
Subtotal	192,860	91.1	241,707	98.6	237,777	98.8
Circulation	18,729	8.9	3,492	1.4	2,901	1.2
Total	211,589	100.0	245,199	100.0	240,678	100.0

During the Track Record Period, our income is derived principally from the provision of integrated advertising solutions which are primarily distributed on our Digital Media Platforms and, with diminishing proportion, our print publications. For each of the three years ended 31 December 2022, our income derived from (i) the digital advertising business represented approximately 85.2%, 94.6% and 95.2% of our total revenue respectively; (ii) the circulation of our publications represented approximately 8.9%, 1.4% and 1.2% of our total revenue respectively; and (iii) advertising in our publications represented approximately 5.9%, 4.0% and 3.6% of our total revenue respectively.

The following table sets forth the breakdown of our advertising revenue by major media platforms from which our Group operated on during the Track Record Period:

	For the year ended 31 December					
	2020		2021		2022	
	HK$'000	*% of advertising revenue*	*HK$'000*	*% of advertising revenue*	*HK$'000*	*% of advertising revenue*
Third party social media platforms						
– Facebook	118,731	61.6	151,362	62.6	134,753	56.7
– Instagram	9,846	5.1	14,105	5.8	13,610	5.7
– Youtube	274	0.1	274	0.1	203	0.1
– LinkedIn	N/A	N/A	N/A	N/A	190	0.1
Sub-total	**128,851**	**66.8**	**165,741**	**68.5**	**148,756**	**62.6**
Own platforms						
– Website	33,154	17.2	39,286	16.3	51,017	21.5
– App	694	0.3	3,541	1.5	4,630	1.9
– Print	12,608	6.5	9,849	4.1	8,608	3.6
Sub-total	**45,456**	**24.0**	**52,676**	**21.9**	**64,255**	**27.0**
Multi-platform *(Note 1)*	12,441	6.5	18,165	7.5	16,322	6.9
Production service & others *(Note 2)*	5,112	2.7	5,125	2.1	8,444	3.5
Total	**192,860**	**100**	**241,707**	**100**	**237,777**	**100**

Note 1: This represents invoices which covered advertising solutions posted onto more than one platform without specific allocation of the fees to the respective platforms.

Note 2: This represents primarily revenue derived from services which did not relate specifically to the media platforms mentioned above. The amount for the financial year ended 31 December 2020 also included approximately HK$400,000 representing project management fee charged under various print advertising contracts. For details please refer to the section headed "Business – Advertising Solutions" of this document. The increase in revenue under this category for the year ended 31 December 2022 was mainly due to the increase in the number of contracts for project management services for credit card offers.

Our revenue generated through Facebook for the financial year ended 31 December 2022 dropped by approximately HK$16.6 million, i.e. approximately 11.0%, as compared to that for the year ended 31 December 2021. Such drop was primarily due to the drop in advertising revenue from the cosmetics and skin care, toiletries and household, pharmaceuticals sectors and the hotel, travel and tourism services sectors in view of the stringent social distancing measures introduced following the outbreak of the fifth wave of the COVID-19 pandemic, and Facebook is a popular social media platform for advertisers in these sectors to conduct their advertising campaigns. For details of the breakdown of our non-programmatic advertising revenue by industry sectors for the Track Record Period please refer to the section "Financial Information – Discussion and Analysis on Principal Items in the Consolidated Statements of Profit or Loss and Other Comprehensive Income – Advertising" of this document.

On the other hand, our revenue derived from our own websites for the financial year ended 31 December 2022 shown a significant growth of approximately HK$11.7 million (i.e. approximately 30%) from that for the year ended 31 December 2021, and revenue derived from our apps also showed a steady growth from that of the year ended 31 December 2021. As disclosed in the paragraph below, in 2022 we endeavoured to drive organic traffic to our websites and apps by both search engine optimisation and generating more branded contents. We believe this led to a growth in our programmatic advertising revenue generated from our own websites and also enabled us to increase our advertising inventories for direct sale to our non-programmatic advertisers, especially those who were not so affected by the fifth wave of the COVID-19 pandemic.

SUPPLIERS AND CLIENTS

Clients

During the Track Record Period, clients of our integrated advertising solutions mainly comprised of multinational and local brand owners across a variety of industries as well as advertising agencies operating in Hong Kong, with four out of five of our top five clients for each financial year during such period being 4A's advertising agencies. For each of the financial years ended 31 December 2020, 2021 and 2022, revenue derived from our top five clients accounted for approximately 48.1%, 45.6% and 41.7% of our revenue respectively and the largest client accounted for approximately 13.7%, 14.2% and 10.0% of our revenue for the respective financial year. None of our Company, our Directors, their close associates or the substantial Shareholders of our Company has any interest in any of our five largest clients for each year during the Track Record Period. Please refer to the section headed "Business – Suppliers and Clients – Clients" of this document for further details.

Suppliers

During the Track Record Period, save for Supplier A (Meta Platform Ireland Limited) which operates a social networking platform which provides boosting services, our suppliers were primarily printing houses, production houses and freelancers in Hong Kong. For each of the financial years ended 31 December 2020, 2021 and 2022, costs paid by our Group to our top five suppliers accounted for approximately 68.3%, 68.5% and 58.7% of our total production and printing costs respectively and the largest supplier accounted for approximately 52.5%, 62.6% and 50.8% of our total production and printing costs. None of our Company, our Directors, their close associates or the substantial Shareholders of our Company has any interest in any of our five largest suppliers for each year during the Track Record Period.

Reliance on Supplier A

Supplier A operates a social networking platform which provides boosting services for our online marketing solutions. On the other hand, posting on social media platforms of Supplier A also generates programmatic revenue for our Group, which makes Supplier A also a client of our Group. The costs paid to Supplier A for the three financial years ended 31 December 2020, 2021 and 2022 were approximately HK$29.2 million, HK$35.5 million and HK$31.7 million respectively, representing approximately 52.5%, 62.6% and 50.8% of the total production and printing costs of our Group for the respective years. The programmatic revenue generated from the social media platforms of Supplier A amounted to approximately HK$8.4 million, HK$19.0 million and HK$19.2 million during the three financial years ended 31 December 2020, 2021 and 2022 respectively, representing approximately 4.4%, 7.9% and 8.0% of our total advertising revenue for the respective years and making it one of the top five clients of our Group for the years ended 31 December 2021 and 2022. During the Track Record Period, our revenue generated through social media platforms operated by Supplier A (i.e. Facebook and Instagram) accounted for approximately 66.7%, 68.4% and 62.4% of our total advertising revenue for the three financial years ended 31 December 2020, 2021 and 2022 respectively.

Please refer to the section headed "Business – Suppliers and Clients – Suppliers" of this document for further details.

COMPETITION AND COMPETITIVE STRENGTHS

The digital advertising market is a fragmented market with fierce competition. Despite such fierce competition, according to the Euromonitor Report, for three consecutive years of 2020, 2021 and 2022 our Group was ranked second among online advertising companies in Hong Kong in terms of revenue with market share of approximately 1.9%, 1.8% and 1.8% respectively.

We believe our success and future potentials are attributable to our competitive strengths which include our (i) strong digital presence reaching millions of audience and brand recognition; (ii) diversified and strong audience base to attract advertising clients with different target audience; (iii) capability of offering broad range of advertising products and services and tailor-made solutions to clients; (iv) long-established history and well-established relationships with clients across different industries; and (v) experienced management team and dedicated operation structure.

RISK FACTORS

Our Group's business is subject to a number of risks, including but not limited to risks relating to our business and industry and the **[REDACTED]**. Investors are advised to read carefully the entire section headed "Risk Factors" of this document. The major risks relating to our Group include:

- our business is subject to risks associated with operating in a rapidly developing and competitive industry and our business is highly susceptible to changing preferences and tastes of audience;

- we experienced decrease in revenue because of the outbreak of COVID-19; any resurgence thereof or other public health crisis may have a material adverse impact on our business;

- interests of our Shareholders may be adversely affected in the future due to potential corporate actions, where the interest of our Controlling Shareholders and that of the other Shareholders may not align;

- our business depends on our strong brand recognition and any negative publicity could adversely affect our brand reputation and business; and

- we rely heavily on third-party social media platforms, in particular, Supplier A, for distribution of our contents and advertisements, any change in third-party social media platform policy and any decline or termination in the use of third-party social media platforms may materially affect our operations and business performance.

DIVIDENDS

Dividends of approximately HK$20.8 million, HK$34.0 million and HK$12.0 million were declared by our Group for the year ended 31 December 2020, 2021 and 2022 respectively, which had been fully settled. Dividends of approximately HK$10.0 million was also declared by our Group in March 2023, which had also been fully settled.

The declaration and payment of dividends during the Track Record Period and prior to the **[REDACTED]** should not be considered as a guarantee or indication that we will declare and pay dividends in such manner in the future, or will declare and pay any dividends in the future at all. Currently, our Board has absolute discretion as to whether to recommend any dividend payment for any financial year end and if any, the amount of dividend and the means of payment, and we do not have a predetermined dividend distribution ratio. Such discretion is subject to the applicable laws and regulations including the Cayman Companies Act and the Articles which also requires the approval of our Shareholders. The amount of any dividends to be declared and paid in the future will depend on, amongst other things, (i) general financial conditions; (ii) actual and future operations and liquidity positions; (iii) future cash requirements and availability; (iv) restrictions on payment of dividends that may be imposed by our Group's lenders; (v) general market conditions; and (vi) any other factors which our Board may deem appropriate at such time.

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION

The following is a summary of the consolidated statements of profit or loss and other comprehensive income during the Track Record Period as derived from the Accountants' Report, the full text of which is set out in Appendix I to this document. This summary should be read in conjunction with the aforesaid Accountants' Report and the section headed "Financial Information" of this document.

Selected items in our consolidated statements of profit and loss

	Year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	211,589	245,199	240,678
Government subsidies	15,959	–	5,680
Production costs	(47,250)	(53,893)	(59,522)
Printing costs	(8,430)	(2,884)	(2,982)
Profit before tax	46,696	42,120	46,844
Profit for the year	41,168	33,049	39,431

Non-HKFRS Measure

Non-HKFRS measure is not a standard measure under HKFRSs. We believe the non-HKFRS measure set out below provides useful information to investors about our operating performance, and enhances the overall understanding of our past performance and future prospects in the same manner as our management. We define adjusted net profit (non-HKFRS measure) as profit for the year adjusted by expenses for the **[REDACTED]**. Given that **[REDACTED]** expenses were incurred for the purpose of the **[REDACTED]**, the adjustment has been consistently made during the Track Record Period.

The non-HKFRS measure shall not be considered in isolation from, or as substitute for analysis of, our consolidated statement of profit or loss or financial condition as reported under HKFRSs. In addition, the non-HKFRS measure may be defined separately from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

The table below sets forth our adjusted net profit (Non-HKFRS measure) for each respective years during the Track Record Period:

	Year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Profit for the year	41,168	33,049	39,431
Adjustment for:			
[REDACTED] expenses	–	9,356	4,125
Adjusted net profit (Non-HKFRS measure) for the year	**41,168**	**42,405**	**43,556**
Adjusted net profit margin (Non-HKFRS measure) for the year	**19.5%**	**17.3%**	**18.1%**

Our adjusted net profit (Non-HKFRS measure) increased by approximately 3.0% from approximately HK$41.2 million for the year ended 31 December 2020 to approximately HK$42.4 million for the year ended 31 December 2021, which was mainly attributable to the combined effect of (i) the increase in our revenue of approximately HK$33.6 million as businesses and the general public being adapted to the COVID-19 pandemic and, in particular, our digital advertising income increased by approximately HK$51.6 million for the year ended 31 December 2021; (ii) the increase in our production costs due to the increase in our boosting costs and was partly offset by the decrease in our printing costs due to the cessation of the publication of the weekly 3-in-1 Oriental Sunday Magazine with the last issue in December 2020; and (iii) the decrease in our other income and gains of approximately HK$13.0 million, which was mainly attributable to no government subsidy was received for the year ended 31 December 2021.

Our adjusted net profit (Non-HKFRS measure) increased by approximately HK$1.2 million from approximately HK$42.4 million for the year ended 31 December 2021 to approximately HK$43.6 million for the year ended 31 December 2022, which was principally attributable to the combined effect of (i) the decrease in our revenue by approximately HK$4.5 million for the year ended 31 December 2022; and (ii) the increase in our production costs, depreciation and amortisation and finance costs of approximately HK$5.6 million, HK$3.1 million and HK$2.5 million, respectively, which was partly offset by (i) the decrease in our employee benefit expense of approximately HK$9.9 million for the year ended 31 December 2022; and (ii) the increase in our other income and gains of approximately HK$2.9 million, which was partly due to the government subsidies received for the year ended 31 December 2022.

Revenue

Our revenue for the year ended 31 December 2021 increased from approximately HK$211.6 million to approximately HK$245.2 million comparing to that for the year ended 31 December 2020, which is attributable to the increase in our digital advertising revenue by approximately 28.6% from approximately HK$180.3 million for the year ended 31 December 2020 to approximately HK$231.9 million for the year ended 31 December 2021, which our Directors believe was primarily due to the gradual recovery of consumer spending power in Hong Kong as consumers have adapted to the pandemic environment, which drove the advertising spending of businesses particularly during the last quarter of 2021.

Our revenue for the year ended 31 December 2022 remained stable as compared to the year ended 31 December 2021, decreased only by approximately HK$4.5 million, or approximately 1.8%, from approximately HK$245.2 million for the year ended 31 December 2021 to approximately HK$240.7 million for the year ended 31 December 2022, which is primarily attributable to the combined effect of (i) the decrease in revenue during the first quarter of 2022 due to the fifth wave of the COVID-19 pandemic and the consequent implementation of stringent social distancing measures in the first quarter of 2022, which weighed heavily on a wide range of economic activities as well as economic sentiment in Hong Kong which in turn lowered the advertising spending of advertisers and led to an approximately 6% drop in revenue for the first four months when compared with the corresponding period in 2021; and (ii) the gradual easing of the fifth wave of the pandemic from April 2022 and the relaxation of social distancing measures, quarantine measures and travel-related measures from the last quarter of 2022, which led to the gradual recovery in the advertising spending and in turn recovery of our revenue in the second half of 2022. For details, please refer to "Business — Impact of COVID-19" and "Financial Information — Discussion and Analysis of Results of Operations — Revenue" in this document.

On the other hand, due to the continuous shrank in the print media industry and the restructuring of our print media business, our circulation revenue and print advertising revenue experienced a significant drop during the Track Record Period.

Government Subsidies

During the year ended 31 December 2020, we had income of approximately HK$16.0 million being subsidies we received from the Employment Support Scheme under the anti-epidemic fund from the HKSAR Government, and which represented approximately 7.5% and 38.8% of our revenue and net profit for such financial year respectively. During the year ended 31 December 2022, we received government subsidies under the Employment Support Scheme of approximately HK$5.7 million due to the fifth wave of COVID-19 pandemic, which represented approximately 2.4% and 14.4% of our revenue and net profit for the year ended 31 December 2022 respectively.

Net profit

Our net profit decreased by approximately 19.7% from approximately HK$41.2 million for the year ended 31 December 2020 to approximately HK$33.0 million for the year ended 31 December 2021 and our net profit margin decreased from approximately 19.5% for the year ended 31 December 2020 to approximately 13.5% for the year ended 31 December 2021. The decrease in net profit and net profit margin was mainly attributable to the **[REDACTED]** expenses of approximately HK$9.4 million incurred during the year ended 31 December 2021 and absence of the government subsidies received during the year ended 31 December 2020 of approximately HK$16.0 million.

Our net profit increased by approximately 19.3% from approximately HK$33.0 million for the year ended 31 December 2021 to approximately HK$39.4 million for the year ended 31 December 2022 and our net profit margin increased from approximately 13.5% for the year ended 31 December 2021 to approximately 16.4% for the year ended 31 December 2022. The increase in net profit and net profit margin was mainly attributable to the combined impacts of (i) decrease in revenue of approximately HK$4.5 million; (ii) government subsidies received of approximately HK$5.7 million; (iii) decrease on employee benefit expense of approximately HK$9.9 million; (iv) increase on production costs of approximately HK$5.6 million; and (v) decrease in **[REDACTED]** expenses incurred during the year as compared with the previous year.

Effect of COVID-19

The Track Record Period lied squarely from the onset of the COVID-19 pandemic from early 2020 to the gradual recovery from the fifth wave towards the end of 2022.

During various phases of the pandemic advertisers' spending fluctuated. For example entering into 2021, the general public has gradually adapted to the COVID-19 pandemic and hence businesses resumed their advertising spendings that were delayed due to the pandemic to promote business momentum, which attributed to the increase in our digital advertising revenue for the year ended 31 December 2021 as compared to 2020.

The Company's business was then affected by the fifth wave outbreak in Hong Kong in the first quarter of 2022, which weighed heavily on a wide range of economic activities as well as economic sentiment, recording an approximately 6% drop in revenue for the first four months of 2022 as compared with that for the same period in 2021. Following the gradual easing of the fifth wave of pandemic, the Group's business recovered with the revenue for May to July 2022 recorded a slight increase of approximately 3% when compared with the corresponding period in 2021, and our revenue for the year ended 31 December 2022 recovered to similar level as that for the financial year ended 31 December 2021 due to the relaxation of various anti-pandemic measures in the last quarter of 2022 and exceeded that for the financial year ended 31 December 2020 by approximately 13.7%.

Our management considers the shifting of advertisers' demands from offline advertising solutions to online advertising solutions to be one of the major market drivers for the digital advertising market and our Group's business will benefit from such change in market behaviour in the long run. Accordingly, the Directors are of the view that the Group's business prospects is promising and the business is sustainable in the foreseeable future.

Selected cash flow data from our consolidated statements of cash flows

	Year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Net cash flows from operating activities	40,981	29,989	59,526
Net cash flows used in investing activities	(1,316)	(5,119)	(21,774)
Net cash flows used in financing activities	(25,344)	(32,803)	(41,379)
Net increase/(decrease) in cash and cash equivalents	14,321	(7,933)	(3,627)
Cash and cash equivalents at beginning of year	17,052	31,466	23,525
Effect of foreign exchange rate changes, net	93	(8)	32
Cash and cash equivalents at end of year represented by cash and bank balances	31,466	23,525	19,930

For details, please refer to the section headed "Financial Information – Liquidity and Capital Resources" of this document.

Selected items in our consolidated statements of financial position

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets	23,460	103,788	89,275
Current assets	98,956	112,428	101,344
Current liabilities	52,524	102,932	59,608
Non-current liabilities	14,898	69,249	59,513
Net assets	54,994	44,035	71,498
Net current assets	46,432	9,496	41,736

Our Group's net assets decreased from approximately HK$55.0 million as at 31 December 2020 to approximately HK$44.0 million as at 31 December 2021 which was mainly due to the dividend recognised for the year of approximately HK$44.0 million partly offset by the profit for the year of approximately HK$33.0 million. Despite the dividend declared of HK$12.0 million for the year ended 31 December 2022, our net assets increased to approximately HK$71.5 million as at 31 December 2022 mainly due to the aforementioned profit for the year of approximately HK$39.4 million.

Our net current assets decreased from approximately HK$46.4 million as at 31 December 2020 to approximately HK$9.5 million as at 31 December 2021 which was mainly due to increase in interest-bearing bank and other borrowings and increase in other payables and accruals arising from the new lease for our new headquarter. Our net current assets increased from approximately HK$9.5 million as at 31 December 2021 to approximately HK$41.7 million as at 31 December 2022 which was mainly due to the decrease in other payables and accruals.

For details, please refer to the section headed "Financial Information – Discussion on Major Items of the Consolidated Statements of Financial Position" of this document.

Major financial ratios

The following table sets forth certain key financial ratios of our Group during the Track Record Period:

	Year ended/As at 31 December		
	2020	**2021**	**2022**
Net profit margin (%)	19.5	13.5	16.4
Return on equity (%)	74.9	75.1	55.1
Return on total assets (%)	33.6	15.3	20.7
Current ratio (times)	1.9	1.1	1.7
Quick ratio (times)	1.9	1.1	1.7
Interest coverage (times)	26.7	14.3	9.3
Gearing ratio (%)	21.5	82.7	31.1
Debt-to-equity ratio (%)	N/A	27.5	2.1

Please refer to the section headed "Financial Information – Major Financial Ratios" of this document for calculation of the above financial ratios.

[REDACTED] EXPENSES

[REDACTED] expenses mainly comprise of legal and other professional fees in connection with the **[REDACTED]**. **[REDACTED]** expenses, including **[REDACTED]** fee for the **[REDACTED]**, are estimated to be approximately HK$**[REDACTED]** million (comprising (i) **[REDACTED]** fee of approximately HK$**[REDACTED]** million, and (ii) **[REDACTED]** related expenses of approximately HK$**[REDACTED]** million, which consist of fees and expenses of legal advisors and Reporting Accountant of approximately HK$**[REDACTED]** million and other fees and expenses of approximately HK$**[REDACTED]** million), representing approximately **[REDACTED]**% of the gross **[REDACTED]** from the **[REDACTED]** (assuming an **[REDACTED]** of **[REDACTED]** per Share, being the mid-point of our indicative **[REDACTED]** range of **[REDACTED]** to **[REDACTED]**), among which approximately HK$**[REDACTED]** million is expected to be recognised as a deduction from equity upon the issuance of the **[REDACTED]**, and approximately HK$**[REDACTED]** million is expected to be reflected in our consolidated statements of profit or loss of which (i) approximately HK$**[REDACTED]** million have been recognised for the year ended 31 December 2021; (ii) and approximately HK$**[REDACTED]** million have been recognised for the year ended 31 December 2022, and the balance of approximately HK$**[REDACTED]** million is expected to be recognised subsequent to the Track Record Period. Our Group's financial performance and results of operations for the year ending 31 December 2023 will be significantly and adversely affected by the **[REDACTED]** expenses.

Our Directors would like to emphasise that the aforesaid **[REDACTED]** expenses are the current estimate for reference only and the actual amount to be recognised is subject to adjustment based on audit and the changes in variables and assumptions.

LATEST DEVELOPMENT SUBSEQUENT TO THE TRACK RECORD PERIOD

Subsequent to the Track Record Period and up to the Latest Practicable Date, save as disclosed in the paragraphs headed "**[REDACTED]** Expenses" in this section, we did not have any significant non-recurrent items in our consolidated financial statements. Our Directors also confirmed that, subsequent to the Track Record Period and up to the Latest Practicable Date, (i) there was no material adverse change in the market conditions or the industry and environment in which we operate that materially and adversely affect our financial or operating position; (ii) there was no material adverse change in the trading and financial position or prospects of our Group; and (iii) no event occurred that would materially and adversely affect the information shown in the Accountant's Report set out in Appendix I to this document.

Nevertheless, we expect that our net profit for the year ending 31 December 2023 will drop as compared with that for the year ended 31 December 2022, which is mainly attributable to the staff costs for developing the APS, PSS and E-Commerce Solution Platforms in the third and fourth quarters of 2023. For details of such proposed expenses please refer to the section headed "Future Plans and **[REDACTED]**" of this document.

MAJOR SHAREHOLDERS

Immediately following the completion of the **[REDACTED]** and the Capitalisation Issue, NMLG Holdings will hold **[REDACTED]** Shares, representing **[REDACTED]**% of the issued shares of our Company. The entire issued share capital of NMLG Holdings is held by AY Holdings, which in turn is held by First Trust Services AG as trustee of AY Discretionary Trust. AY Holdings and First Trust Services AG are deemed to be interested in the same **[REDACTED]** Shares held by NMLG Holdings under the SFO. Mr. Royce Lee, our CEO, will also remain a substantial Shareholder immediately following completion of the **[REDACTED]** and the Capitalisation Issue, holding **[REDACTED]** Shares, representing **[REDACTED]**% of the issued Shares of our Company. Please refer to the section headed "Controlling and Substantial Shareholders" of this document for details.

Corporate history

New Media Group Holdings Limited was listed on the Main Board on 12 February 2008 with AY Discretionary Trust being interested in 75% of its shareholding. In 2015, AY Holdings and Evergrande Real Estate Group Limited ("**Evergrande Real Estate**") entered into a sale and purchase agreement in relation to the disposal by AY Holdings of its entire shareholding in New Media Group Holdings Limited and its subsidiaries (including NMG) to Evergrande Real Estate and AY Holdings acquired 9.99% interests in NMG. Subsequently in 2017, AY Discretionary Trust acquired the other 90.01% interests in NMG which then became beneficially wholly owned by AY Discretionary Trust. For details of our corporate history, please refer to the section headed "History and Development – Our history" of this document, and the potential risk, please refer to "Risk Factors – Risk relating to our business and industry – Interests of our Shareholders may be adversely affected in the future due to potential corporate actions, where the interest of our Controlling Shareholders and that of the other Shareholders may not align".

OUR STRATEGIES AND REASONS FOR [REDACTED]

The digital advertising market is a fast-changing market with fierce competition. We believe that being able to identify and capture rising trends in a timely manner is essential for solidifying and expanding our market share. We aim to sustain our business growth through both acquisitions of and/or strategic alliances with other market players and organic expansion in terms of more and better product offerings and services, thereby enhancing our ability to retain existing clients and attract new advertisers. We believe the **[REDACTED]** will strengthen our financial resources and therefore our ability to implement our strategies for expansion and sustaining growth. A **[REDACTED]** status will also provide us with a platform for raising further funds in the future should suitable opportunities arise.

We intend to adopt the following business strategies: (i) pursue growth through acquisitions and/or strategic alliance; (ii) expand our product lines and our client base and explore opportunities in specific industry verticals; (iii) enhance data collection and analytical capabilities through the development of e-commerce solution platform; (iv) unleash our potential by enhancing productivity; and (v) continual investment in technological infrastructure and recruitment of talent, further details of which are set out in the section headed "Business – Our Strategies" of this document.

[REDACTED]

Our future plans and intended use of the net **[REDACTED]** from the **[REDACTED]** are set out in details under the section headed "Future Plans and **[REDACTED]**" of this document and a summary of which is set out as follows:

– approximately HK$**[REDACTED]** million, representing approximately **[REDACTED]**%, of the net **[REDACTED]** is expected to be to be applied for mergers and acquisitions and/or strategic alliances with other media or e-commerce market players to accelerate our Group's growth beyond organic;

– as to approximately HK$**[REDACTED]** million, representing approximately **[REDACTED]**%, of the net **[REDACTED]** is expected to be used for expanding and enhancing our product lines and our data collection and analytical capabilities, which we believe will enable us to deepen our penetration into our existing clientele and expanding our clientele, through launching of the APS Platform, PSS Platform and E-Commerce Solution Platform;

– approximately HK$**[REDACTED]** million, representing approximately **[REDACTED]**%, of the net **[REDACTED]** is expected to be used for constructing our in-house media content management platform to enhance our editors' research capabilities and help monitoring the performances of our contents qualitatively and quantitatively and enabling us to be prepared for handling the increasing volume of data along with the anticipated expansion of our business;

– approximately HK$**[REDACTED]** million, representing **[REDACTED]**%, of the net **[REDACTED]** is expected to be used for repayment of bank borrowings; and

– approximately HK$**[REDACTED]** million, representing approximately **[REDACTED]**%, of the net **[REDACTED]** is expected to be used to fund our working capital and for general corporate purposes.

[REDACTED] STATISTICS

	Based on the [REDACTED] of	
	[REDACTED] per Share	**[REDACTED] per Share**
Market capitalisation [(1)]	HK$**[REDACTED]**	HK$**[REDACTED]**
Unaudited pro forma adjusted consolidated net tangible assets per Share [(2)]	HK$**[REDACTED]**	HK$**[REDACTED]**

Notes:

(1) The calculation of market capitalisation is based on **[REDACTED]** Shares in issue immediately after completion of the Capitalisation Issue and the **[REDACTED]**.

(2) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at on the basis that **[REDACTED]** Shares were in issue assuming that the Capitalisation Issue and the **[REDACTED]** had been completed on 31 December 2022. Please refer to "Unaudited Pro Forma Financial Information" in Appendix II to this document for details regarding the assumptions and the calculation basis used.

DEFINITIONS

In this document, unless the context otherwise requires, the following expressions have the following meanings:

"affiliate(s)"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong

[REDACTED]

"Articles of Association" or "Articles"	the articles of association of our Company conditionally adopted on 26 June 2023 which shall become effective upon commencement of **[REDACTED]** our Shares on the Stock Exchange, a summary of which is set out in Appendix III to this document, as amended from time to time
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"AY Discretionary Trust"	The Albert Yeung Discretionary Trust (of which Dr. Albert Yeung is the founder and settlor)
"AY Holdings"	Albert Yeung Holdings Limited (formerly known as Million Way Holdings Limited), an investment holding company incorporated in BVI on 7 December 2007 and held by First Trust Services AG acting as trustee of AY Discretionary Trust
"Board"	the board of Directors
"Business Day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"Business Unit(s)"	the business units of our Group, each primarily responsible for operation of their respective media brand(s)
"Business Development Team" or "Revenue Team"	the team of our Group primarily responsible for strategic development of business and products, which has been rebranded "Revenue Team" since 1 March 2022

DEFINITIONS

"BVI"	the British Virgin Islands

[REDACTED]

"Capitalisation Issue"	the issue of Shares on the **[REDACTED]** by way of the capitalisation of certain sums standing to the credit of the share premium account of our Company to the holders of the Shares whose names appear on the register of members of our Company at the close of business on the Business Day preceding the **[REDACTED]** in proportion to their then existing respective shareholdings
"Cayman Companies Act" or "Companies Act"	the Companies Act (As Revised) of the Cayman Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant

[REDACTED]

"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"CEO"	the chief executive officer of our Group
"COO"	the chief operation officer of our Group
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Code of Conduct"	the code of conduct for person licensed by or registered with the SFC
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	New Media Lab Limited 新傳企劃有限公司, a company incorporated in the Cayman Islands on 22 March 2021 with limited liability
"connected person"	has the meaning ascribed to it under the Listing Rules
"connected transaction"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and in the context of this document, includes NMLG Holdings, AY Holdings, First Trust Services AG, AY Discretionary Trust, Dr. Albert Yeung or any one of them
"core connected person"	has the meaning ascribed to it under the Listing Rules
"Covenantors"	NMLG Holdings, AY Holdings, AY Discretionary Trust and Dr. Albert Yeung, being the covenantors under the **[REDACTED]**
"CWUMPO"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Deed of Indemnity"	the deed of indemnity dated 26 June 2023 provided by the Indemnifiers in favour of our Group relating to, among other matters, the tax liabilities of our Group
"Deed of Non-Competition"	the deed of non-competition dated 26 June 2023 provided by the DNC Covenantors in favour of our Company (for itself and for the benefit of the members of our Group) relating to certain non-competition undertakings by the DNC Covenantors
"Director(s)"	the director(s) of our Company
"Distributor A"	two affiliated companies, being the sole distributors of our magazines to newsstands and convenience stores in Hong Kong during the Track Record Period
"Distributor B"	sole distributor of the Madame Figaro Magazine and travel guidebooks published by our Group to primarily bookstores in Hong Kong during the Track Record Period
"Distributors"	Distributor A and Distributor B
"DNC Covenantors"	the Covenantors, and Mr. Royce Lee and Double Blossoms under the Deed of Non-Competition
"Double Blossoms"	Double Blossoms Limited, a company incorporated in BVI on 8 December 2017 and wholly-owned by Mr. Royce Lee
"Double Fantastic"	Double Fantastic Group Limited, a company incorporated in BVI on 8 February 2019 and wholly-owned by Ms. Venus Lee
"Dr. Albert Yeung"	Dr. Yeung Sau Shing, Albert
"EIML"	Emperor Investment (Management) Limited, a company incorporated in Hong Kong on 25 October 1990 and indirectly wholly-owned by Emperor International
"Eligible Employee(s)"	all full-time employee(s) of our Group who joined our Group on or before the Latest Practicable Date who are not under employment probationary period and have a Hong Kong address (other than the chief executive or directors of our Company or its subsidiaries, existing beneficial owners of Shares or any of their respective close associates and any other connected persons of our Company)

"Emperor Capital Group"	Emperor Capital Group Limited, an exempted company incorporated in Bermuda with limited liability on 27 June 2006, the subsidiaries of which are principally engaged in the provision of financial services in Hong Kong and whose shares are listed on the Main Board (Stock Code: 717), and directly owned as to approximately 42.7% by a wholly-owned subsidiary of Albert Yeung Capital Holdings Limited which was in turn held by CDM Trust & Board Services AG in trust for a private discretionary trust set up by Dr. Albert Yeung
"Emperor Corporate Finance"	Emperor Corporate Finance Limited (formerly known as Emperor Capital Limited), a company incorporated in Hong Kong on 28 September 1993, a licensed corporation to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and one of the Joint Sponsors and one of the **[REDACTED]** for the **[REDACTED]** and an indirect wholly-owned subsidiary of Emperor Capital Group
"Emperor Culture"	Emperor Culture Group Limited (formerly known as See Corporation Limited), an exempted company incorporated in Bermuda with limited liability on 27 March 1992, the subsidiaries of which are principally engaged in entertainment, media and cultural development businesses and whose shares are listed on the Main Board (Stock Code: 491), and indirectly owned as to approximately 73.8% by a wholly-owned subsidiary of Albert Yeung Entertainment Holdings Limited which was in turn held by Alto Trust Limited in trust for a private discretionary trust set up by Dr. Albert Yeung
"Emperor E Hotel"	Emperor Entertainment Hotel Limited, a company indirectly owned as to approximately 71.6% by Emperor International, an exempted company incorporated in Bermuda with limited liability on 1 May 1992, the subsidiaries of which are principally engaged in provision of entertainment and hospitality services and whose issued shares are listed on the Main Board (Stock Code: 296)

DEFINITIONS

"Emperor Group"	all companies (including their respective associates) directly or indirectly controlled by various private discretionary trusts set up by Dr. Albert Yeung (including but not limited to listed members of Emperor Group and non-listed members) other than the Group, and "member of Emperor Group" shall be construed accordingly
"Emperor International"	Emperor International Holdings Limited, an exempted company incorporated in Bermuda with limited liability on 30 August 1991, the subsidiaries of which are principally engaged in property investment, property development and hospitality business and whose issued shares are listed on the Main Board (Stock Code: 163), and indirectly owned as to approximately 74.7% by a wholly-owned subsidiary of AY Holdings
"Emperor W&J"	Emperor Watch & Jewellery Limited, a company incorporated in Hong Kong with limited liability on 13 March 2008, the subsidiaries of which are principally engaged in the sales of watches and jewellery in Hong Kong, Macau and the PRC and whose issued shares are listed on the Main Board (Stock Code: 887), and directly owned as to approximately 63.4% by a wholly-owned subsidiary of Albert Yeung Watch & Jewellery Holdings Limited which was in turn held by First Family Advisors Trust reg. in trust for a private discretionary trust set up by Dr. Albert Yeung
"Emperor Securities"	Emperor Securities Limited, a company incorporated in Hong Kong on 6 July 1990, a licensed corporation to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO and an indirect wholly-owned subsidiary of Emperor Capital Group

[REDACTED]

[REDACTED]

"Euromonitor Report"	the industry report prepared by Euromonitor International Limited commissioned by the Company, a summary of which is set out in the "Industry Overview" section of this document
"Fast Fame"	Fast Fame Limited, a company incorporated in Hong Kong on 1 June 2018, and an indirect wholly-owned subsidiary of our Company
"First Trust Services AG"	First Trust Services AG, a company incorporated in Switzerland, the trustee of the AY Discretionary Trust
"First Six-Month Period"	the period from the **[REDACTED]** up to and including the date falling six months after the **[REDACTED]**
"GAAP"	generally accepted accounting principles in Hong Kong, including Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations
"GDP"	gross domestic product

[REDACTED]

"Group", "our Group", "we" or "us"	our Company and our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, such subsidiaries as if they were our Company's subsidiaries at that time
"Guangdong Xinchuan"	廣東薪傳網絡科技有限公司 Guangdong Xinchuan Network Technology Company Limited* (formerly known as 廣東薪傳出版技術開發有限公司 Guangdong Xinchuan Publishing Technology Development Co Ltd*), a company established in the PRC on 10 September 2008, and an indirect wholly-owned subsidiary of our Company
"HIBOR"	Hong Kong Interbank Offered Rate

[REDACTED]

[REDACTED]

"HKFRSs"	Hong Kong Financial Reporting Standards issued by the HKICPA
"HKICPA"	the Hong Kong Institute of Certified Public Accountants
"HKSAR Government" or "Hong Kong Government"	the Government of Hong Kong Special Administrative Region
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong", "HKSAR" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong **[REDACTED]**"	**[REDACTED]**, the branch **[REDACTED]** of our Company in Hong Kong
"Indemnifiers"	the Covenantors, First Trust Services AG, Mr. Royce Lee and Double Blossoms, being the indemnifiers pursuant to the Deed of Indemnity
"Independent Third Party(ies)"	person(s) or company(ies) which is/are independent of and not connected with any members of our Group, the directors, chief executive or substantial Shareholders (as defined in the Listing Rules) of our Company and its subsidiaries and any of their respective associates
"Issue Mandate"	as defined in the paragraph headed "Written resolutions of the Shareholders passed on 26 June 2023" in Appendix IV to this document

[REDACTED]

[REDACTED]

"Joint Sponsors"	together (i) Lego Corporate Finance Limited, a corporation licensed by the SFC to carry out type 6 (advising on corporate finance) regulated activity under the SFO; and (ii) Emperor Corporate Finance
"Latest Practicable Date"	21 June 2023, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information contained herein

[REDACTED]

"Listing Committee"	the listing sub-committee of the board of directors of the Stock Exchange

[REDACTED]

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
"Media Publishing"	Media Publishing Limited (媒體出版有限公司) (formerly known as Pacific Globe Limited and New Media Group (HK) Limited), a company incorporated in Hong Kong on 18 February 2000 and an indirect wholly-owned subsidiary of our Company
"Memorandum of Association" or "Memorandum"	the memorandum of association of our Company conditionally adopted on 26 June 2023 which shall become effective on the **[REDACTED]**, a summary of which is set out in Appendix III to this document, as amended from time to time
"Mr. Royce Lee"	Mr. Lee Yat Pui, Royce (李一培), an executive Director and our CEO and the sole shareholder of Double Blossoms
"Ms. Esther Cheung"	Ms. Cheung Wai Yu (張慧茹), our COO

"Ms. Venus Lee"	Ms. Lee Lan Kiu（李蘭嬌）, the sole shareholder of Double Fantastic and managing director of one of the Business Units
"New Monday Publishing"	New Monday Publishing Limited (formerly known as Wide Connection Limited), a company incorporated in Hong Kong on 17 December 1999 and an indirect wholly-owned subsidiary of our Company
"NMG"	New Media Group Limited（新傳媒集團有限公司）(formerly known as Merslake Limited and New Media Enterprise Investment Limited), a company incorporated in BVI on 15 August 2007 and wholly-owned by our Company
"NMG Digital"	New Media Group Digital Services Limited（新傳媒數碼服務有限公司）(formerly known as Lightwell Limited and Hong Kong Media Services Company Limited), a company incorporated in Hong Kong on 4 July 1997 and an indirect wholly-owned subsidiary of our Company
"NMG (HK)"	NMG (Hong Kong) Company Limited (formerly known as Sheen Aim Limited), a company incorporated in Hong Kong on 5 June 2019 and an indirect wholly-owned subsidiary of our Company
"NMG Investment"	New Media Group Investment Limited（新傳媒集團投資有限公司）(formerly known as Rawlings Limited), a company incorporated in Anguilla on 13 October 2014 and wholly-owned by AY Holdings
"NMG Publishing"	New Media Group Publishing Limited（新傳媒出版有限公司）(formerly known as Honvest Market Research Limited, Economic Digest Publications Limited 經要出版有限公司, Economic Digest Publications Limited 經濟一週出版集團有限公司, New Media Group (HK) Limited, Silver Road Investments Limited and World Sources (HK) Limited), a company incorporated in Hong Kong on 14 July 1981 and an indirect wholly-owned subsidiary of our Company
"NMG Tower"	the 10-storey building located at No. 82 Hung To Road, Kowloon, Hong Kong now known as Store Friendly Tower with occupied site area of approximately 10,000 sq. ft. and gross area of approximately 89,500 sq. ft.

"NMLG Holdings"	New Media Lab Group Holdings Limited, a company incorporated in BVI on 10 March 2021 and a direct wholly-owned subsidiary of AY Holdings
"NM Services Consultant"	New Media Services Consultant Company Limited（新傳媒服務顧問有限公司）(formerly known as Sunpark Limited, eDaily Publishing Limited and Economic Digest Publishing Limited), a company incorporated in Hong Kong on 14 April 2000 and an indirect wholly-owned subsidiary of our Company

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

"Platform Team"	the team of our Group primarily responsible for monitoring activities and analyzing audience behaviour on our Digital Media Platforms operated by the Group
"PRC" or "China"	the People's Republic of China which, for the purpose of this document (unless otherwise specified), excludes Hong Kong, Macau and Taiwan

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

"Reach Gain"	Reach Gain Limited (勝躍有限公司), a company incorporated in Hong Kong on 26 May 2010 and an indirect wholly-owned subsidiary of our Company
"Reorganisation"	the corporate reorganisation of the companies undergone by our Group in preparation for the **[REDACTED]** as set out in the section headed "History, Reorganisation and Corporate Structure – Reorganisation" in this document
"Repurchase Mandate"	as defined in the paragraph headed "Written resolutions of the Shareholders on 26 June 2023" in Appendix IV in this document
"Second Six-Month Period"	the six-month period immediately following the expiry of the First Six-Month Period
"SFC"	Securities and Futures Commission of Hong Kong

"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of our Company
"Shareholder(s)"	the holder(s) of issued Share(s)

[REDACTED]

"Share Option Scheme"	the share option scheme conditionally approved and adopted by our Company on 26 June 2023, the principal terms of which are summarised in the paragraph headed "Share Option Scheme" in Appendix IV to this document
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance
"substantial shareholder"	has the meaning ascribed to it in the Listing Rules
"Supplier A" and "Client E"	Meta Platform Ireland Limited**, a company incorporated in Ireland with limited liability, which operates the social media platforms Facebook and Instagram
"Time Year"	Time Year Limited (泰年有限公司), a company incorporated in Hong Kong on 3 November 2000 and an indirect wholly-owned subsidiary of our Company
"Track Record Period"	the period comprising the three consecutive financial years ended 31 December 2020, 2021 and 2022
"Ulferts"	Ulferts International Limited, a company incorporated in Hong Kong with limited liability on 27 June 2012, the subsidiaries of which are principally engaged in the retail of high quality home furniture mainly imported from Europe and whose issued shares are listed on the Main Board (Stock Code: 1711), and directly owned as to 75.0% by a wholly-owned subsidiary of Albert Yeung Investments Holdings Limited which was in turn held by First Trust Management AG in trust for a private discretionary trust set up by Dr. Albert Yeung

[REDACTED]

[REDACTED]

"U.S. Securities Act"	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"Winning Treasure"	Winning Treasure Limited (裕勝有限公司), a company incorporated in Hong Kong on 9 September 2010 and an indirect wholly-owned subsidiary of Emperor International up to 21 April 2021 and thereafter an Independent Third Party
"WW Publishing"	Weekend Weekly Publishing Limited (新假期出版有限公司) (formerly known as Smart Ideal Limited), a company incorporated in Hong Kong on 7 May 1999 and an indirect wholly-owned subsidiary of our Company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"US"	United States of America
"US$"	United States dollars, the lawful currency of the US
"sq.ft." and "sq.m."	square foot(feet) and square metre(s), respectively
"%"	per cent.

In this document:

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

** *The references of Meta Platform Ireland Limited, Facebook and Instagram in this document does not amount to any partnership, sponsorship and endorsement from Meta Platform Ireland Limited, Facebook and Instagram; and our Group does not own any intellectual property rights associated with the respective tradenames/logos of Meta Platform Ireland Limited, Facebook or Instagram referred to in this document.*

DEFINITIONS

Certain amounts and percentage figures included in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may be an arithmetic aggregation of the figures preceding them.

The English language version of this document has been translated into the Chinese language. If there should be any inconsistency between the English and Chinese versions, the English version shall prevail.

GLOSSARY OF TECHNICAL TERMS

This glossary contains definitions of certain terms used in this document in connection with our Group and our business. These terms and their definitions may not correspond to meanings or usage of these terms as used by others or standard industry definitions.

"3-in-1 Oriental Sunday Magazine"	東方新地, a weekly Chinese language magazine published by our Group combined with two other magazines, Weekend Weekly magazine and New Monday magazine
"4A"	the Association of Accredited Advertising Agencies of Hong Kong
"advertisement inventory(ies)"	the number of advertisement or amount of advertisement space available for sale to advertisers
"advertiser(s)"	a person(s), company(ies) or organisation(s) which place(s) advertisements or deploy(s) marketing strategies to promote its (their) brand(s), product(s) or service(s)
"advertorial"	advertisement giving information about a product or service in the form of an editorial or objective journalistic article
"app(s)"	software application(s) that can be downloaded and operated on computing devices, including mobile devices such as mobile phones and tablet computers
"AI"	artificial intelligence
"APS Platform"	the advertisement placement platform for SMEs which our Group plans to develop by using part of the **[REDACTED]** from the **[REDACTED]**
"banner"	an advertisement displayed on a webpage, the clicking of which navigates the audience to the advertiser's website
"CAGR"	compound annual growth rate
"content pillar"	a subset of topics or themes which create the foundation for the overall content

"conversion rate"	the ratio of internet users who take a desired action by the advertiser, such as signing up a new account or making a purchase, to the number of total internet users who viewed or clicked the advertisement
"CPM"	cost per thousand, a price determination method for online advertising service in which the advertising fee is calculated on the basis of thousand impressions achieved by the advertisement
"Digital Media Platforms"	digital platforms that our media brands operate on including (i) third party social media platforms, and (ii) our own websites and apps
"Economic Digest Magazine"	經濟一週, a weekly Chinese language magazine published by our Group.
"eDM"	electronic direct mail
"ESG"	environmental, social and corporate governance
"impression"	a count for the number of times an online advertisement is loaded on a webpage or app page
"Madame Figaro Magazine"	Madame Figaro Hong Kong, a quarterly Chinese language magazine published by our Group
"MPVs"	monthly page views, being the number of times a website is being viewed in a month
"MUVs"	monthly unique visitors, the number of individual users accessing a website in a month, such number of individual users may duplicate if they visit the website through different IP addresses
"newsfeed"	a screen that updates often to show the latest information in social media platforms or websites
"page break"	the point where a webpage ends and a new page begins, when the end of the current page is reached, a new page may load automatically or to click a button manually to load the next page
"PSS Platform"	the personal smart spending platform which our Group plans to develop by using part of the **[REDACTED]** from the **[REDACTED]**

GLOSSARY OF TECHNICAL TERMS

"Repeat Clients"	clients who have been a client of our Group prior to either the commencement of the Track Record Period or where applicable, the commencement of the relevant financial year
"SEO"	search engine optimisation, methods for increasing the chances that a website or page will receive higher ranking on search engine results pages, usually done by editing the content of the website to increase its relevance to specific popular keywords
"SME(s)"	small and medium enterprise(s)
"SSP(s)"	supply side platform(s)
"text link"	hyperlinked brief text description, the clicking of which navigates the audience to the advertiser's website
"traffic"	in terms of traffic in digital advertising, the flow of advertisement audience on the digital media
"UX"	user experience
"Weekend Weekly x GOtrip Magazine"	Weekend Weekly X GOtrip, a quarterly Chinese language magazine published by our Group

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- our goals and strategies and our various measures to implement such strategies;
- our capital expenditure plans;
- our operations and business prospects, including our development plans for our businesses and future expansions;
- our financial condition and results of operations;
- changes in economic conditions and competition in Hong Kong and the world in general;
- future developments and competitive environment for the media advertising industry.

The words "aim", "anticipate", "believe", "continue", "could", "desire", "expect", "estimate", "future", "intend", "may", "ought to", "plan", "potential", "predict", "project", "seek", "should", "will", "would" and the negatives of these terms and similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance and are subject to risks, uncertainties and assumptions, including the risk factors as disclosed in this document. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove to be incorrect, our financial condition may be adversely affected and may vary materially from those described herein as anticipated, believed, estimated or expected.

Accordingly, the statements herein are not a guarantee of our future performance and you should not place undue reliance on such forward-looking information. We undertake no obligation to publicly update or revise any forward-looking statements contained in this document, whether as a result of new information, future events or otherwise, except as required by applicable laws, rules and regulations. All forward-looking statements contained in this document are qualified by reference to this cautionary statement.

Potential investors should consider carefully all the information set out in this document and, in particular, should evaluate the following risks and uncertainties associated with an investment in our Company before making any investment decision in relation to the **[REDACTED]**. *Our business, financial condition or results of operations may be adversely affected by any of such risk factors. In such circumstances, the market price of the Shares could decline and you may lose all or part of your investment.*

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business is subject to risks associated with operating in a rapidly developing and competitive industry and our business is highly susceptible to changing preferences and tastes of audience

The digital advertising industry is a fast-growing industry that is constantly evolving and is highly fragmented and dependent on audience preference. A predominant portion of our revenue is generated through our digital advertising business. As such, our future success largely depends on our ability to constantly generate engaging digital contents for our audience, thus to attract traffic to our Digital Media Platforms. Internet users are however highly sensitive to the timing and the execution of the provision of contents, and whether or not the contents provided are within the scope of their preference.

Under current regulatory requirements, the threshold to enter into the digital advertising market in Hong Kong is relatively low and we face fierce competition from various types of advertisers including traditional publishers, online content creators or even influencers on various social media platforms. Our Group's existing competitors may gain competitive advantage over us via greater market recognition that may enable them to erode our market share. It is also possible that potential competitors may emerge and disrupt the current dynamics of the industry. Furthermore, new marketing media or channels and the introduction of new technology such as AI-content generation may threaten to compete with us, resulting in reduced demand for our services, thereby adversely affecting our business prospects.

Failure to adapt to operating in such highly competitive and rapidly evolving environment may result in reduced revenue and/or loss of our market share that would adversely and materially affect our business and financial performance. If we fail to catch up with the market trend or generate quality contents, our audience may quickly lose interest in our Group's platforms, switch to platforms offered by our competitors and may be reluctant to revisit our platforms again.

We experienced decrease in revenue because of the outbreak of COVID-19, any resurgence thereof or other public health crisis may have a material adverse impact on our business

The global outbreak of the virus has resulted in lockdowns, quarantines, travel restrictions and social distancing measures being implemented by the HKSAR Government. According to the Euromonitor Report, there has been reduced demand for advertising spending as businesses in Hong Kong need to reduce unnecessary spending to cope with the adverse impact brought by the worsening economic and business environment caused by the

COVID-19 pandemic in order to refine their advertising strategy for a more cost-effective solution, leading to delay to the overall advertising spending in 2020, resulting in a 15.5% decrease in online advertising market in 2020 as well as a 35.6% decrease in print advertising market in 2020.

Following the end of the fourth wave outbreak of the pandemic in Hong Kong in mid 2021, there has been relaxation of the social distancing and other restrictive measures in Hong Kong during the latter half of 2021. However, since late November 2021, COVID-19 with Omicron variant has been rapidly spreading across the globe and causing the fifth wave outbreak of the pandemic in Hong Kong since January 2022. Our Group's revenue for the first four months of 2022 experienced an approximately 6% drop in revenue as compared with the corresponding period in 2021. We cannot therefore foretell whether there will be any resurgence of the COVID-19 pandemic or any outbreak of other public health crisis which is beyond our control. If such event shall occur, demand for media advertising services and budget of advertisers may decrease, thereby negatively affect our business, operations and financial condition.

For more details on the impact of COVID-19 on our business, please refer to the section headed "Business – Impact of COVID-19" of this document.

Interests of our Shareholders may be adversely affected in the future due to potential corporate actions, where the interest of our Controlling Shareholders and that of the other Shareholders may not align

As disclosed in the section headed "History and Development- Our history" of this document, there has been various transactions resulting in change in controlling shareholder (as such term is defined under the Listing Rules) of some of our existing subsidiaries prior to the Track Record Period. The first operating company of our Group, WW Publishing, was established under Emperor International, a listed company which was then controlled by Dr. Albert Yeung, in 1999. Then in 2006 seven of our existing subsidiaries (together with various other businesses) became privatised and wholly-owned by AY Discretionary Trust, and in 2008, these seven subsidiaries became subsidiaries of New Media Group Holdings Limited which became listed on the Main Board in 2008 with AY Discretionary Trust being interested in 75% of its shareholding. In 2015, AY Holdings disposed of its entire shareholding in New Media Group Holdings Limited (including NMG) to Evergrande Real Estate but at the same time AY Discretionary Trust acquired 9.99% interests in NMG and in 2017 AY Discretionary Trust acquired the other 90.01% interests in NMG which then became beneficially wholly owned by AY Discretionary Trust.

As our Controlling Shareholders retain substantial control over our Company after **[REDACTED]**, there is no assurance whether there will be any corporate actions regarding our business, such as disposal of our subsidiaries or any one or more of them after **[REDACTED]**. Also, there is no assurance whether or not our Controlling Shareholders will dispose of their Shares following the expiration of the applicable lock-up periods after **[REDACTED]**. Any such corporate action may adversely affect the prevailing market price of our Shares and/or other interest of our Shareholders.

We received subsidies from the HKSAR Government during the year ended 31 December 2020 and 2022 which may not be recurring

During the year ended 31 December 2020, we received approximately HK$16.0 million from the Employment Support Scheme under the anti-epidemic fund from the HKSAR Government, which accounted for approximately 7.5% and 38.8% of our revenue and net profit for the year ended 31 December 2020. During the year ended 31 December 2022, we received government subsidies under the Employment Support Scheme of approximately HK$5.7 million, representing approximately 2.4% and 14.4% of our revenue and net profit for such year. Please refer to the section headed "Financial Information – Discussion and Analysis on Principal Items in the Consolidated Statements of Profit or Loss and Other Comprehensive Income – Other income and gains" in this document. Each of such income may not be recurring. As such, we may not be able to maintain the same level of income or net profit in future financial years.

Our business mainly operates in Hong Kong and any adverse economic, social and/or political development affecting the market may have a material adverse impact to our operations

During the Track Record Period and up to the Latest Practicable Date, our business operation and revenue stream were mainly based in Hong Kong. Our Directors anticipate that Hong Kong will continue to be the principal place of business of the Group. Our business and financial performance is therefore heavily dependent on a stable economic, social and/or political development in Hong Kong. Our business is vulnerable to any adverse events such as economic recession, extensive social unrest, civil disturbance or disobedience that may cause devastating effect and/or cast uncertainty over the general stability or prospect of the business environment in Hong Kong. In the unfortunate event if such adverse event takes place in Hong Kong, it would render material adverse effect on our business and financial performance.

For example, the social unrest in Hong Kong which started in the second half of 2019 distracted the attention of general public and was detrimental to the effectiveness of advertising campaigns targeting the Hong Kong market and in turn led to conservative spending of Hong Kong businesses on their advertising budgets. We cannot predict the occurrence or duration of any social movement in Hong Kong. Occurrence of such movement may worsen the economic, political and social circumstances in Hong Kong such that advertisers may not be willing to allocate their budget on marketing and advertisements, thereby rendering material adverse effect on our business and financial performance.

We rely heavily on third-party social media platforms for distribution of our contents, any change in third-party social media platform policy and any decline or termination in the use of third-party social media platforms may materially affect our operations and business performance

During the Track Record Period, most of our contents are distributed through third party social media platforms. The traffic on the third-party social media platforms will re-direct the followers to our websites via the hyperlinks on the third-party social media platforms, hence creating advertising opportunities on the websites and mobile apps of our

Group. Our digital advertising business heavily relies on third-party social media platforms not only in the exposure they provided for our contents and advertisements, but also to enhance user engagement and facilitate interactions between our advertisers and their target audience, which in turn enables us to deliver effective advertising solutions.

Any change in the third-party social media platforms' policy for their algorithm of distributing our contents to followers on such platforms may reduce viewership, thereby undermining our reach to audience, who in turn are ultimate consumers of our advertisers' products and services. For example, in January 2018, Facebook announced the change in order of the newsfeed settings which will essentially prioritise posts that promote social interactions rather than posts that are commercial in nature. More recently, Apple and Google adapted their privacy policies in response to growing concern over personal privacy and users may opt out of behaviour tracking. We cannot foretell whether there will be any further change or reinforcement of such policy from Facebook, Apple and/or Google, or other similar policy will be implemented on other third-party social media platforms that our Group operates through. If we fail to adjust and/or underestimate the effect of any further policy change from such third-party social media platforms, our operations and business performance may be materially adversely affected.

Any decline in use by our target audience of the third party social media platforms through which our Group operates may also materially adversely affect our business. Such decline could be caused by competition among different social media platforms and/or loss in users of such third-party social media platforms for various reasons such as policy change, changes in user privacy settings, control of published contents or the general users' experience. For instance, according to the Euromonitor Report, the decrease of AAMU of Facebook in Hong Kong in 2022 can be most directly attributed to data breach incident in 2021 and Facebook faced criticism for not taking adequate actions to prevent the apps from accessing user data, which had a negative impact on overall user confidence. If our target audience migrate away from the third-party social media platforms that our Group operates through, and our Group fails to adapt to audience preference and expand or diversify our digital distribution channels, we may lose viewership which in turn will materially adversely affect our business and financial performance.

Furthermore, we are subject to the terms and conditions as well as policies laid down by the third-party social media platforms through which our Group operates. If those platforms determine that the content we posted have violated their terms and conditions or policies, they may remove or restrict access to the content in question or even suspend or terminate our access to their services, which will cause substantial damage on our business and reputation among our current and potential clients. The number of followers and audience we could reach and redirect to our websites may also decrease significantly as a result of any temporary or permanent termination of our account, leading to loss in popularity and viewership which in turn will materially adversely affect our business performance.

Also, in the event of any cessation of operations of such third-party social media platform in Hong Kong, our audience will migrate to other social media platforms and clients of our advertising solutions will also seek to conduct their advertising campaigns on other social media platforms that can engage with their target customers. If we fail to establish our presence on other third party social media platforms, or our audience profile on such other third party social media platforms fail to match with the target customers of our clients' products and services, our Group's business operations and financial performance would be materially adversely affected.

We rely on Supplier A, which operates an online social networking platform, to provide us with boosting services for online marketing solutions and Supplier A became one of the top five clients of our Group for the financial years ended 31 December 2021 and 2022. Any alteration in terms or termination of such services by Supplier A may have significant negative impact on our business operation and financial position.

As mentioned in preceding paragraph, we rely heavily on third-party social media platforms for distribution of our contents. In particular, we rely on Supplier A, which operates an online social networking platform, for boosting services for our online advertising solutions with contents distributed on its platforms. The costs we paid to them for the three financial years ended 31 December 2020, 2021 and 2022 were approximately HK$29.2 million, HK$35.5 million and HK$31.7 million respectively, representing approximately 52.5%, 62.6% and 50.8% of the total production and printing costs of our Group for the respective year.

According to the Euromonitor Report, Supplier A remains one of the most influential platforms in Hong Kong. As our business model highly relies on the traffic and exposure of our contents on our Digital Media Platforms operated on the social media sites of Supplier A, it is unlikely that our demand for the boosting services from Supplier A will be shifted to other social media platforms. Our advertising revenue derived from our operation on the social media sites of Supplier A amounted to approximately 67%, 68% and 62% of our total advertising revenue for the three years ended 31 December 2022 respectively.

We have not entered into any service agreement with Supplier A in relation to the provision of such boosting service. In the event that Supplier A ceases to offer such service to us on comparable price or scope or at all, the exposure of our online advertising solutions may drop significantly and may not be able to reach the advertiser's desired amount of intended target audience, thereby reducing the effectiveness of our advertising solutions. This may, in the long run, deter us from retaining existing clients and attracting new clients and therefore be detrimental to our business operation and financial performance.

At the same time, we generated programmatic revenue by posting on social media platforms of Supplier A which amounted to approximately HK$8.4 million, HK$19.0 million and HK$19.2 million during the three financial years ended 31 December 2020, 2021 and 2022, representing approximately 4.4%, 7.8% and 8.0% of our total advertising revenue for the corresponding year. Supplier A became one of the top five clients of our Group for the years ended 31 December 2021 and 2022.

Our Group's entitlement of programmatic revenue generated from Supplier A's social media platforms is regulated by their standard terms and conditions which our Group is deemed to have accepted upon establishing our business accounts with Supplier A. According to such standard terms and conditions, our Group is entitled to a percentage of the net revenue actually collected by Supplier A from advertisers for advertisements being displayed over contents of our Group that are published on Supplier A's social media platforms, which percentage is to be decided by Supplier A at its sole discretion. Furthermore, the programmatic revenue generated from Supplier A also depends on the popularity of its platforms to advertisers. This relationship is driven by market demand and popularity of Supplier A, and may shift to or be substituted by other digital media platforms which gain popularity and attract audience. As such, the programmatic revenue which we are able to generate from Supplier A's social media platforms will be affected if the popularity of Supplier A's social media platforms declines. If programmatic revenue generated from social media platform of Supplier A substantially decreases, the performance and results of our operation may be adversely effected.

Our business depends on our strong brand recognition and any negative publicity could adversely affect our brand reputation and business

We believe our strong brand recognition is one of the keys to our success in solidifying the leading position in our viewership and reputation in the digital advertising industry and that the maintenance and enhancement of our brand image is critical to our Group's business growth.

Our brand image may be adversely affected if our reputation is tarnished or defamed by any negative publicity, which in turn may significantly and adversely impact our reputation and popularity and thereby lead to drop in our viewership and market shares.

If we are unable to maintain, protect or enhance our brand image against negative publicity, this could pose a material and adverse effect on our business, results of operations and prospects.

We are generally engaged by clients on a project-by-project basis and we may not be able to retain them

Our clients generally engage our services on a project-by-project basis and enter into contracts with us for individual campaigns as and when the need arises. Our business prospect depends on our ability to maintain the relationship with our existing clients. There is no guarantee that clients who engage us before will engage us in the future and our revenue may fluctuate depending on the engagements that we are able to secure for the relevant period.

We believe our ability to maintain constant engagement from our clients is largely dependent on our business relationships with them via providing a wide range of advertising solutions that can achieve their business objectives. We have a dedicated in-house Platform Team that analyses audience behaviour on our Digital Media Platforms which allow us to gain insights to serve our clients' needs and objectives. However, if our advertising solutions fail to achieve our clients' objectives or deviate from their expectations, they may lose trust in us, which in turn may deter them from engaging us again and opt for our competitors instead. Even if our services and products fulfil our clients' objectives or expectations, they may still relocate their advertising budget away from us due to budget constraints. If we fail to retain current clients and attract new clients, our business and financial performance would be materially and adversely affected.

We derived a significant portion of our revenue from some major clients

For each of the three years ended 31 December 2022, the total revenue derived from our top five clients accounted for approximately 48.1%, 45.6% and 41.7% respectively of our revenue and the largest client accounted for approximately 13.7%, 14.2% and 10.0% of our revenue for the respective year. There is no assurance that we could continue the business relationship with these clients, or these clients would require services, or the same amount of services, from us in future. If we are unable to maintain business relationship with these clients, or services these clients require substantially decrease, the performance and results of our operation may be materially and adversely affected.

Our business operation is exposed to credit risk and timing mismatch between receipt of payments from clients and payments to suppliers, and any material payment delays or defaults by our clients may adversely affect our cashflow and financial position

Credit terms offered to our clients vary on case-by-case basis. For most of the cases we do not require any payment of deposit or upfront payment from our clients, which our Directors believe is in line with industry practice. Meanwhile, the credit term offered by our suppliers to us are generally shorter, leading to timing mismatch between receipt of payments from our clients and payments to our suppliers. For each of the three years ended 31 December 2022, our trade payables turnover days were approximately 53.6 days, 43.3 days and 33.7 days respectively, while our trade receivables turnover days for the relevant period were approximately 124.3 days, 113.3 days and 122.4 days respectively. Such timing mismatch exposes our business operation to credit risk that could adversely affect our cash flow and profitability in the event of any material payment delay or default by our clients. As at 31 December 2020, 2021 and 2022, our trade receivables which were past due based on the invoice date and net of loss allowance amounted to approximately HK$63.4 million, HK$78.8 million and HK$71.5 million, respectively, with the gross trade receivables amounted to approximately HK$67.4 million, HK$84.9 million and HK$76.6 million, and the impairment losses on trade receivables amounted to HK$4.0 million, HK$6.1 million and HK$5.1 million, respectively. For further details, please refer to the section headed "Financial Information – Discussion on Selected Consolidated Statements of Financial Position Items – Trade receivables" of this document.

Our cash flow and therefore profitability would be adversely affected if we experience delay in recovering our trade receivables. Even if the payment was subsequently recovered, the recovery process is usually burdensome along with extra time and resources spent. We cannot guarantee partial or full recovery for every outstanding payment, especially for our advertising agency clients who usually only make payment to us after receiving payment from their customers. Failure to secure adequate payments in time or to manage past due debts effectively could have a material and adverse effect on our business, financial position and results of operations.

Our contents may expose us to potential liabilities

As advised by our legal advisors as to Hong Kong laws, if any of the contents or advertisement on our media platforms contains any false description to any goods or services supplied, any obscene or indecent article, any defamatory materials or copyright infringe work, our Group as the publisher of the contents and advertisement on our digital media platforms, no matter whether the advertising contents are primarily produced by our Group or provided by our clients, will be liable, whether or not our clients are also liable for contents provided and/or approved by them. We may be charged by the relevant authorities for breach of the relevant ordinances and regulations of Hong Kong. We may also be liable to compensate (i) the copyright owner if the contents or advertisement on our media platforms contains copyright infringing work or (ii) the subject of the contents or advertisement if it contains defamatory remark against the subject, and/or publish any clarification notice or apology (as the case maybe).

During the Track Record Period and up to the Latest Practicable Date, there were 33 claims for using copyrighted images of others which resulted either in our paying of licence fees and and/or removal of the relevant images and 2 claims for using copyrighted contents of others which resulted in either our apology and/or removal of the relevant article, and total licence fees/compensation paid by us arising from such claims amounted to approximately HK$76,000.

If we are involved in claim, dispute and/or litigation in relation to infringement of intellectual property rights of other third parties, accusation of defamation or other third parties' rights, we may need to devote significant time and resources to defend ourselves. If we are unable to defend ourselves in such claim, dispute and/or litigation, we may be liable to payment of substantial compensation or other sanctions such as compliance with injunction order requiring us to remove the content in question or take other steps to prevent infringement which could impact our financial condition adversely. Such claim, dispute and/or litigation might also taint our reputation, thus deterring our clients from engaging our services and harm our financial performance.

Our internal control measures and procedures may be subject to failures and limitations

In order to monitor our operation risk and comply with applicable laws or regulations in relation to our business, we have risk management and other internal controls and compliance measures and procedures in place. There is no assurance that these measures and procedures will prove at all times adequate and effective to deal with all possible risks given the fast changing business environment in which we operate. Furthermore, no matter how well-considered the internal control measures and procedures are, they may still contain inherent limitations caused by misjudgment or fault of the Board, senior management and/or staff. Any deficiencies in the internal control measures and procedures may fail to prevent or address all potential risks, and as a result our Group's business, prospects, results of operations and financial condition may be materially and adversely affected.

We may experience breakdowns in our information technology systems or undetected programming errors or other defects that could disrupt our business operations

During the Track Record Period, our Group's digital advertising revenue respectively accounted for 85.2%, 94.6% and 95.2% of the total revenue of the respective financial year. Therefore our business heavily depends on the stable operation of our information technology systems including the software and hardware, which we utilise to, among other things, support our daily operation, including our sales system, expenses system and accounting system; host our websites and mobile apps for our media brands; analyse viewers behaviours; and design, execute and place contents and advertisements on our platforms.

A system malfunction or data loss could seriously interrupt or even paralyse our business operations. During such malfunction, we may also fail to deliver our services and products to clients in timely manner and affect our business relationships with our clients.

Our hardware systems are also vulnerable to a variety of events, including, among others, telecommunications failures, power shortages, malicious human acts and natural disasters, which would also lead to disruption to our business operations that could lead to material adverse effect on our financial condition.

We may not be able to safeguard personal data of our audience and clients which may lead to penalty and/or claims by third parties which may in turn materially and adversely affect our reputation and business

We collect, receive, use, retain, store and process various personal data and other information of our audience, subscribers and users of our websites, mobile applications and our social media platforms operated on third party social media sites and clients in the operation of our business. Our privacy policy statement, which can be located at our websites and mobile apps, aims to ensure our collection and use of personal data is in compliance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) ("**PDPO**") and its six data protection principles or other applicable laws and other relevant regulations. We have implemented measures to comply with the requirements of PDPO on data protection and privacy. For more information, please refer to the section headed "Business – Data Protection and Security" of this document.

However, we cannot guarantee that such measures can prevent any unauthorised use of personal data and other information of our audience, subscribers and users and clients. We could be found liable in litigation or public investigation as a result of our failure or perceived failure to comply with our privacy policy statement, or applicable privacy laws or regulations, or any unauthorised leak or use of personal data. Such failure would have an adverse impact on our reputation and the operation of our business.

We may not succeed in implementing our business strategies and future expansion plan

We cannot guarantee our business strategies and future expansion plans as proposed in this document will be successful as there are a number of factors which are beyond our control and may affect our business prospects such as economic and political conditions, global economic conditions, change in government regulations, audience behaviour and client preferences. In particular, there is no assurance that we will be able to successfully implement our strategies as more particularly outlined in the section headed "Business – Our Strategies" of this document. As disclosed in the section headed "Future Plans and **[REDACTED]**" of this document, we will be incurring expenditure of approximately HK$14.0 million, HK$22.4 million and HK$5.8 million during the year ending 31 December 2023, 2024 and 2025 respectively for the purpose of implementing the APS Platform, the PSS Platform and the E-Commerce Solution Platform, including capital expenditure and staff cost for developing these platforms and marketing expenses for them. We may not be able to generate the level of revenue from these platforms as expected. If we fail to generate revenue or sufficient revenue from these platforms to cover the costs incurred, our net profit for the respective years may drop and our results of operation and financial condition may be adversely affected.

If we fail to attract, recruit or retain our key personnel including our executive officers and key employees, our ongoing operations and growth could be affected

The success of our Group depends, to a significant extent, on the expertise and experience of our executive officers and other key employees, most of whom have played an important role in the development of our business. We benefit from a strong management with extensive experience in digital marketing sector and rely on our key employees in our daily operation when making business and editorial decisions. The performance of our Group also depends on our ability to retain and motivate our executive officers and key employees. There is no assurance that our Group could retain its executive officers and key employees for their future services. If we were to lose the services of any of them without a suitable and timely replacement, or were unable to recruit qualified members to join our Group for future expansion, there could be a material adverse effect on our business, results of operations and business prospect. Moreover, if any of our executive officers or key employees join our competitors, we may lose know-how and clients, thereby affecting our business adversely.

Adverse change in government regulations may materially and adversely affect our operations and financial condition

Our principal business operations are based in Hong Kong and at present, save as those set out in the section headed "Regulatory Overview – Laws and Regulations in Hong Kong" of this document, there are no particular laws or regulations governing our business. Currently our Group has obtained all licences necessary for carrying on its businesses in the current scope. Should there be any changes in the regulatory requirements and our Group is not able to comply with them in a timely manner or if compliance of these requirements involve substantial costs, the business, results of operation and financial position of our Group may be adversely affected.

We cannot assure that the insurance policies we have taken out are always able to cover all losses we sustain during the course of our business operations

We maintain a number of insurance policies on our assets and against our operation risks including property damage insurance, electronic equipment insurance, cash all risk insurance, business interruption insurance and public liability insurance. Please refer to the section headed "Business – Insurance" of this document for details of our existing insurance coverage. We cannot guarantee that our existing insurance policies will sufficiently cover all potential liabilities or risks associated with our business operation. In the event that our insurance does not or is insufficient to compensate, or should we be unable to effect any insurance, for the losses or damages arising from such potential liabilities, our financial condition and operations could be adversely affected.

Our Controlling Shareholders have substantial control over our Company and their interests may not be aligned with the interests of the other Shareholders

Our Controlling Shareholders will still be retaining substantial control over our Company after **[REDACTED]**. Subject to our Articles of Association and the Companies Act, our Controlling Shareholders will still be able to exert significant influence over our business and/or other matters of significance to us and other Shareholders in the general meetings of the Shareholders and Board meetings. The interests of other Shareholders can be undermined where the interests of the Controlling Shareholders conflict with that of other Shareholders.

We may not be able to catch up with the technological advancements in the digital advertising industry in a timely and cost-effective manner

The digital advertising industry is ever-changing due to rapid evolvement of information technology which allows innovative and precise advertising solutions to be delivered to advertisers. With the inevitable emergence of new technologies, we need to closely monitor the development of such technologies and make use of those that may improve the quality of our advertising products and services and/or business efficiency in order to stay competitive in the market.

We cannot guarantee our success in anticipating and screening which technologies would best advance our business or that the new technologies we adopt will satisfy the expectations and preferences of our clients and/or our audience. Furthermore, we may not be able to manage the technological, operational and financial risks associated with adaptation of such new technologies. If we fail to adapt a well-accepted new technology and/or fail to adapt such new technology in a timely and cost-effective manner, our business and financial performance may experience a material adverse effect.

RISKS RELATING TO THIS [REDACTED]

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

Prior to the **[REDACTED]**, there has been no public market for our Shares. The initial **[REDACTED]** range of the **[REDACTED]**, and the **[REDACTED]** will be determined by the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) and us. The **[REDACTED]** may not be indicative of the price at which our Shares will be traded following the completion of the **[REDACTED]**. In addition, there can be no guarantee that (i) an active trading market for our Shares will develop, or (ii) if it does develop, that it will be sustained following the completion of the **[REDACTED]**, or (iii) that the market price of our Shares will not decline below the **[REDACTED]**.

Future sales by our Controlling Shareholders or substantial Shareholders of a substantial number of our Shares in the public market could materially and adversely affect the prevailing market price of our Shares

We cannot assure that our Controlling Shareholders or substantial Shareholders will not dispose of their Shares following the expiration of their respective lock-up periods after completion of the **[REDACTED]**. We cannot predict the effect, if any, that any future sales of Shares by any Controlling Shareholders or substantial Shareholders, or the availability of Shares for sale by any Controlling Shareholders or substantial Shareholders may have on the market price of our Shares. Sales of substantial amounts of Shares by any Controlling Shareholders or substantial Shareholders, or the market perception that such sales may occur, could materially and adversely affect the prevailing market price of our Shares.

The interests of Shareholders may be diluted as a result of additional equity fund raising in the future

Our Group may need to raise additional funds in the future, subject to the financial condition, for the expansion of operations or new acquisition. The fund raising may involve issuance of new Shares or other equity related securities of our Company other than on pro-rata basis to existing Shareholders. In addition, any such new securities may entail preferred rights, preferences and/or privileges over those attaching to the Shares. Therefore, the Shareholders may experience substantial dilution in their interests in our Company.

Past dividends should not be used as a reference for dividend policy of our Company in the future

Dividends of approximately HK$20.8 million, HK$34.0 million and HK$12.0 million were declared by our Group for the year ended 31 December 2020, 2021 and 2022 respectively, which have been fully paid. Dividends of approximately HK$10.0 million was also declared by our Group in March 2023, which had also been fully settled. Investors are cautioned not to use historical dividend distribution by the Company as the indication of our future dividend policy and there is no assurance that dividends will be declared or paid in an amount equivalent to or exceeding historical dividends declared or at all. The declaration, payment and amount of any further dividends are subject to the recommendation of our

Directors at their discretion depending on, amongst other factors, our revenue, financial condition, cash requirements, provisions governing the declaration and distribution as contained in our Articles of Association, applicable law and other relevant factors.

There will be a time gap between the pricing and trading of our [REDACTED], and the price of our [REDACTED] could fall below the [REDACTED] when the trading of our Shares commences

The **[REDACTED]** of the Shares is expected to be determined on the **[REDACTED]**. The Shares will not commence trading on the Stock Exchange until our Shares are delivered, which is expected to be a short period after the **[REDACTED]**. As a result, investors may not be able to sell or otherwise deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall below the **[REDACTED]** when trading of our Shares commences as a result of adverse market conditions or other adverse developments, that could occur between the **[REDACTED]** and the date on which trading of our Shares commences.

RISKS RELATING TO STATEMENTS MADE IN THIS DOCUMENT

Certain information and statistics included in this document may not be reliable

Certain information and statistics contained in this document have been extracted and derived, in part, from various sources including the Euromonitor Report, various official government sources and publicly available publications. We believe that the sources of such information and statistics are appropriate and have taken reasonable care in extracting and reproducing such information and statistics. We have no reason to believe that such information or statistics is false or misleading or that any fact has been omitted that could render such information or statistics false or misleading. The information from official government sources has not been independently verified by our Company, our Controlling Shareholders, the Joint Sponsors, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, nor any of the **[REDACTED]**, any of our or their respective affiliates, officers or representatives or any other person involved in the **[REDACTED]** and such parties do not make any representation as to their accuracy and completeness.

While we have taken reasonable care to reproduce such information from official government sources, we cannot guarantee the accuracy and reliability of the information contained in such sources. Those facts and statistics may not be consistent with other information compiled within or outside Hong Kong and may not be complete or up-to-date. In all cases, investors should take into account the level of reliability and importance for all such information and statistics.

Investors should not rely on any information contained in press articles or other media regarding our Group or the [REDACTED]

There may be press and media coverage regarding us or the **[REDACTED]**, which may include certain events, financial information, financial projections and other information about us that do not appear in this document. We have not authorised the disclosure of any other information not contained in this document. We do not accept any responsibility for any such press or media coverage and we make no representation as to the accuracy or completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this document is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for them. Accordingly, prospective investors should not rely on any such information. In making your decision as to whether to subscribe for and/or purchase the Shares, you should rely only on the financial, operational and other information included in this document.

RISK RELATING TO COMPANY NOT INCORPORATED IN HONG KONG

Our Shareholders may face difficulties in protecting their interests because we are incorporated under Cayman Islands laws, and the laws of the Cayman Islands for minority shareholders' protection may be different from those under the laws of Hong Kong or other jurisdictions

We are a Cayman Islands company and our corporate affairs are governed by our Memorandum and Articles of Association, the Companies Act and other laws of the Cayman Islands. The rights of Shareholders to take action against our Directors, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under the Cayman Islands laws are to a large extent governed by the common law of the Cayman Islands. The laws of Cayman Islands relating to the protection of the interests of minority shareholders may differ from those under statutes and judicial precedent in existence in Hong Kong and other jurisdictions. Therefore, remedies available to the minority shareholders of our Company may differ from those they would have under the laws of Hong Kong or other jurisdictions. Please refer to the section headed "Summary of the Constitution of the Company and Cayman Islands Company Law" in Appendix III to this document for more information.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. WONG Chi Fai 黃志輝	Flat B, 19/F, Tower II Clovelly Court 12 May Road Hong Kong	Chinese
Mr. LEE Yat Pui, Royce 李一培	Unit G, 26/F, Tower 3 Mantin Heights 28 Sheung Shing Street Ho Man Tin, Kowloon Hong Kong	Chinese
Ms. FAN Man Seung, Vanessa 范敏嫦	Flat E, 5/F Woodland Heights 2 Wong Nai Chung Gap Road Hong Kong	Chinese
Independent non-executive Directors		
Ms. Cheng Ka Yu 鄭嘉裕	Flat A, 6/F, Block 1 Welcome Gardens 39 Broadcast Drive Kowloon Tong, Kowloon, Hong Kong	Chinese
Mr. Mak Kam Chiu 麥錦釗	Flat A, 11/F, Block 13 South Horizons Ap Lei Chau, Hong Kong	Chinese
Mr. Niu Zhongjie 牛鍾洁	Flat C2, G/F Repulse Bay Apartments 101 Repulse Bay Road Hong Kong	Chinese

Further information of the Directors is disclosed in the section headed "Directors, Senior Management and Employees" in this document.

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors	Emperor Corporate Finance Limited 23/F Emperor Group Centre 288 Hennessy Road Wanchai Hong Kong
	Lego Corporate Finance Limited Room 1601, 16/F China Building 29 Queen's Road Central Central, Hong Kong
[REDACTED] and [REDACTED]	**[REDACTED]**
	[REDACTED]
[REDACTED]	**[REDACTED]**
	[REDACTED]
	[REDACTED]

[REDACTED] and [REDACTED]	**[REDACTED]**
	[REDACTED]
	[REDACTED]
	[REDACTED]
	[REDACTED]
	[REDACTED]
[REDACTED]	**[REDACTED]**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Legal Advisors to the Company	*As to Hong Kong law* David Chan & Carmen Chan, Solicitors Suite 1210, 12/F COSCO Tower 183 Queen's Road Central Hong Kong *As to Hong Kong law relating to tenancies* Mr. Chan Chung, Barrister-at-law 10/F, Grand Building 15-18 Connaught Road Central Central, Hong Kong

	As to Cayman Islands law Conyers Dill & Pearman 29/F One Exchange Square 8 Connaught Place Central Hong Kong
	As to PRC law Dentons 3/F & 4/F, Block A Shenzhen International Innovation Center No. 1006, Shennan Boulevard Futian District, Shenzhen PRC
Legal Advisor to the Joint Sponsors and the [REDACTED]	*As to Hong Kong law* Vincent T.K. Cheung, Yap & Co. Unit 2302, 23/F, Office Tower Convention Plaza No.1 Harbour Road Wanchai Hong Kong
Auditor and Reporting Accountants	Ernst & Young Certified Public Accountants Registered Public Interest Entity Auditor 27/F, One Taikoo Place 979 King's Road, Quarry Bay Hong Kong
Industry Consultant	Euromonitor International Limited 29/F The Gateway Tower 5 15 Canton Road Tsim Sha Tsui Hong Kong
Valuer	Ravia Global Appraisal Advisory Limited 17/F 83 Wan Chai Road Wanchai Hong Kong
[REDACTED]	**[REDACTED]**

CORPORATE INFORMATION

Registered Office	Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business in Hong Kong	8/F, Tower 1 The Quayside 77 Hoi Bun Road Kwun Tong, Kowloon, Hong Kong
Company's website	www.newmedialab.com.hk *(information contained in our Company's website does not form part of this document)*
Company Secretary	Ms. Liu Suet Ying *(associate member of both the Hong Kong Chartered Governance Institute and the Chartered Governance Institute)* 28/F Emperor Group Centre 288 Hennessy Road Wanchai Hong Kong
Authorised Representatives	Ms. Fan Man Seung, Vanessa Flat E, 5/F Woodland Heights 2 Wong Nai Chung Gap Road Hong Kong Ms. Liu Suet Ying 28/F Emperor Group Centre 288 Hennessy Road Wanchai Hong Kong
Audit Committee	Mr. Mak Kam Chiu *(Chairman)* Ms. Cheng Ka Yu Mr. Niu Zhongjie
Nomination Committee	Ms. Cheng Ka Yu *(Chairperson)* Ms. Fan Man Seung, Vanessa Mr. Niu Zhongjie

CORPORATE INFORMATION

Remuneration Committee	Mr. Niu Zhongjie *(Chairman)* Mr. Wong Chi Fai Mr. Mak Kam Chiu
Corporate Governance Committee	Ms. Fan Man Seung, Vanessa *(Chairperson)* Mr. Mak Kam Chiu Ms. Cheng Ka Yu a representative from company secretarial function a representative from finance and accounts function
Compliance Advisor	Lego Corporate Finance Limited Room 1601, 16/F China Building 29 Queen's Road Central Central, Hong Kong
[REDACTED]	**[REDACTED]**
Hong Kong [REDACTED]	**[REDACTED]**
Principal Banker	The Bank of East Asia, Limited 10 Des Voeux Road Central Hong Kong Bank of Communications (Hong Kong) Limited 20 Pedder Street Central Hong Kong

*The information and statistics set out in this section were extracted from the independent industry report prepared by Euromonitor International Limited ("**Euromonitor**"), an independent third party, in connection with the* **[REDACTED]**, *which included information and statistics from different official government publications, available sources from public market research and other sources from independent suppliers. We believe that the sources of information contained in this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any part has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, the Joint Sponsors, the* **[REDACTED]**, *the* **[REDACTED]**, *the* **[REDACTED]**, *the* **[REDACTED]**, *the* **[REDACTED]**, *any of the* **[REDACTED]**, *any of their respective directors and advisers, or any other persons or parties involved in the* **[REDACTED]**, *and no representation is given as to their accuracy and none of them gives any representations as to its accuracy and completeness. Accordingly, the information from official government sources contained herein may not be accurate and should not be unduly relied upon.*

SOURCE OF INFORMATION

We commissioned a report from Euromonitor, an Independent Third Party, to conduct an analysis of, and to report on, the advertising industry in Hong Kong, as well as the online advertising and print advertising industry in Hong Kong. A total fee of US$86,500 was paid to Euromonitor for the preparation of the report.

RESEARCH METHODOLOGY

In compiling the Euromonitor Report, Euromonitor obtained and gathered data and intelligence by (i) conducting desk research; and (ii) conducting primary research by interviewing leading industry participants and experts. The information and statistics set forth in this section are extracted from the Euromonitor Report.

FORECASTING BASES AND ASSUMPTIONS

Euromonitor prepared the Euromonitor Report based on the following assumptions: (i) the economy of Hong Kong is expected to maintain a steady recovery over the forecast period, having taken into consideration the effects of the COVID-19 pandemic and other external factors; (ii) the Hong Kong social, economic and political environments are expected to recover steadily during the forecast period, having taken into account the effects of the social unrest in 2019 and the COVID-19 pandemic in 2020 to 2022; (iii) key market drivers such as the penetration of e-commerce are expected to boost the development of the Hong Kong online advertising market over the forecast period; (iv) key market drivers including the possession of smartphones and time spent on digital devices are likely to drive the growth of the Hong Kong online advertising market over the forecast period; and (v) no adverse change in information since March 2023.

SCOPE OF THE ADVERTISING INDUSTRY

The advertising industry is defined as the aggregation of online, outdoor, print, television and radio and other advertising segments. It consists of the creation of media and advertising contents, placement of advertising contents, planning of the advertising strategy on various media platforms, as well as other strategic services including search engine optimisation, social media marketing and other related value-added services.

- **Online advertising** is defined as a form of marketing and advertising which uses the Internet to deliver promotional marketing messages to consumers. It includes electronic direct marketing (eDM), search engine optimisation (SEO), social media marketing, many types of display advertising (including web banner advertising), and mobile advertising.

- **Outdoor advertising** refers to the placement of advertising contents, both print and video contents, on any types of outdoor advertising platforms, including billboards, bus benches, interiors and exteriors of buses, taxis and business vehicles, and signage posted on the exterior of brick-and-mortar locations.

- **Print advertising** refers to the creation and placement of physically printed advertising contents placed on any types of publications such as newspapers, magazines, brochures, or direct mail.

- **Television and radio advertising** refers to a span of television programming produced and paid for by an advertiser, with advertising contents embedded within. It involves three main tasks: creating a television advertisement, placing the advertisement on television, and measuring the outcomes of advertising campaigns; whereas radio advertising refers to a span of radio programming produced and paid for by an advertiser, with advertising contents embedded within. It involves three main tasks: creating a radio advertisement, placing the advertisement on radio, and measuring the outcomes of advertising campaigns.

OVERVIEW OF THE ADVERTISING INDUSTRY IN HONG KONG

Hong Kong's advertising industry has grown from HK$29.4 billion in 2017 to HK$31.9 billion in 2018, in line with the growth in Hong Kong's economy where real GDP grew at 2.8% in 2018. At the beginning of 2020, while the social unrest happened in 2019 started to settle down, the outbreak of the COVID-19 pandemic in Hong Kong negatively impacted both Hong Kong's economy and the advertising industry. The demand for advertising spending dropped as companies in Hong Kong reduced unnecessary spending to cope with the adverse impact caused by the worsening economic and business environment. Companies also need more time to digest changes caused by both social unrest and the COVID-19 pandemic in order to refine their advertising strategy for more cost-effective results, hence further suppressed the overall advertising spending in 2020. As a result, the advertising industry shrank to HK$20.9 billion in 2020, which registered a decline of 28.2% compared to HK$29.0 billion in 2019. In 2021, Hong Kong's advertising industry gradually recovered in line with increased economic and consumption activities, recording HK$27.6 billion in revenue which constituted a growth of 32.2% from the HK$20.9 billion recorded in 2020.

Although there was ongoing recovery from the pandemic, the advertising industry shrank slightly to HK$26.9 billion in 2022 due to negative impacts from various global events and supply chain disruptions. Overall, the advertising industry is still far from its pre-pandemic size and recorded a negative CAGR of 4.2% over the historical period of 2018 to 2022.

The table below sets forth the revenue of the advertising industry by segment in Hong Kong from 2018 to 2022 and forecast for 2023 to 2027:

Table 1 The Advertising Industry in Hong Kong (2018 – 2027F)*

HK$ billion	2018	2019	2020	2021	2022	CAGR 2018-2022
The Advertising Industry	31.9	29.0	20.9	27.6	26.9	-4.2%
Online	12.1	11.0	9.3	12.5	12.6	1.0%
Outdoor	6.1	6.5	3.4	4.6	4.5	-7.3%
Print	7.2	6.0	3.9	4.5	4.0	-13.5%
Television & Radio	6.3	5.4	4.2	5.9	5.7	-2.5%
Others# (HK$ million)	145.9	98.8	7.9	20.0	26.9	-34.5%

HK$ billion	2023F	2024F	2025F	2026F	2027F	CAGR 2023F-2027F
The Advertising Industry	29.8	32.5	35.0	37.2	39.6	7.3%
Online	14.9	17.2	19.4	21.2	23.0	11.4%
Outdoor	5.1	5.7	6.4	6.9	7.4	9.7%
Print	3.9	3.7	3.4	3.2	3.1	-5.0%
Television & Radio	5.9	5.8	5.7	5.8	5.9	-0.1%
Others# (HK$ million)	36.4	44.0	48.1	51.3	52.9	9.8%

Source: Euromonitor estimates from customer research and trade interviews with industry stakeholders; Hong Kong Adspend Report 2022, AdmanGo; WARC Adspend Outlook 2022/23.

* *2023 to 2027 figures are forecasted data based on Euromonitor estimates from customer research and trade interviews with industry stakeholders*

Others are mostly composed of cinema advertising

Advertising activities in Hong Kong are highly aligned with the overall economic and business environment. Therefore, the better the overall economic and business environment, the more business-friendly the market is for companies to operate in, hence creating further demand to allocate budget on advertising campaigns and expand their businesses.

Among various advertising segments, the outdoor, print and television and radio advertising segments have recorded negative CAGR of 7.3%, 13.5% and 2.5% respectively over the historical period of 2018 to 2022. Other advertising, which is mostly comprised of cinema advertising, recorded a negative CAGR of 34.5% from 2018 to 2022. This is mainly due to the influence of the social unrest in 2019 and the subsequent COVID-19 pandemic.

Cinemas in Hong Kong were forced to close for prolonged periods and saw a significant drop in cinema attendance, which had a devastating impact on their advertising revenue. Running counter to the general decline in total revenue of the advertising industry with an aggregate negative 4.2% CAGR, the online advertising segment has recorded a positive CAGR of 1.0% over the same period. The growth in the online advertising segment is mainly attributable to (i) technology advancement and high internet penetration rate; and (ii) rapid growth in e-commerce market as a major driving force for online advertising.

After more than three years of COVID-19 pandemic, Hong Kong has finally lifted all travel restrictions and pandemic containment measures and the overall consumer expenditure is expected to recover and grow over the forecast period, from HK$2,002.0 billion in 2023 to HK$2,468.9 billion in 2027, at a CAGR of 5.4%.

The expected momentum in the recovery of consumer spending power also drives the expected advertising spending in Hong Kong over the forecast period.

Similar to the historical period performance, the ongoing digital transformation of the advertising industry, as well as the digital-savvy generation of the Hong Kong population is expected to increase further over the forecast period, the online media would be expected to grow at a double-digit CAGR of 11.4%, from HK$14.9 billion in 2023 to HK$23.0 billion in 2027. By 2027, online media is expected to contribute to approximately 58% of the total advertising industry and become the major media platform for advertisers to stay connected with targeted consumers. In comparison to online media, traditional media such as television & radio is expected to record negative CAGR of 0.1% and print media is expected to record negative CAGR of 5.0%, respectively, over the forecast period. It is expected that the forecasted 7.3% CAGR of the advertising industry is driven by the demand shift from traditional media to online media.

The relaxation of travel restriction and social distancing measures in the latter half of 2022 would also fuel momentum for outdoor and other media to recovery and grow over the forecast period, at 9.7% and 9.8% CAGR, from HK$5.1 billion and HK$36.4 million in 2023, to HK$7.4 billion and HK$52.9 million in 2027, respectively.

In Hong Kong, seasonality is a well-known factor considered by marketers and advertisers when making advertising spending allocation decisions in the year. Traditionally, the fourth quarter covers festivals such as Christmas, which is the time for advertisers to allocate a significant amount of their advertising spending at. Among those festivals, Christmas is known as the most important season for most advertisers in Hong Kong to allocate a significant portion of their advertising budget to boost their sales. The gifting tradition of Christmas makes it a strong motivation for consumers to do shopping, hence making it the most popular holiday season for advertisers to plan and carry out their advertising campaigns. On the other hand, the rapidly growing e-commerce trend influences the seasonality in a way that a heavier focus on advertising spending in the fourth quarter of a calendar year was placed by advertisers as the notable e-commerce event of "Double Eleven Shopping Festival" take place on the eleventh day of November each year.

Save for the social unrest in Hong Kong exposed during the second half of 2019 resulted in substantial reduction of advertising spending during such period, it is observed that the general spending atmosphere in Hong Kong is constantly affected by the said seasonality factor happened in the fourth quarter. According to Euromonitor custom research, throughout 2018 to 2022, the fourth quarter of each year recorded the heaviest weighing of the overall advertising spending of the year in Hong Kong, save for 2019 for the reason mentioned above, ranging from 24.8% to 29.4%, to capture the potentially higher spending power of Hong Kong consumers during the fourth quarter exhibited throughout the historical period.

IMPACT OF COVID-19 PANDEMIC IN HONG KONG

At the beginning of 2020, while the social unrest started to settle down, the outbreak of the COVID-19 pandemic in Hong Kong caused further damage to both Hong Kong's economic condition and the advertising industry's environment. The real GDP and consumer expenditure recorded a decline of 6.1% and 9.7% in 2020, respectively. Consumer expenditure on newspapers, magazines, books and stationery has also recorded a decline of 14.6% in 2020.

According to the "From Data To Insights" report by Vpon Big Data Group, a big data company focused on mobile data analytics marketing solutions, the Hong Kong population in commercial districts such as the Central and Western District, has significantly declined right after the outbreak of the first identified COVID-19 case in 2020, meaning that the Hong Kong population, in general, has reduced their traffic to commercial districts, where most outdoor advertising contents are in place, since the outbreak of the COVID-19 pandemic. Similarly, the proportion of mobile users not going out during weekdays after the outbreak has increased by 25.6%, compared to the pre-COVID-19 era. These observations have proven the reduction of physical foot traffic caused by the COVID-19 pandemic in 2020.

The COVID-19 pandemic lockdown accelerated e-commerce usage of food delivery services and personal hygiene products. During the COVID-19 pandemic, the Hong Kong government rolled out several social distancing measures to reduce gatherings and contain the spread of the coronavirus. Those measures include locking down designated buildings or districts with infected cases, capping the number of people for social gatherings, restricting the dine-in time of restaurants, and mandating quarantine for people travelling into Hong Kong.

These measures reduced offline consumption and encouraged purchases through online channels and boosted the growth of certain segments of Hong Kong's e-commerce market. The e-commerce market of Hong Kong has increased from HK$85.4 billion in 2018 to HK$136.0 billion in 2021, with a CAGR of 16.8%.

Despite the expected slow down on advertising spending towards traditional advertising platforms, the growing e-commerce market in Hong Kong would shift the demand of advertising spending from traditional advertising to online and social media advertising over the forecast period.

The partial recovery of the pandemic in mid-2021 fuels momentum in advertising spending

Subsequent to the lockdown measures implemented in the first quarter of 2021, Hong Kong consumers have adapted to the COVID-19 pandemic and started to "return to normal". With the lowered number of identified coronavirus cases and the roll out of vaccines in March 2021, foot traffic in shopping malls and offices resumed. In light of the partial recovery of social activities, advertisers, especially luxury and cosmetic brand owners, started to resume their delayed adverting budget to launch massive marketing campaigns to attract consumers spending.

The resumption of advertising spending had successfully boosted the overall retailing sales revenue in the second quarter of 2021. Advertisers were then continued to allocate their advertising spending to the third quarter of 2021, further accelerated the recovery of the overall advertising spending of Hong Kong, resulted in a swift YoY growth of 32.2% of advertising spending in 2021 compared with 2020.

The fifth wave of COVID-19 pandemic created both opportunities and threats to the advertising industry

The first Omicron variant of COVID-19 case was identified in November 2021, which eventually led to the outbreak of the fifth wave of the pandemic in January 2022. In light of the development of the pandemic, the Hong Kong government devised a series of precautionary measures, including the social distancing rules and the "vaccine pass" arrangements which only those who have received COVID-19 vaccination may be permitted to enter scheduled premises. Businesses in Hong Kong, as well as major advertisers have reduced their reliance on offline retailing and traditional advertising solutions by shifting their focus on online retailing and online advertising. Similarly, Hong Kong consumers have experienced the period of working from home, as well as when scheduled premises were shut and have to rely on e-commerce platforms, to purchase both grocery and non-grocery products for their daily needs. The fifth wave of the pandemic caused an immediate weakening in consumers sentiments, but Hong Kong consumers have eventually adapted to the "new normal" once again.

It is observed that both consumer and advertising spending in Hong Kong have recovered from the fifth wave of the pandemic in May 2022. Advertisers in Hong Kong, instead of reducing their advertising spending, have shifted their budget to the latter half of this year to capture the potential recovery.

Driven by the economic recovery, advertising spending in Hong Kong also recorded partial recovery in the latter half of 2022 and achieved approximately HK$15.1 billion from June to December 2022. Overall, advertising spending in Hong Kong slightly fell by 2.5% from the previous year, moderated by the strong recovery in the second half of 2022.

It is expected that advertisers would continue shifting advertising spending towards online advertising solutions as online media platforms are less susceptible to any potential new waves of the pandemic in near future, thereby benefiting online advertising companies.

The growing e-commerce market in Hong Kong would also shift the demand of advertising spending from traditional advertising to online and social media advertising over the forecast period.

Full recovery of advertising spending expected in 2023

As predicted by the Financial Secretary of Hong Kong, the economy of Hong Kong is expected to make a strong recovery in 2023. The GDP of Hong Kong is expected to reach HK$3,034.2 billion by the end of 2023, with a 6.2% growth from 2022 and continue to show strong momentum, with a 5.0% CAGR predicted from 2023 to 2027.

Specifically, Hong Kong's tourism and retail businesses are expected to see substantial growth in 2023, with quarantine measures lifted in Q4 2022, China re-opening its border in early 2023 and the removal of all social distancing measures, including the mandatory wearing of face masks in public places in March 2023. Additionally, the Hong Kong Tourism Board (HKTB) is launching a new limited-edition cruise, departing October 28, 2023, to promote the city and help boost the industry's recovery. As a result, the hospitality sector is expected to benefit from the recovery, with Fitch Ratings predicting that hotel occupancy rates will rise to 70% by the end of 2023. According to Euromonitor Passport Data, in-destination spending of tourists in Hong Kong is expected to reach HK$13,179.9 million in 2023. The financial sector is also expected to make a recovery in 2023, with Fitch Ratings predicting that the earnings of securities companies will recover from the market downturn.

A full recovery of advertising spending is therefore predicted from 2023, with an expected advertising spending of HK$29.8 billion in 2023. From 2024 onwards, the market is expected to grow continuously, further surpassing pre-Covid levels to reach HK$39.6 billion in 2027. The growing e-commerce market in Hong Kong would also shift the demand of advertising spending from traditional advertising to online and social media advertising over the forecast period. Online advertising, a strong market driver during the pandemic, is also expected to continue growing, with a 11.4% CAGR predicted in the forecast period. In particular, product display and social will likely be the main driving forces of online advertising, with a forecast CAGR of 13.7% and 12.3% from 2023 to 2027, respectively.

INTERNET AND DIGITAL DEVICES LANDSCAPE IN HONG KONG

Hong Kong's internet users have increased from 6.5 million in 2018, to 6.8 million in 2022, at a CAGR of 1.7%. Considering the fact that Hong Kong recorded a 7.5 million population, the 6.8 million internet users representing a high penetration rate of 91.3%, meaning that over 90% of the population have access to online media contents.

Among digital devices commonly possessed by Hong Kong citizens, smartphone is the most popular device type. In 2022, the possession of smartphone per household reached 99.6%, which was well above the possession of other digital devices such as laptop, desktop and tablet, which recorded a possession of 71.2%, 75.1% and 71.8%, respectively.

Table 2 Internet and Digital Devices Landscape in Hong Kong (2018 – 2027F)*

HK$	2018	2019	2020	2021	2022	CAGR 2018-2022
Internet Users *('000)*	6,492.0	6,632.9	6,697.5	6,831.4	6,906.2	1.6%
Internet Penetration Rates (%)	90.5	91.7	92.8	93.7	91.3	0.2%
Possession of Digital Devices (%)						
Laptop	69.7	72.4	74.9	77.3	71.2	0.5%
Desktop	81.4	82.2	82.9	83.6	75.1	-2.0%
Smartphone	99.1	99.3	99.4	99.5	99.6	0.1%
Tablet	64.4	67.4	70.0	72.4	71.8	2.8%

HK$	2023F	2024F	2025F	2026F	2027F	CAGR 2023F-2027F
Internet Users *('000)*	6,994.0	7,083.3	7,161.8	7,223.4	7,279.5	1.0%
Internet Penetration Rates (%)	92.2	93.0	93.8	94.3	94.9	0.7%
Possession of Digital Devices (%)						
Laptop	71.6	71.8	72.0	72.1	72.2	0.2%
Desktop	74.4	73.9	73.5	73.2	72.9	-0.5%
Smartphone	99.6	99.7	99.7	99.8	99.8	0.1%
Tablet	71.1	70.6	70.2	70.0	69.7	-0.5%

Source: Euromonitor Passport Database, Digital Consumer 2023 Edition

* *2023 to 2027 figures are forecasted data based on Euromonitor Passport Database, Digital Consumer 2023 Edition*

The e-commerce market of Hong Kong has increased from HK$85.4 billion in 2018 to HK$136.0 billion in 2021, with a CAGR of 16.8%. Among all digital devices, smartphone continues to be the major window for e-commerce transactions in Hong Kong. Over the historical period, e-commerce transactions made through smartphone devices increased from HK$49.0 billion in 2018 to HK$87.6 billion in 2021, recorded a double-digit CAGR growth of 21.3%. In 2022, the e-commerce market of Hong Kong was valued at HK$183.6 billion, and transactions made through smartphone devices constituted 65.4% of the total e-commerce market. Having regard to the rapid growth in the e-commerce market, advertising industry players have allocated more resources on their online advertising solutions and capability, in order to help their client companies to better reach their targeted consumers through online and social media marketing campaigns. The total spending on advertisements, as a result, has moved towards online advertising away from traditional media advertising, including print, radio and television.

SOCIAL MEDIA LANDSCAPE IN HONG KONG

Alongside the development of the digital landscape in Hong Kong, social media sites also gain traction over the historical period. Leading social media sites such as Facebook, YouTube and Instagram, with average active monthly users of 5.1 million, 5.2 million and 3.1 million in 2022, representing a 69.1%, 70.5% and 41.4% penetration on Hong Kong population, respectively. The average active monthly users (AAMU) refer to the number of unique customers who interacted with the aforementioned social media sites within a month, such number is not mutually exclusive to each of the social media sites, meaning that the aggregated number of active monthly users would exceed the total number of Hong Kong population, hence a market share by active monthly users for social media sites is ambiguous and unavailable.

Amongst leading social media sites, Facebook remains one of the most influential platforms in Hong Kong not only because of the highest average active monthly users it has compared to its peers for 2018 to 2021 and the second highest for 2022, but also because of the mixed types of content including text, photos, videos, gifs and more, that could be placed through its platform, making it an irreplaceable social media platform in Hong Kong. This also explains the strong influence it has as a placement platform for advertisement content.

A high penetration rate means that advertisements placed on those social media sites would be able to reach a large proportion of the Hong Kong population, hence an effective way for advertising merchants' goods and services. Both Facebook and Instagram have become e-commerce gateways to further promote the e-commerce market in Hong Kong through their Instagram Shop and Facebook Shop features. YouTube, being the most popular video streaming platform in the world, also has gained popularity among merchants as a gateway to deliver advertising content, and even interactive advertising videos to offer consumers' experiences online.

Besides social media platforms like Facebook and Instagram, a hybrid of social media networking and jobs posting platforms like LinkedIn also has gained popularity over the past decade in Hong Kong, as the highly competitive job market creates a demand for an interactive social networking platform that could professionally link hirers and job seekers. This explained the leading position of LinkedIn as a popular social media site in Hong Kong.

Apart from the top five leading social media sites, there are no other sites that have a comparable number of active monthly users in Hong Kong to be tracked as influential platforms in 2022.

According to the Digital 2023: Hong Kong report issued in February 2023 by Hootsuite, a social media management platform, and We Are Social, a global social creative agency, social media sites are amongst the most frequently visited sites in Hong Kong, with Facebook and Youtube ranked second and fourth of top websites visited in Hong Kong, by average monthly traffic, with an average time per visit of 21 minutes and 9 minutes, respectively. This indicates the high potential for advertising on these social media platforms, hence explained the rapid growth in social media advertising in Hong Kong.

Table 3 Leading Social Media Sites in Hong Kong (2018 – 2027F), Average Active Monthly Users (AAMU) '000

Rank	Social Media Sites	2018	2019	2020	2021	2022	CAGR 2018-2022	AAMU to Population* (2022)
1	YouTube	4,840.3	5,022.3	5,060.9	5,107.7	5,222.5	1.9%	70.5%
2	Facebook	5,249.6	5,431.9	5,123.3	5,201.1	5,117.7	-0.6%	69.1%
3	Instagram	2,660.3	2,282.0	2,769.3	2,916.8	3,064.5	3.6%	41.4%
4	LinkedIn	1,536.6	2,053.4	2,223.5	2,361.6	2,900.3	17.2%	39.2%
5	Twitter	442.5	474.5	750.0	772.9	888.8	19.0%	12.0%

Source: Euromonitor International Digital Consumer 2022 Edition

Rank	Social Media Sites	2023F	2024F	2025F	2026F	2027F	CAGR 2023F-2027F	AAMU to Population* (2027)
1	YouTube	5,298.9	5,331.2	5,356.9	5,408.9	5,450.3	0.7%	72.5%
2	Facebook	5,178.4	5,198.9	5,205.7	5,214.4	5,221.8	0.2%	69.5%
3	Instagram	3,076.4	3,237.4	3,469.3	3,530.1	3,651.3	4.4%	48.6%
4	LinkedIn	2,964.4	3,120.2	3,234.2	3,410.0	3,531.4	4.5%	47.0%
5	Twitter	890.8	987.4	1,054.2	1,065.6	1,104.6	5.5%	14.7%

* *The AAMU to population ratio is calculated by dividing the average active monthly users of a social media site in Hong Kong by the total population of Hong Kong. The historical population data from 2018 to 2022 was extracted from the Census and Statistics Department of the Government of the Hong Kong Special Administrative Region. Population forecasts for 2023 to 2027 were estimated based on macroeconomic trends, such as birth rate and immigration, by Euromonitor.*

Source: Euromonitor International Digital Consumer 2023 Edition; Digital 2022:Hong Kong Report, Hootsuite; Meta Earnings Presentation Q4, 2022; Alphabet Inc. Q4 & Fiscal Year Earnings Report, 2022; Microsoft Earnings Release FY22 Q4; Twitter Inc. Second Quarter 2022 Results; Euromonitor estimates from custom research and trade interviews with industry stakeholders.

Despite the 5.7% decline in Facebook's average active monthly users in 2020, Instagram, another leading social media platform owned by Meta Platforms, Inc., the parent company of Facebook, has recorded a 21.4% increase in its average active monthly users in 2020. The shift of AAMU from Facebook to Instagram in 2020 does not negatively impact the position of Meta Platforms in Hong Kong. The aggregated number of AAMU between Facebook and Instagram continue to increase from 7.7 million in 2019 to 7.9 million in 2020, indicating a larger users base during the year of the COVID-19 pandemic. In 2021, all platform recorded a rebound in AAMU, with Facebook, YouTube and Instagram recording growth of 1.5%, 0.9% and 5.3% respectively. The first two now attract 5.1 million and 5.2 million AAMU in Hong Kong in 2022, while Instagram draws about 3.1 million AAMU. In 2022, all platforms recorded growth in AAMU, with the exception of Facebook, which declined slightly by 1.6% from the previous year, but the aggregated AAMU of Facebook and Instagram grew to 8.2 million. The decrease of AAMU of Facebook in Hong Kong in 2022 can be most directly attributed to data breach incident in 2021 and Facebook faced criticism for not taking adequate actions to prevent the apps from accessing user data, which had a negative impact on overall user confidence. However, the AAMU of Facebook is expected to grow in the forecast period after the data breach incident has calmed down. Benefited by the large user base in Hong Kong, Facebook, YouTube and Instagram are expected to remain the dominant social media sites in Hong Kong over the forecast period. Interactive content offered by Facebook and Instagram gain popularity among advertisers to better engage with audience compared to YouTube. Furthermore, in the world of online advertising, posting video content is more expensive compared to non-video content with similar number of views. Compared to YouTube which majority of advertising content are video contents, both Facebook and Instagram's platforms can be well fitted to both video and non-video content, providing both a diverse range of pricing for advertising needs. Such flexibility in terms of content types and pricing makes Facebook and Instagram favourable platforms for advertisers in Hong Kong. Considering the aggregated number of average active monthly users of 8.2 million for both Facebook and Instagram in Hong Kong in 2022, the interactive function embedded with the content, as well as a diverse range of pricing for advertising solutions offered by both leading social media sites, it is an industry norm for advertisers in Hong Kong to rely on Facebook and Instagram as their key platforms to place advertising contents, as well as advertising solutions, including boosting services.

The realities of the COVID-19 pandemic have encouraged consumers to engage more with live streaming, which was seen as the ideal way to spend one's free time during periods of social distancing, especially during the quarantine lockdown. With the interactive function that allows audience or followers to submit questions to questions sticker added to the content owners' stories, it is expected that Instagram would grow faster than both Facebook and YouTube over the forecast period.

With similar functions that allow LinkedIn users to start a poll on the platform, it is expected that this platform would continue to grow faster than Facebook and YouTube over the forecast period, but at a slower rate compared to its historical growth. This is because LinkedIn's target audience in Hong Kong are the working population, including both employed and unemployed. In comparison, the target audience for Facebook, YouTube, Instagram and Twitter are audience who are capable to access internet platforms through digital devices. The difference in target audience limited the growth of LinkedIn in Hong Kong over the forecast period.

Twitter, the American microblogging and social networking platform that recorded double-digit growth in monthly active users in Hong Kong over the historical period, is expected to see a slower CAGR growth over the forecast period. This is mainly due to the lack of interactive content function launched makes it to be inferior to both Facebook and Instagram in the Hong Kong market.

Nevertheless, when choosing platform hosting their advertising campaigns, advertisers tend to be platform-neutral and demonstrate low stickiness towards social media platforms. When advertisers and/or advertising agencies choose the best-fit social media platform for placing of their advertisements, major factors to be taken into consideration include such platform's audience size, audience type, average conversion rate, the price charged for advertisement placement, as well as availability of value-added services such as boosting services. In particular, advertisers and/or advertising agencies place heavy emphasis on whether the audience profile of such social media platform matches with the target customers of their own products and services.

In recent years, there has been a growing concern over personal privacy. In 2022, Apple and Google have both adapted their privacy policies in response to this increased awareness. Some users have chosen to opt out of behavior tracking and withhold their personal information. These changes have had some impact on media platforms, particularly the smaller ones. However, according to trade interviews with industry players, advertisers are less concerned with the privacy policy changes; they still would prefer larger-scale platforms, such as Facebook and YouTube, which have more experience and expertise in AI technology to quickly adapt to any changes in privacy terms and help advertisers optimise tracking using AI.

MARKET OVERVIEW OF ONLINE ADVERTISING INDUSTRY IN HONG KONG

Overview of the products and services in the online advertising industry

Along with the rapid transformation in the digital landscape, Hong Kong's media and advertising industry have been restructured over the historical period by altering ways to deliver marketing contents and messages to target customers. More industry players have expanded their capability in delivering online advertising services and solutions to advertisers who are seeking more customised and interactive content to better target their customer groups.

Hong Kong's online advertising industry has showed growth of 1.0% CAGR over the historical period, weathering the drastic impact caused by social unrest in 2019, as well as the outbreak of the COVID-19 pandemic during 2020, 2021 and 2022. The online advertising industry recorded a market value of HK$12.6 billion in 2022, exceeding pre-pandemic levels. This followed two consecutive years of decline, of 9.0% in 2019 due to the social unrest and 15.5% in 2020 due to the social distancing and lockdown measures.

However, the industry shift from traditional advertising to online advertising continues apace, with a strong rebound of 34.8% in 2021 and remaining steady for 2022. The aggregated growth, albeit small, of the online advertising industry in Hong Kong stands in stark contrast to the decline in market value of the rest of the advertising industry over the historical period.

Advertising agencies act as industry professional which provides services ranging from the consultation, ideation, planning, design and creation of advertising content to advertisers. Advertising agencies that possess the knowledge and experience in formulating tailored advertising solutions, play an important role in the Hong Kong advertising industry to advise advertisers on their marketing strategies and formulating advertising solutions for advertisers to achieve their marketing objective in a more cost-efficient manner. In light of advertising agencies' expertise in initiating, managing and implementing advertising campaigns, advertisers of larger scale tend to engage advertising agencies to coordinate their advertising campaigns.

Since the primary role of an advertising agency is to create advertising and marketing content and campaign tailored to the advertiser's product, brand and target customers, advertising agencies, therefore, remain as the key agent for advertisers to rely on when seeking adequate advertising companies. It is expected that advertising agencies, as agents of various advertisers, will continue to be the main source of revenue as repeat clients to the industry over the foreseeable future.

Key online advertising segments in Hong Kong

There are four key segments of the online advertising industry in Hong Kong. They are display, social, creative and production, as well as strategic services.

Product display, or display advertising, is one of the most popular types of online marketing, where advertisers can pay online advertising company to display advertising contents on designated platforms, or to designated target customers. Such display advertisement can range from static, animated, video to interactive.

Social, or social media advertising, is the rising star among all segments of the online advertising industry. This refers to advertisements served to users on social media platforms. The high penetration of social media platforms in Hong Kong makes it the fastest-growing segment of the industry over the historical period. In the forecast period, the development of the social media landscape in Hong Kong will continue to drive the growth of the online advertising industry, particularly in social advertising. Firstly, increasing penetration rates of social media platforms act as a strong base for social advertising growth. From 2022 to 2027, all five leading social media platforms in Hong Kong will likely see growth in AAMU to population. LinkedIn and Instagram are expected to record the strongest growth rates of 20% and 17%, respectively. Secondly, social media provides advertisers with the ability to target their desired audience based on demographics, interests, behaviors, and geographic location, all of which can be critical to the success of advertising campaigns. Social media platforms like Facebook, Twitter, Instagram, and LinkedIn, advertisers have a wealth of audience targeting options available to them compared to other types of online advertising, which will likely make advertisers increasingly favor social media over traditional and other online advertising formats. Thirdly, it is expected that user-generated content (UGC) will see significant revenue growth in the forecast period with advertisers capitalizing on the trend by incorporating UGC into their advertising campaigns, but as it is still a relatively new trend with small revenue base, despite its expected fast growth, it's unlikely to have any significant impact on the current advertising platforms.

Creative and production refer to the services offered by online advertising companies to advertisers, from the production of various online contents to formulate a full-scale marketing campaign.

Strategic services refer to all other advertising services which relate to the overall marketing and advertising campaigns. This includes key opinion leader (KOL) marketing, search engine optimisation (SEO), conversion rate optimisation (CRO), online reputation management (ORM), and so on. Such services allow online advertising companies to optimise the efficiency and result of the existing advertising contents and campaigns.

Table 4 Online Advertising Industry in Hong Kong (2018 – 2027F)*

HK$ billion	2018	2019	2020	2021	2022	CAGR 2018-2022
Online Advertising Industry	12.1	11.0	9.3	12.5	12.6	1.0%
Product Display	5.5	3.4	1.6	3.1	3.2	-13.1%
Social	2.3	2.9	3.9	4.7	4.7	19.8%
Creative & Production	2.3	2.5	2.1	2.6	2.6	4.0%
Strategic Services	2.0	2.3	1.7	2.1	2.1	0.9%

HK$ billion	2023F	2024F	2025F	2026F	2027F	CAGR 2023F-2027F
Online Advertising Industry	14.9	17.2	19.4	21.2	23.0	11.4%
Product Display	3.9	4.6	5.3	5.9	6.6	13.7%
Social	5.5	6.8	7.9	8.0	8.8	12.3%
Creative & Production	3.0	3.1	3.4	4.4	4.7	12.0%
Strategic Services	2.5	2.7	2.7	2.9	3.0	4.6%

Source: Euromonitor estimates from customer research and trade interviews with industry stakeholders; Hong Kong Adspend Report 2022, AdmanGo; WARC Adspend Outlook 2022/23.

* *2023 to 2027 figures are forecasted data based on Euromonitor estimates from customer research and trade interviews*

The pricing of advertising inventories

For the online advertising industry, an advertising placement or a single post on social media or online advertising platform, the price can vary depending on the number of targeted audience can be reached, as well as the visual space. For social media advertising, post boosting can be offered to advertisers who wish their existing post to reach their specific group of audience at a specific time. Such cost of post boosting depends on the overall exposure, artwork requirement, and many more factors that could cause an impact on the exposure gained from the boost.

According to Euromonitor's custom research, the costs for advertisers to place a single post on online advertising platforms and for the post boosting services, have remained stable over the historical period. During the social unrest and the outbreak of the COVID-19 pandemic respectively, because of the shift in demand from traditional advertising to online advertising, the price range was resilient to both events, hence remained constant.

The online advertising industry in Hong Kong is a fragmented and competitive market, it is expected that the increasing demand for online advertising solutions would be offset by the highly competitive nature of the industry, hence the growth of the price range of advertising inventories would follow the trend of the expected inflation over the forecast period.

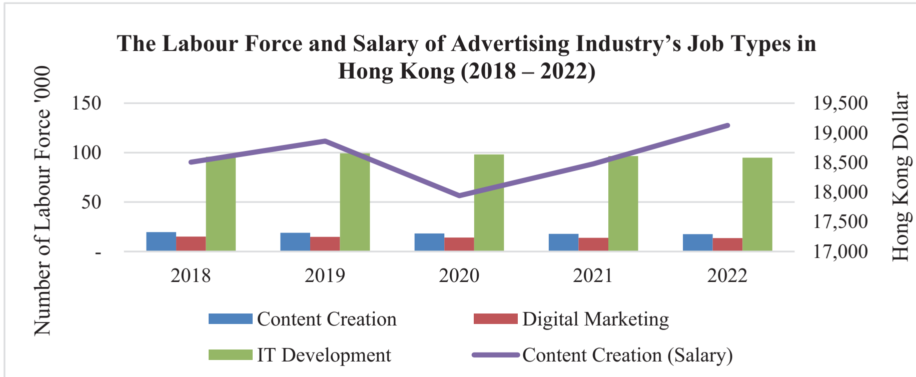
COST ANALYSIS OF ONLINE ADVERTISING INDUSTRY

Staff and production costs being two major cost items of the online advertising industry

To cope with the rapidly evolving online advertising solutions, digital marketers, content creator and information technology specialists are three major types of labour to keep the advertising industry in operation. Compared to other sub-industries of advertising, the online advertising industry is relatively less capital intensive as the production, creation and display of online contents require less, or even no physical space, meaning that the office space and storage facilities will no longer be the major cost drivers compared to traditional advertising industry such as print and broadcast advertising.

According to the Manpower Survey and 2021 Job Seeker Salary Survey conducted by the Vocational Training Council and JobsDB respectively, as well as the customer research conducted by Euromonitor, the average monthly salary of content creator in Hong Kong has increased from HK$18,506.6 in 2018 to HK$19,125.7 in 2022, recording a CAGR of 0.8% over the historical period. The stable trend observed on the number of the labour force for all major job types, as well as the stable salary trend of content creator in Hong Kong, represent the stable supply of key labours of the industry in Hong Kong, hence the staff cost is relatively stable over the historical period.

Based on the custom research conduct by Euromonitor, the average monthly salary of IT developer in Hong Kong, which comprises of IT development, and software programmer, has increased from HK$29,527.4 in 2018 to HK$35,105.3 in 2022, recorded a CAGR of 4.4% over the historical period. The role of IT developer includes but not limited to the planning, testing, analysis, programming, and many other activities throughout the course of the information technology project. The salary increase is well explained by the increasing demand for IT development manpower in Hong Kong, especially by the digital creative sector as indicated by the Manpower Survey conducted by the Vocational Training Council for innovation and technology sector. The survey showed the number of full-time employees and freelancers of IT & Communications Services Organisations for the digital creative sector has increased from 560 to 736 from 2018 to 2022, recording a 31.4% growth.



Source: Euromonitor Passport, the Census and Statistics Department of the Government of the Hong Kong Special Administrative Region, Euromonitor Passport data, the International Monetary Fund (IMF), 2022 Manpower Survey – Vocational Training Council and 2021 Job Seeker Salary Survey Report – JobsDB

COMPETITIVE LANDSCAPE OF ONLINE ADVERTISING INDUSTRY

Local network and dynamic advertisers keep less competitive players away from the market

As aforementioned, the COVID-19 pandemic impact and evolving digital landscape in Hong Kong have further shifted advertisers' demand from traditional advertising to online advertising, and only experienced advertising companies who know the local market well and have the capacity to offer a mix of traditional and online advertising solutions can cope with such dynamic demand.

The tables below set forth the major market players in the online advertising companies in Hong Kong:

Table 5 Ranking of Leading Online Advertising Companies in Hong Kong, 2020 (Top 5)

Ranking	Company Name	Revenue Receipts *(HK$ Million)*	Market Share *(%)*	[REDACTED] Status	Company Profile
1	Company A	283.1	3.0	Listed	Company A is a Hong Kong newspaper, magazine and books publisher. Its publication mainly focuses on finance and business and has a footprint on information technology as well as lifestyle.
2	NMG Ltd.	180.3	1.9	Private	
3	Company B	170.5	1.8	Listed	Company B is a Hong Kong media and publication company. It provides advertising services and on print and online media platforms.

Ranking	Company Name	Revenue Receipts *(HK$ Million)*	Market Share *(%)*	[REDACTED] Status	Company Profile
4	Company C	148.0	1.6	Listed (delisted in January 2023)	Company C was a Hong Kong and Taiwan newspaper and magazine publisher. It offered paid subscription for newspaper and magazine contents and offered news and media contents through both online and print media platforms. A winding up order was made against the company in December 2021.
5	Company D	107.5	1.2	Listed	Company D is a Hong Kong publishing company, publishes newspaper, magazines and video contents. The Company also offers a financial information website and mobile app that offers real-time financial information in Hong Kong.

Table 6 Ranking of Leading Online Advertising Companies in Hong Kong, 2021 (Top 5)

Ranking	Company Name	Revenue Receipts *(HK$ Million)*	Market Share *(%)*	[REDACTED] Status	Company Profile
1	Company A	382.7	3.1	Listed	Company A is a Hong Kong newspaper, magazine and books publisher. Its publication mainly focuses on finance and business and has a footprint on information technology as well as lifestyle.
2	NMG Ltd.	231.9	1.8	Private	
3	Company B	170.6	1.4	Listed	Company B is a Hong Kong media and publication company. It provides advertising services and on print and online media platforms.
4	Company D	121.9	1.0	Listed	Company D is a Hong Kong publishing company, publishes newspaper, magazines and video contents. The Company also offers a financial information website and mobile app that offers real-time financial information in Hong Kong.

Ranking	Company Name	Revenue Receipts *(HK$ Million)*	Market Share *(%)*	[REDACTED] Status	Company Profile
5	Company E	51.0	0.4	Listed	Company E is a Hong Kong-based magazine and online media company. It offers advertising services including video and print media advertising.

Table 7 Ranking of Leading Online Advertising Companies in Hong Kong, 2022 (Top 5)

Ranking	Company Name	Revenue Receipts *(HK$ Million)*	Market Share *(%)*	[REDACTED] Status	Company Profile
1	Company A	386.5	3.1	Listed	Company A is a Hong Kong newspaper, magazine and books publisher. Its publication mainly focuses on finance and business and has a footprint on information technology as well as lifestyle.
2	NMG Ltd.	229.2	1.8	Private	
3	Company B	169.6	1.3	Listed	Company B is a Hong Kong media and publication company. It provides advertising services and on print and online media platforms.
4	Company D	114.1	0.9	Listed	Company D is a Hong Kong publishing company, publishes newspaper, magazines and video contents. The Company also offers a financial information website and mobile app that offers real-time financial information in Hong Kong.
5	Company E	50.4	0.4	Listed	Company E is a Hong Kong-based magazine and online media company. It offers advertising services including video and print media advertising.

Source: Euromonitor estimates from custom research and trade interviews with industry stakeholders; Hong Kong Adspend Report 2022, AdmanGo; WARC Adspend Outlook 2022/23

Note: Euromonitor has conducted primary market research (industry survey / trade interview), including but not limited to, interviews with leading industry participants, such as advertising companies, advertisers and members of industry association. The Company was advised by Euromonitor that in accordance with the guidelines set out by the European Society for Opinion and Market Research (ESOMAR), a global association for research industry, any disclosure without the subject's consent might breach the confidentiality between parties. Euromonitor also advised the Company that it is maintaining third-party independency and that it is common industry practice for industry consultants not to disclose the identities of competitors in ranking tables. The Company has been further advised by Euromonitor that the information could not be disclosed as the interviewees did not give consent for such disclosure.

Among the top five leading players in Hong Kong, NMG Ltd. ranked second in online advertising revenue receipts in consecutive years. In particular, NMG Ltd. and Company E both have a strong focus on their online media platforms businesses, while Company A and D have a relative balance on their online and print media businesses. Company B, on the other hand, has a stronger portfolio in their print media business compared to online media. In terms of the branding strategy, all the top five companies pursue a multi-brand strategy by introducing multiple media brands, each of them has its segment focus of contents and target audience, hence better cater to advertisements with different advertising needs. Among them, NMG Ltd. owns a total of 9 brands, whilst Company A, B, D and E each owns 4, 10, 6 and 2 media brands, hence both NMG Ltd. and Company B has a well-diversified brand portfolio compared to Company A, D and E.

NMG Ltd. and Company E are the leading players in Hong Kong solely focus on non-newspaper media platform businesses, this differentiates them from the other three leading players which have a mixed focus on both online and traditional medial platform businesses.

MARKET DRIVERS AND OPPORTUNITIES

Online advertising becomes the rising star under the COVID-19 pandemic

The rapid digital transformation in Hong Kong then caused a structural change in the industry over the historical period, advertisement spending followed the shift in terms of consumer daily time spent from traditional media platforms to online media platforms, has also leaned towards online advertisement. With less geographic and time restriction, online media platforms became a popular choice for companies to place and plan for their advertising campaign over the pandemic, making online advertising resilient to the adverse impact brought by the pandemic, and recorded a 1.0% CAGR, the only advertising media platform recorded a positive CAGR over the historical period.

The omnichannel retail model creates demand for strategic online advertising campaigns

Recognising the digital landscape evolvement in the Hong Kong market, major retailers have started to renovate and enhance their omnichannel capabilities to cope with the dynamic consumer behaviours. The rapid growth in omnichannel transformation, as well as the usage of online purchases of goods and services, have changed the overall consumer behaviour of Hong Kong population, in a way that shifted their daily life activities from offline to online, meaning that the overall time spent on digital devices has been increased, hence increasing the demand on online advertising solution.

5G mobile network and high smartphone penetration continue to fertile the industry growth

The demand of the online advertising industry is correlated to the number of active digital device users, as well as the average amount of time each user spends on digital devices. The recently launched 5G mobile network and smartphone technologies are expected to continue to grow over the forecast period. Besides, the digital transformation in payment, banking, as well as social networking have yielded success over the historical period, with the launch of virtual banks, the widespread of digital wallets and social media platforms, all indicated that the Hong Kong population would spend more time on their digital devices. With the continued advancement in technologies for internet networks and online media platforms in Hong Kong, the online advertising industry is now on a well fertile ground to grow further over the forecast period.

The Greater Bay Area initiative widen the spectrum of targeted audience

The Framework Agreement on Deepening Guangdong-Hong Kong-Macao Cooperation in the Development of the Greater Bay Area, signed in July 2017, resulting in the introduction of the five relaxation measures agreed in April 2019, aimed to further facilitate entry of Hong Kong films and film practitioners into the PRC market, allowing film contents produced by Hong Kong producers to have less restriction to circulate in the PRC market.

The integration between Hong Kong and PRC's creative industries allow advertising contents created by the Hong Kong advertising industry to reach a wider audience group stationed in the Greater Bay Area. Besides, the deepened integration also encourages frequent travelling between Hong Kong and the Greater Bay Area, making advertising contents in Hong Kong able to deliver to consumers originally stations in the Greater Bay Area, hence increasing the potential number of targeted customers can be reached by placing advertising contents in Hong Kong, and driving the growth of the advertising industry.

Social media advertising will continue to drive the industry to grow

The increasing number of Hong Kong consumers usage of mobile devices for payment, shopping, communication, as well as many other leisure and business activities, has driven the demand for online advertising solutions from advertisers across all industries.

Over the forecast period, the online advertising industry is expected to grow from HK$14.9 billion in 2023 to HK$23.0 billion in 2027, at a CAGR of 11.4%, significantly faster compared to the 1.0% CAGR recorded in the historical period.

Among all segments, social media advertising will continue to be the key growth driver as online experience would remain the key advertising strategy focus for many world-leading companies with sales office and retail outlets in Hong Kong. It is expected that social media advertising will continue to grow at a 12.3% CAGR, from HK$5.5 billion in 2023 to HK$8.8 billion in 2027, over the forecast period. Other subsegments including product display, creative and production, as well as strategic services, would also continue to grow alongside the online advertising industry, at a 13.7%, 12.0% and 4.6% CAGRs, respectively over the forecast period, expected to reach HK$6.6 billion, HK$4.7 billion and HK$3.0 billion by 2027.

THREATS TO THE ONLINE ADVERTISING INDUSTRY

Experience remains an essential element between brands and customers

Current online experience brought by online advertising contents and online shops layout cannot fully replace the physical experience brought by traditional advertising contents and physical stores. This is especially the case for a market like Hong Kong where high population density and well-established transportation infrastructure give people easy access to traditional advertising contents and physical stores.

Similar observations have also been made by both advertising companies as well as advertisers. The compact nature of the Hong Kong city landscape and the well-established transportation system maintained the significance of traditional media advertising, especially outdoor advertising. The move by e-commerce players has proven the importance of mixed advertising strategy of online and offline advertising in the local market.

Therefore, advertisers are expected to allocate a significant portion of their advertising spending to traditional advertising media platforms in order to keep a balanced mix of advertising strategy, hence constrain the growth of the online advertising industry.

The proliferation of digital content diminished the effectiveness of online advertising

The drawback of rapid development of the digital media industries is that audience are exposed to growing volume of digital contents, meaning that the time spent on each digital content would be reduced, even though the total amount of time spent on digital devices is growing.

Advertisers are being more cautious on the channel, the amount of budget spent on each solution and services, as well as the effectiveness of selected advertising strategies before they are willing to place their budget on online advertisement. Industry players then need to offer a comprehensive and specific online advertising strategy, by integrating technologies such as AI and big data analysis, to fulfil the rapidly evolving demand of advertisers.

ENTRY BARRIERS TO THE ONLINE ADVERTISING INDUSTRY

Low barriers of entry would continue to impact the fragmented industry

Align with the advertising industry, there is no license requirement, rigid tariff nor regulations that repel new players to enter the market.

Among those 3,766 advertising and marketing research establishments in Hong Kong, recorded by HK Census and Statistic Department in September 2022, the majority of them offers online advertising services or solutions to certain extents. In 2022, the aggregated market share captured by the top five industry players is 7.6%, once again proving the fragmented nature of the online advertising industry in Hong Kong. With no expected regulation changes nor notable market entries would take place over the forecast period, it is expected that the competitive landscape of the online advertising industry would remain stable and fragmented.

Potential merger and acquisition sharpens the competitive edge of the industry

Besides starting things from scratch, acquiring an established advertising company is always an option in Hong Kong. Under the era of digitalisation, not all traditional advertising companies can manage to cope with the transformation well as it can be costly and risky to develop their own online and social media advertising technologies, solutions and inventories.

According to the current digital media landscape of Hong Kong, three major segments of online advertising platforms could be an attractive choice as the target for merger and acquisition. They are i) digital advertising placement platform, ii) platform service system platform, and iii) e-commerce solution platform.

Digital advertising placement platforms allow advertisers, especially small to medium enterprises (SMEs), to make a reservation of advertising inventories on available digital media platforms. According to the Trade and Industry Department, as of December 2021, there were over 340,000 SMEs in Hong Kong, which the number grew to over 350,000 as at November 2022, accounted for more than 98% of the total number of enterprises. Expanding ownership in platforms that cater to SMEs advertising needs would help acquirers to strengthen their business reach to the vast number of enterprises locally, hence driving further growth opportunities and retaining market share in the dynamic market of Hong Kong. With the latest trend of online advertising and technology-driven automation function, a digital advertising placement platform would also enable a cost-effective way to drive the sales of advertisement inventories online.

Platform service system platform refers to digital media platforms that provide updated information and recommendations on products and services to advertisers and advertising platforms of certain industry segments. In Hong Kong, it usually refers to the banking, insurance, foodservice and travel segments. The ongoing boom in the new economies and digital payment capabilities, as well as the e-commerce market, fuels the demand for such platforms. Given the rapid growth in e-commerce players and therefore the number of products and services available online, the amount of time a consumer needs to allocate to research the best-fit products and services can be disproportionally high compared to the value of the goods and services itself. Platforms that provide updated information and recommendations on products and services of specific industry segments with review consolidation functions would be useful to consumers in helping them to make better purchasing decisions and would be in demand especially given the busy lifestyle of people in Hong Kong, hence making it an attractive buy in the industry for acquirers who intended to widen their spectrum in terms of solutions offered.

E-commerce solution platforms provide data collection and analytic solutions to help e-commerce players to understand their current performance, targeted audience's behaviour, in order to help their strategic marketing decision-making process. The rise of the e-commerce market and social media networks in Hong Kong resulted in a growing number of internet users from 2018 to 2022 at a CAGR of 1.6% and is expected to grow at a CAGR of 1.0% from 2023 to 2027. The growing number of internet users means that the potential and target customers for advertisers to reach over online advertising will also continue to grow, which also increases the overall difficulty of analysing consumer behaviour. Considering the swift developing e-commerce market in Hong Kong driven by both digitalisation and the COVID-19 pandemic, acquiring e-commerce solution platforms would help acquirers to ride on both the swift growth of the online advertising industry, as well as the e-commerce market in Hong Kong, hence making this segment exposed to potential merger and acquisition activities.

Euromonitor has conducted custom research and, based on the principal criteria provided by the Company such as years in operation and amount of web traffic in terms of average monthly visitors, identified over 20 potential merger and acquisition targets as described above available in the Hong Kong market in 2022. The numbers of these platforms are expected to grow alongside the rapid-growth in the e-commerce market which would drive the demand for these platforms over the forecast period, resulting in more potential targets being available.

Considering the fragmented nature of the industry, it is expected potential mergers and acquisitions that could happen over the forecast period would vitalise the overall competitive landscape of the industry and result in healthy competition, hence accelerate the development and growth of the online advertising industry of Hong Kong.

MARKET OVERVIEW OF PRINT ADVERTISING INDUSTRY

The print advertising industry in Hong Kong is mainly dominated by two major sub-categories, magazines and newspaper. Compared to magazines which aim to capture the audience by specific area of interest, newspaper is the essential media content type that provides daily news from the global environment to local communities.

Table 8 The Print Advertising Industry in Hong Kong (2018 – 2027F)*

HK$ billion	2018	2019	2020	2021	2022	CAGR 2018-2022
Print Advertising	7.2	6.0	3.9	4.5	4.0	-13.5%
Magazines	3.8	2.8	1.2	1.8	1.3	-22.7%
Newspaper	3.4	3.2	2.6	2.8	2.7	-6.0%
HK$ billion	**2023F**	**2024F**	**2025F**	**2026F**	**2027F**	**CAGR 2023F-2027F**
Print Advertising	3.9	3.7	3.4	3.2	3.1	-5.0%
Magazines	1.6	1.6	1.6	1.5	1.5	-2.1%
Newspaper	2.3	2.0	1.9	1.7	1.7	-7.2%

Source: Euromonitor estimates from customer research and trade interviews with industry stakeholders; Hong Kong Adspend Report 2022, AdmanGo; WARC Adspend Outlook 2022/2023

* *2023 to 2027 figures are forecasted data based on Euromonitor estimates from customer research and trade interviews with industry stakeholders*

In contrast, apart from finance and business focus magazines, lifestyle, travel, dining and fashion types of magazines are not seen as part of discretionary spending on media contents, and the consumption pattern can vary from time to time. Travel magazines, for example, its demand was boosted by the booming of travel flow driven by the uprising trend of budget airline over the historical period, whilst the demand then declined since the outbreak of COVID-19 when most of the travel activities were restricted.

Magazines, in particular, publications for fashion, sports and lifestyle themes, have a captive audience belonging to the younger demography, and thus are more in tune with the digitalisation trend over the historical period. This is mainly due to the fact that younger generations are more open to and adept with to digital devices, hence online content is comparably more attractive to these younger consumers.

Therefore, over the historical period, while the print advertising industry shrank at a negative CAGR of 13.5%, from HK$7.2 billion in 2018 down to HK$4.0 billion in 2022, the newspaper advertising shows a negative CAGR of 6.0%, declining from HK$3.4 billion in 2018 to HK$2.7 billion in 2022. Magazines exhibited a steeper decline at a negative CAGR of 22.7% over the historical period, dropping from HK$3.8 billion in 2018 to HK$1.3 billion in 2022, as a result of shifting from print to online media contents.

The ongoing digitalisation of the media and advertising industry is expected to continue to draw audience from print to online media platforms, similar to the historical period, but at a slower rate. Such a slowing down of the trend is because the physical touch, as well as the elder population which is stickier to the reading habit of the print newspaper and magazines, would remain significant over the forecast period.

COMPETITIVE LANDSCAPE OF PRINT ADVERTISING INDUSTRY

Over the historical period, the newspaper segment was dominated by roughly ten paid newspapers, and eight free newspapers, owned by approximately ten companies in Hong Kong. The relatively concentrated competitive landscape shaped the oligopoly market nature of the newspaper industry.

In comparison, the magazines industry is more competitive as the Hong Kong market has long been a popular destination for foreign magazines imported to satisfy local audience's penchant for other markets' culture and lifestyle, namely Japan, South Korea, Taiwan, Malaysia and other European countries. This led to a relatively fragmented market of magazines compared to newspaper.

With the ongoing digitalisation trend, as well as the slow decline trend expected over the forecast period, it is expected that the overall newspaper industry to remain relatively concentrated, while magazines industry remains fragmented.

MARKET DRIVERS AND OPPORTUNITIES OF THE PRINT ADVERTISING INDUSTRY

Prior to the widespread of digital platforms and contents, print media players use different types of paper, ink, paper art, as well as typesetting, to differentiate them from each other. The physical texture of magazines and newspaper, as well as the creativity embedded within, is irreplaceable by online media contents which only audio and visual experience can be delivered to targeted consumers.

The unique character of print publication is expected to sustain print media advertising in the market.

THREATS TO THE PRINT ADVERTISING INDUSTRY

An increasingly digitalised population reduces the demand for print advertising

While online and outdoor advertising benefit from the change in consumer behaviours as a result of the rapid digital transformation in Hong Kong, the print advertising platforms, include both magazine and newspaper, went through a challenging time throughout the historical period.

To cope with the increasing number of internet and mobile users, magazines and newspaper publishers in Hong Kong actively launch mobile applications to allow users to view written and news contents online. Print contents, therefore, have been reduced and resources were allocated to online content creation and publication, such as advertising contents.

With the additional online advertising option offered by both magazines and newspaper publishers, the advertising spending on print media further shifted towards online advertising, hence held back the overall advertising industry in Hong Kong.

Over the historical period, both magazines and newspaper platforms recorded shrinkage at a negative CAGR of 22.7% and 6.0%, respectively. The aggregated sum of print advertising platforms was the second-worst performer among the advertising industry, after other advertising which recorded a negative CAGR of 34.5%.

LAWS AND REGULATIONS IN HONG KONG

This section sets out a summary of major laws and regulations which are relevant to our business operations in Hong Kong.

During the Track Record Period, we conducted our business in Hong Kong and our revenue was generated from our operations in Hong Kong. We are principally subject to the following specific laws and regulations in Hong Kong in relation to our business in addition to the general laws and regulations applicable to all business carried out in Hong Kong.

GENERAL

There is no specific legislation governing advertising business in Hong Kong. However, there are several ordinances and regulations containing provisions regarding publication of our branded contents and advertising and promotion of products and services which may be relevant to our digital and advertising practice and the breach of these ordinances and regulations may result in criminal offence. These include the Defamation Ordinance (Chapter 21 of the Law of Hong Kong), the Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong), the Control of Obscene and Indecent Articles Ordinance (Chapter 390 of the Laws of Hong Kong), the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) and the Copyright Ordinance (Chapter 528 of the Laws of Hong Kong).

In addition, our publication and sales of magazines and books in Hong Kong are regulated by a number of laws and regulations which include the Book Registration Ordinance (Chapter 142 of the Laws of Hong Kong), the Registration of Local Newspapers Ordinance (Chapter 268 of the Laws of Hong Kong) and the Newspapers Registration and Distribution Regulations (Chapter 268B of the Laws of Hong Kong).

SUMMARY OF THE LAWS AND REGULATIONS OF HONG KONG

Below sets out a summary of the relevant sections of the above mentioned laws and regulations of Hong Kong.

Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong) (the "TDO")

The TDO aims to prohibit false trade description, false, misleading or incomplete information, false marks and misstatements in respect of goods, and to false trade descriptions in respect of services, provided in the course of trade. The definition of trade description under the TDO is broad, which covers, amongst others, the (i) quantity, size or gauge, (ii) method of manufacture, (iii) composition, (iv) fitness for purpose, performance or accuracy, (v) availability, (vi) compliance with a standard specified, (vii) approval by any person, (viii) a person by whom the goods have been acquired, (ix) the goods being of the same kind as goods supplied to a person, (x) person by whom manufactured, and (xi) other history, including previous ownership or use.

Section 7 of the TDO provides that any person who in the course of any trade or business applies a false trade description to any goods or supplies or offers to supply any goods to which a false trade description is applied commits an offence.

Section 7A of the TDO provides that a trader who applies a false trade description to a service supplied or offered to be supplied to a consumer, or supplies or offers to supply to a consumer a service to which a false trade description is applied commits an offence.

Under sections 13E, 13F, 13G, 13H and 13I of the TDO, a trader commits an offence if the trader engages, in relation to a consumer, in a commercial practice that is a misleading omission or is aggressive, or that constitutes bait advertising, a bait and switch or wrongly accepting payment for a product.

Anyone who commits an offence under sections 7, 7A, 13E, 13F, 13G, 13H or 13I of the TDO shall be liable, on conviction on indictment, to a fine of HK$500,000 and to imprisonment for 5 years, and on summary conviction, to a fine at level 6 (currently is HK$100,000) and to imprisonment for 2 years.

We may be held liable for the above offences in the operation of our business as the TDO provides that any reference to a trader in the ordinance includes any person acting in the name of, or on behalf of, a trader.

Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (the "PDPO")

The PDPO aims to protect the privacy of individuals in relation to personal data, which is defined in section 2 of the PDPO as any data (i) relating directly or indirectly to a living individual; (ii) from which it is practicable for the identity of the individual to be directly or indirectly ascertained; and (iii) in a form in which access to or processing of the data is practicable. The PDPO regulates the conducts of a data user, i.e. any person who, either alone or jointly or in common with other persons, controls the collection, holding, processing or use of personal data.

In carrying out our Group's operations, we need to comply with the PDPO and its six data protection principles (the "**DPPs**"), which are:

Principle 1 – Purpose and manner of collection. It provides that personal data shall only be collected for a lawful purpose directly related to a function or activity of the data user. The data collected should be necessary and adequate but not excessive for such purpose. At the time of collection, a data user must inform the data subjects whether it is obligatory or voluntary to supply the data, the purpose of using their data and the classes of person to whom their data may be transferred.

Principle 2 – Accuracy and duration of retention. It requires data users to take all practicable steps to ensure that personal data is accurate and is not kept longer than is necessary for the fulfilment of the purpose for which the data is used.

Principle 3 – Use of personal data. It prohibits the use of personal data for any new purpose which is not or is unrelated to the original purpose when collecting the data, unless with the data subject's express and voluntary consent.

Principle 4 – Data security. It requires that data users take all practicable steps to protect the personal data they hold against unauthorised or accidental access, processing, erasure, loss or use. Data users should have particular regard to the nature of the data, the potential harm if those events happen, measures taken for ensuring the integrity, prudence and competence of persons having access to the data, etc.

Principle 5 – Openness and transparency. It obliges data users to take all practicable steps to ensure openness of their personal data policies and practices, the kind of personal data held and the main purposes for holding it.

Principle 6 – Access and correction. It provides data subjects with the right to request access to and correction of their own personal data. A data user should give reasons when refusing a data subject's request to access to or correction of his/her personal data.

In the course of our business, our Group falls within the definition of "data user" under the PDPO when we possess private and confidential data. Hence, we are subject to the DPPS and the provisions set out in the PDPO regarding the collection, use, retention, accuracy and security of and access to personal data. The Office of the Privacy Commissioner for Personal Data (the "**Commissioner**") may issue enforcement notice requiring relevant persons to comply and is entitled to inspect personal data system of a data user for the purpose of making recommendations on how compliance may be enhanced by the data user.

Copyright Ordinance (Chapter 528 of the Laws of Hong Kong) (the "Copyright Ordinance")

The Copyright Ordinance provides protection for work which includes but not limited to literary, dramatic, musical and artistic works, sound recordings, films and typographical arrangement of published editions. Such protection extends to making available to the public such works on the Internet. Certain copyrights may subsist in the works we create in relation to our publications, digital media content and advertising materials, including artistic works (such as artworks and photos), films (such as videos) or literary works (such as text) that qualify for copyright protection without registration. On the other hand, we have to observe the copyright of third parties in our publication both on our Digital Media Platforms and in our print circulations.

The Copyright Ordinance restricts certain acts such as copying and/or issuing or making available copies to the public of a copyright work without the authorisation from the copyright owner which, if done, constitutes "primary infringement" of copyright which does not require knowledge of infringement.

The Copyright Ordinance permits certain acts that can be done in relation to copyright works without authorisation from the copyright owner, one of which being fair dealing with a copyright work for the purpose of criticism, review or reporting current events if accompanied by a sufficient acknowledgement of such copyright work and its author.

A person, amongst others, imports, exports, possesses, sells, distributes or deals with a copy of a work which is, and which he knows or has reason to believe to be, an infringing copy of the work for the purposes of or in the course of any trade or business without the consent of the copyright owner, may incur civil liability for "secondary infringement" under the Copyright Ordinance. However, the person will only be liable if, at the time he committed the act, he knew or had reason to believe that he was dealing with infringing copies of the work.

Control of Obscene and Indecent Articles Ordinance (Chapter 390 of the Laws of Hong Kong) (the "COIAO")

The contents we post on our Digital Media Platforms and publish in our print publications are subject to the regulations of the COIAO. Subject to the defence provided in the COIAO, any person who publishes, possesses for the purpose of publication or imports for the purpose of the publication, any obscene article, whether or not he knows that it is an obscene article, commits an offence and is liable for a fine of HK$1 million and imprisonment for three years.

Subject to the defence provided in the COIAO, section 22 of the COIAO provides that it is an offence to publish any indecent article to a person who is a juvenile, whether it is known that it is an indecent article or that such person is a juvenile. It is also an offence to publish any indecent article without sealing such article in wrappers and displaying a notice as prescribed by the COIAO. Such offences impose a fine of HK$400,000 and imprisonment of 12 months on first conviction. A second or subsequent conviction will give rise to a fine of HK$800,000 and imprisonment of 12 months.

The Obscene Articles Tribunal is tasked to classify articles into three classes, namely Class I – neither obscene nor indecent; Class II – indecent; or Class III – obscene, and additionally a court or magistrate may, in the course of proceedings, refer an article or matter to the Tribunal, asking it to determine whether (i) an article is obscene or indecent, or (ii) the matter is indecent or (iii) the publication of an article or the public display of the matter is intended for the public good.

Defamation Ordinance (Chapter 21 of the Laws of Hong Kong) (the "DO")

Any person who maliciously publishes defamatory matter regarding another person or an organisation in writing or by word of mouth or by conduct may be liable for defamation. Broadly speaking, there are two main kinds of defamation, which are libel and slander. Libel is the malicious publication of defamatory matter in writing or in some other permanent form. Slander is the publication of defamatory matter by word of mouth or in some other transient (temporary) form.

Section 5 of the DO provides that any person who maliciously publishes any defamatory libel, knowing the same to be false, shall be liable to imprisonment for two years, and, in addition, to pay such fine as the court may award.

There are several defences available. They include but are not limited to (a) unintentional defamation with an offer of amends; (b) defence of justification, which means the words were true in substance and in fact; (c) fair comment; and (d) publication which was privileged as prescribed in the schedule of the DO.

Registration of Local Newspapers Ordinance (Chapter 268 of the Laws of Hong Kong) (the "RLNO")

Section 7 of the RLNO provides that every local newspaper shall be registered in accordance with regulations made under section 18 thereof and section 2 of the RLNO defines "newspaper" as any paper or other publication and any supplement thereto available to the general public which (a) contains news, intelligence, occurrences or any remarks, observations or comments in relation to such news, intelligence, or occurrences or to any other matter of public interest; and (b) is printed or produced for sale or free distribution and published either periodically (whether half-yearly, quarterly, monthly, fortnightly, weekly, daily or otherwise) or in parts or numbers at intervals not exceeding six months.

Section 17(1) of the RLNO provides that the publisher or the printer of every local newspaper shall, on every day on which that local newspaper is published or on the day next following (other than a holiday), deliver or cause to be delivered to the Registrar of Newspapers (the "**Newspapers Registrar**") of the Office for Film, Newspaper and Article Administration a copy of that local newspaper and of every published second or other varied edition or impression thereof.

Section 17(2) of the RLNO further provides that the copy of every local newspaper delivered to the Newspapers Registrar under subsection (1) shall bear the signature, full name and address of the printer or publisher thereof or the signature, full name and address of some other person appointed and authorised by that printer or publisher for that purpose and whose appointment and authority have been lodged with the Newspapers Registrar.

Section 20(1) of the RLNO provides that any person who contravenes the registration requirement in the RLNO shall be guilty of an offence and shall be liable, on summary conviction, to a fine at level 2 (currently is HK$5,000) and imprisonment for one year, and on conviction, to a fine at level 4 (currently is HK$25,000) and imprisonment for three years.

Section 20(2) of the RLNO provides that every printer or publisher of a local newspaper who contravenes section 17 as to the delivery of copies of such local newspaper at the office of the Newspapers Registrar shall be liable on summary conviction to a fine at level 1 (currently is HK$2,000).

Newspapers Registration and Distribution Regulations (Chapter 268B of the Laws of Hong Kong) (the "NRDR")

The NRDR, which is the subsidiary legislation of the RLNO provides that the registration of magazines shall be renewed annually.

Regulation 13(1) provides that distribution of magazines for sale is only permitted by a licensed newspaper distributor. Regulation 13(3) of the NRDR excludes the licensing requirement for the retail sale of magazines to any member of the public.

Regulation 19 of the NRDR provides that any person who contravenes the NRDR shall be guilty of an offence and shall be liable to a fine at level 1 (currently is HK$2,000) and imprisonment for six months.

Book Registration Ordinance (Chapter 142 of the Laws of Hong Kong) (the "BRO")

The BRO imposes an obligation on the publisher of a magazine or a book or similar kind of periodical publication (subject to the exceptions specified in the BRO) that will be made available to the public at large to deliver five copies of each edition to the Secretary for Home Affairs of Hong Kong for registration within one month after the magazine or a book or such periodical publication is published, printed, produced or otherwise made in Hong Kong. Any person who contravenes such requirement under the BRO shall be guilty of an offence and shall be liable on conviction to a fine at level 1 (currently is HK$2,000).

LAWS AND REGULATIONS IN THE PRC

Applicable laws and regulations which our PRC subsidiaries shall comply with are set out below:

REGULATIONS RELATING TO CYBER SECURITY

According to the *Cyber Security Law of the PRC* (《中華人民共和國網絡安全法》), which was published by the SCNPC on 7 November 2016 and took effect on 1 June 2017, no individual or organisation may engage in activities that threaten cybersecurity such as unlawful intrusion into others' networks, interfering with the normal functions of others' network and stealing network data, provide programmes or tools for such intrusions, interference or stealing, or provide any assistance such as technical support, advertisement, payment or settlement for any other person if the individual or organisation is fully aware that such person engages in an activity endangering cybersecurity.

COMPANY LAW

The establishment, operation and management of corporate entities in the PRC is governed by the *Company Law of the PRC* (《中華人民共和國公司法》), the "**Company Law**"), which was promulgated by the SCNPC on 29 December 1993, became effective on 1 July 1994 and subsequently amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013 and 26 October 2018. The latest Company Law became effective since 26 October 2018.

The Company Law generally governs two types of companies: limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the liability of a company to its creditors is limited to the entire value of assets owned by the company. Liabilities of shareholders of a limited liability company are limited to the contributions which they have subscribed. Liabilities of shareholders of a joint stock limited company are limited to the amount of capital they are legally obliged to contribute for the shares for which they have subscribed.

REGULATIONS RELATING TO FOREIGN-OWNED ENTERPRISE

The *Foreign Investment Law of the PRC* (《中華人民共和國外商投資法》) was promulgated by the SCNPC on 15 March 2019 and became effective on 1 January 2020 and the *Implementing Regulation for the Foreign Investment Law of the PRC* (《中華人民共和國外商投資法實施條例》) was promulgated by the State Council on 26 December 2019 and became effective on 1 January 2020. The State adopts the management system of pre-establishment national treatment and negative list for foreign investment. Foreign investors shall not invest in any field with investment prohibited by the negative list for foreign investment access. Foreign investors shall meet the investment conditions stipulated under the negative list for any field with investment restricted by the negative list for foreign investment access. For the fields not included in the negative list for foreign investment access, management shall be conducted under the principle of consistency for domestic and foreign investment.

According to the *Catalogue of Industries for Encouraging Foreign Investment (2022 Version)* (《鼓勵外商投資產業目錄(2022年版)》) which was jointly promulgated by the National Development and Reform Committee of the PRC (國家發展和改革委員會, the "**NDRC**") and the Ministry of Commerce (商務部, the "**MOFCOM**") and implemented on 1 January 2023 and *Foreign Investment Access Special Management Measures (Negative List) (2021 Version)* (《外商投資准入特別管理措施(負面清單)(2021年版)》) (the "**Negative List**") which was promulgated on 27 December 2021 and implemented on 1 January 2022, industries for foreign investment are classified into the encouraged foreign investment industry, restricted foreign investment industry and prohibited foreign investment industry as listed in the Negative List. The business engaged by our Group is not listed in the Negative List.

According to the *Measures on Reporting of Foreign Investment Information* (《外商投資信息報告辦法》) which was jointly promulgated by the MOFCOM and the State Administration for Market Regulation on 30 December 2019 and became effective on 1 January 2020, foreign investors carrying out investment activities in China directly or indirectly shall submit investment information to the commerce administrative authorities pursuant to these measures. The investment information includes, among others, initial reports, change reports, deregistration reports and annual reports.

REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL SECURITY

Labour

The *Labour Law of the PRC* (《中華人民共和國勞動法》), which was promulgated by the SCNPC on 5 July 1994 and was amended on 27 August 2009 and 29 December 2018 (the latest revised version became effective from 29 December 2018), the *PRC Employment Contract Law* (《中華人民共和國勞動合同法》), which was promulgated by the SCNPC on 29 June 2007 and was amended on 28 December 2012 (the latest revised version became effective from 1 July 2013) and the *Implementing Regulations of the Employment Contract Law of the PRC* (《中華人民共和國勞動合同法實施條例》), which were promulgated and became effective on 18 September 2008, regulates the legal relationship between employers and employees. These laws together stipulate the employment contracts, settlement of labour dispute, labour remuneration, protection of occupational safety and healthcare, social insurance and welfare, etc. Written labour contracts must be entered into in order to establish the labour relationship between employers and employees. Employers are also required to pay wages no lower than the local minimum wage standards to their employees.

Social Insurance and Housing Provident Funds

The *Social Insurance Law of the PRC* (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on 28 October 2010 and amended on 29 December 2018, governs the PRC social insurance system. It requires employers and/or employees (as the case may be) to register social insurance with competent authorities and contribute required amount of social insurance funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance and maternity insurance. Employers who failed to complete social security registration shall be ordered by the social security administrative authorities to make correction within a stipulated period; where correction is not made within the stipulated period, the employer shall be subject to a fine ranging from one to three times the amount of the social security premiums payable, and the person(s)-in-charge who is/are directly accountable and other directly accountable personnel shall be subject to a fine ranging from RMB500 to RMB3,000. Employers who failed to promptly contribute social security premiums in full amount shall be ordered by the social security premium collection agency to make or supplement contributions within a stipulated period, and shall be subject to a late payment fine computed from the due date at the rate of 0.05% per day; where payment is not made within the stipulated period, the relevant administrative authorities shall impose a fine ranging from one to three times the amount of the amount in arrears.

Under the *Regulations on the Administration of Housing Provident Fund* (《住房公積金管理條例》), which was promulgated by the State Council on 3 April 1999 and subsequently amended on 24 March 2002 and 24 March 2019 respectively, all business entities are required to conduct registration with local administrative center of housing provident funds, maintain their housing fund accounts and pay the funds for their employees. Where an employer fails to undertake payment and deposit registration of housing provident fund or fails to go through the formalities of opening housing provident fund accounts for its employees, the housing provident fund management center shall order it to go through the formalities within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed. Where an employer is overdue in the payment of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the payment within a prescribed time limit; where the payment has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

REGULATIONS RELATING TO FOREIGN EXCHANGE

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

On 30 March 2015, SAFE issued the *Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises* (《關於改革外商投資企業外匯資本金結匯管理方式的通知》 the "**SAFE Circular 19**"), which took effect on 1 June 2015. SAFE further issued the *Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account* (《關於改革和規範資本項目結匯管理政策的通知》, the "**SAFE Circular 16**"), effective on 9 June 2016, which, among other things, amend certain provisions of SAFE Circular 19. According to SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope. Violations of SAFE Circular 19 or SAFE Circular 16 could result in administrative penalties.

On 26 January 2017, SAFE issued the *Notice on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Control* (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》, the "**SAFE Circular 3**"), which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including (i) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (ii) domestic entities shall hold income to account for previous years' losses before remitting the profits.

REGULATIONS RELATING TO TAXATION

Value-added Tax

According to the *Interim Regulations of the PRC on Value-added Tax*（《中華人民共和國增值稅暫行條例》）promulgated on 13 December 1993, amended on 10 November 2008, 6 February 2016 and 19 November 2017 (the latest amendment was implemented from 19 November 2017), and the *Detailed Rules for the Implementation of the Interim Regulations of the PRC on Value-Added Tax*（《中華人民共和國增值稅暫行條例實施細則》）promulgated on 25 December 1993 and lately revised on 15 December 2008 and 28 October 2011 (the latest revision became effective from 1 November 2011), all entities and individuals in the PRC engaging in sale of goods or labour services of processing, repair or replacement, sale of services, intangible assets, or immovables, or import of goods are required to pay value-added tax for the added value derived from the process of processing, sale or services.

According to the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner*（《財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》）and its Appendix 4: *Provisions on Zero VAT Rate and Tax Exemption Policies Applicable for Cross-border Taxable Acts*（附件4《跨境應稅行為適用增值稅零稅率和免稅政策的規定》）, which was promulgated by the Ministry of Finance（財政部）and the SAT on 23 March 2016 and amended on 11 July 2017 and 20 March 2019, the pilot program of the collection of value-added tax in lieu of business tax shall be promoted nationwide in a comprehensive manner as of 1 May 2016, and all taxpayer of business tax engaged in the building industry, the real estate industry, the financial industry and the life service industry shall be included in the scope of the pilot program with regard to payment of value-added tax instead of business tax. Zero VAT rate shall apply to sale of the following services by organisations and individuals in the PRC if the services are provided to overseas organisations and are fully consumed overseas: R&D services, software services, information system services and offshore service outsourcing business, etc.

Enterprise Income Tax

Pursuant to the *Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得稅法》, the "**EIT Law**") promulgated on 16 March 2007, amended on 24 February 2017 and 29 December 2018 (the latest amendment was implemented from 29 December 2018) and the *Implementation Regulations for the Corporate Income Tax Law of the PRC*（《中華人民共和國企業所得稅法實施條例》）enacted on 6 December 2007 and amended on 23 April 2019, taxpayers consist of resident enterprises and non-resident enterprises. Resident enterprises are defined as enterprises that are established in the PRC in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but whose actual administration is conducted in the PRC. Non-resident enterprises refers to enterprises that are established in accordance with the laws of foreign countries and whose actual administration is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the EIT Laws and relevant implementing regulations, a unified enterprise income tax rate of 25% is applicable.

Pursuant to the *Agreement between Mainland China and Hong Kong for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income* (《內地和香港特別行政區關於對所得稅避免雙重徵稅和防止偷漏稅的安排》, the "**Tax Treaties**") issued by the SAT on 21 August 2006, amend on 30 January 2008, 27 May 2010, 1 April 2015 and 19 July 2019, PRC resident enterprises shall pay enterprise income tax in accordance with PRC law when distributing dividends to their Hong Kong shareholders and 5% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong resident if the recipient is a company that holds directly no less than 25% of the capital of the PRC company. According to the *Notice of the State Administration of Taxation on Issues Relating to the Implementation of Dividend Clauses in Tax Treaties*（《國家稅務總局關於執行稅收協定股息條款有關問題的通知》）issued on 20 February 2009, the proportion of the capitals of the Chinese resident company directly owned by the Hong Kong shareholders shall, at any time within the consecutive 12 months before obtaining dividends, satisfy the provisions on the proportion prescribed in the tax treaty.

In addition, the SAT issued the Announcement of the State Administration of Taxation on Promulgation of the "*Administrative Measures on Entitlement of Non-residents to Treatment under Treaties*"（國家稅務總局關於發佈《非居民納稅人享受協定待遇管理辦法》的公告）on 14 October 2019. According to this announcement, non-resident taxpayers which satisfy the criteria for entitlement to tax treaty benefits may, at the time of tax declaration or withholding declaration through a withholding agent, enjoy the tax treaty benefits, and be subject to follow-up administration by the tax authorities.

HISTORY AND DEVELOPMENT

Our history

Our Company was incorporated in the Cayman Islands on 22 March 2021 and on the same day became the direct holding company of NMG. NMG is now the holding company of all of our Group's subsidiaries.

The first operating company of our Group, WW Publishing, was established under Emperor International, a listed company which was then controlled by Dr. Albert Yeung, in 1999. On 15 September 2005, Joybridge Services Limited ("**Joybridge**"), a wholly-owned subsidiary of Emperor International, entered into a sale and purchase agreement with Gain Wealth Investments Limited ("**Gain Wealth**"), which was then wholly owned by AY Discretionary Trust, pursuant to which Joybridge agreed to sell to Gain Wealth the entire shareholding interests in Profit Noble Holdings Limited ("**Profit Noble**"). Profit Noble was then the holding company of seven of our existing subsidiaries, namely WW Publishing, New Monday Publishing, NMG Publishing, Media Publishing, NM Services Consultant, NMG Digital and Time Year, as well as engaging in a wide range of diversified businesses such as wholesale and retailing of furniture, printing and restaurant operations. The sale and purchase was completed in March 2006 and these seven subsidiaries became privatised and wholly-owned by AY Discretionary Trust.

On 18 January 2008, by way of internal reorganisation for the purpose of listing, New Media Group Holdings Limited, a company then wholly-owned by AY Discretionary Trust, acquired the said seven subsidiaries through NMG. New Media Group Holdings Limited was subsequently listed on the Main Board on 12 February 2008 (stock code: 708) with AY Discretionary Trust being interested in 75% of its shareholding.

In November 2010, in order to provide larger premises to cope with its expanding business scope and the increasing capacity of its operation, New Media Group Holdings Limited, through Winning Treasure which was its wholly owned subsidiary at the time, entered into a provisional agreement for sale and purchase for the acquisition of NMG Tower at the consideration of HK$255 million, being the then market value of NMG Tower as valued by Savills Valuation and Professional Services Limited. The acquisition was completed in April 2011, following which the offices and production areas of New Media Group Holdings Limited and its subsidiaries were moved into NMG Tower.

In early November 2014, Evergrande Real Estate, an independent third party and the shares of which are listed on the Main Board (stock code: 3333), commenced discussion on the possible investment in New Media Group Holdings Limited with AY Holdings. On 14 November 2014, considered the indicative terms offered by Evergrande Real Estate being appropriate, in particular the indicative price of HK$950 million represented a substantial premium of more than 200% over the market capitalisation of New Media Group Holdings Limited (based on the share price as quoted on the Stock Exchange on 13 November 2014), a non-binding memorandum of understanding was entered into between AY Holdings and Evergrande Real Estate regarding the possible sale and purchase of shares in New Media Group Holdings Limited. On 25 November 2014, AY Holdings and Evergrande Real Estate entered into a sale and purchase agreement in relation to the disposal by AY Holdings of its entire shareholding in New Media Group Holdings Limited and its subsidiaries (including NMG) to Evergrande Real Estate at the consideration of HK$950,000,000. As disclosed in the joint announcement of New Media Group Holdings Limited and Evergrande Real Estate Group Limited dated 23 December 2014, the consideration of the disposal was determined with reference to (i) the audited net asset value of New Media Group Holdings Limited and its subsidiaries as at 30 June 2014, which amounted to approximately HK$456.1 million, (ii) the terms of the disposal of NMG Tower and the 9.99% interest in NMG (as mentioned below); and (iii) the listing status of New Media Group Holdings Limited. New Media Group Holdings Limited subsequently changed its name and is now known as China Evergrande New Energy Vehicle Group Limited ("**CEG**"). The said sale and purchase agreement was completed on 27 February 2015.

Simultaneously with the said completion, on 27 February 2015, New Media Group Holdings Limited disposed of its entire shareholding in Jade Talent Holdings Limited ("**Jade Talent**") which indirectly owned NMG Tower at the time through its wholly owned subsidiary, Winning Treasure, together with the shareholder's loan due from Jade Talent to it, to Emperor International at the aggregate consideration of approximately HK$414.7 million, which represented the consolidated net asset value of Jade Talent as at date of such disposal (with the carrying value of NMG Tower being revalued from HK$384 million as at 30 June 2014 to HK$420 million as at 24 November 2014 by Cushman & Wakefield Valuation Advisory Services (HK) Limited ("**C&W**"), an independent valuer) and the amount of the shareholder's loan. Upon completion of the disposal of Jade Talent, NMG Publishing entered into leaseback agreement of NMG Tower with Winning Treasure for a term of 3 years at the monthly rent of HK$1,225,000 (exclusive of government rent and rates, management fees and other outgoings), which C&W considered was fair and reasonable, to ensure the operation of the publishing business of New Media Group Holdings Limited would be unaffected. As disclosed in the section headed "Connected Transactions – Discontinued Connected Transactions" in this document, our Group continued to rent various parts of NMG Tower from Winning Treasure for our operation during the Track Record Period. On the other hand, in order to retain an interest in NMG to ensure smooth transition as well as to ensure minimal effect on the business operation as a result of the change in controlling shareholder, at the same time AY Discretionary Trust acquired 9.99% interests in NMG through Rawlings Limited (now known as NMG Investment), a company under the AY Discretionary Trust, at a consideration agreed to be 9.99% of the consolidated net asset value of NMG as at completion. Based on the consolidated net asset value of NMG at that time of approximately HK$103 million, the consideration was HK$10.3 million. Such disposal of interest in NMG to AY Discretionary Trust and the disposal of NMG Tower were special deals under Note 4 to Rule 25 of the Takeovers Code which has been approved by the independent shareholders of CEG and to which the Executive had granted his consent. NMG then became owned as to 90.01% by an independent third party and 9.99% by AY Discretionary Trust. NMG at that time retained the entire equity interest in the said seven subsidiaries and also established Reach Gain and Guangdong Xinchuan. Their revenue was mainly derived from the publication and marketing of Chinese language periodic magazines, books and sale of advertising spaces in the magazines.

In September 2017, AY Discretionary Trust acquired 90.01% interests in NMG from CEG, and accordingly AY Discretionary Trust increased its interests in NMG from 9.99% to 100%, pursuant to a sale and purchase agreement dated 26 September 2017 entered into between Right Bliss Limited, a company under CEG, as vendor and Future Blossom Limited, a wholly-owned subsidiary of AY Holdings, in respect of 90.01% equity interest in NMG and the entire loan due and payable by NMG to Right Bliss Limited as at completion thereof, at the aggregate consideration of HK$63 million. The said consideration of HK$63 million was determined after taking into account the historical financial performance of NMG and its then subsidiaries up to 31 August 2017, the unaudited carrying amount of the subject shares of approximately HK$18.48 million as at 31 August 2017 (being 90.01% of the net asset value of NMG and its subsidiaries) and the unaudited carrying amount of the loan due from NMG to the vendor of approximately HK$55.57 million as at 31 August 2017. At the time of completion of the acquisition on 9 November 2017, NMG was the holding company of our subsidiaries as at the commencement of the Track Record Period except New Monday Publishing. As disclosed in the circular of CEG in relation to such transaction dated 19 October 2017, the profit after taxation of NMG and its subsidiaries dropped from approximately HK$117 million for the 18 months ended 31 December 2015 to approximately HK$4.33 million for the year ended 31 December 2016, and CEG, in view of the increasingly challenging and uncertain business environment in the media segment, considered that the disposal of such operation would enable it to focus on the strategic development in its healthcare business. The consolidated net asset value of NMG was HK$20.54 million as at 31 August 2017, which had significantly dropped as compared to that as at 27 February 2015. On the other hand, AY Discretionary Trust, being familiar with the business and believe that, riding on the strong brand recognition of NMG, its continual transformation into a digital media business would made NMG well-positioned to capitalise on the growing demand for digital advertising, and eventually turnaround the performance of the business and taken into account the consideration amount, believed it to be an attractive investment opportunity and decided to acquire the 90.01% interest in NMG from CEG.

New Monday Publishing was disposed of by CEG in 2016 to Top Wheel Holdings Limited ("**Top Wheel**") at the consideration of HK$200,000. As disclosed in CEG's announcement dated 29 June 2016, Top Wheel and its ultimate beneficial owner, Mr. Wong Chun Loong, were third parties independent of CEG and its connected persons, and the said consideration was determined after taking into account the then unaudited net asset deficit of New Monday Publishing of approximately HK$21 million. CEG stated in its announcement that the disposal would reduce its loss and enable it to streamline its business. Our Group has no business relationship with CEG since then and, for the avoidance of doubt, no amount is owing by CEG to our Group as at the Latest Practicable Date.

In order to consolidate the media business under NMG for future development, AY Discretionary Trust acquired New Monday Publishing from Top Wheel on 15 December 2017 at the consideration of HK$100,000, taking into account the increase in the unaudited net asset deficit of New Monday Publishing to approximately HK$22.4 million as at 30 September 2017. From then on, NMG and all our subsidiaries as at the commencement of the Track Record Period became wholly beneficially owned by AY Discretionary Trust.

After re-acquiring the entire interest in NMG, AY Discretionary Trust initiated plans with Mr. Royce Lee, our CEO, with a view to revamp the business and performance of NMG and to accelerate its transformation from traditional printing to digital media. On 29 December 2017, in order to align the interest of Mr. Royce Lee with that of our Group by a participation in equity, NMG Investment (a company wholly owned by AY Discretionary Trust) entered into an agreement for sale and purchase with Double Blossoms, a company wholly owned by Mr. Royce Lee, for the sale by NMG Investment to Double Blossoms of 3,000 shares (representing 30% of the entire issued share capital) of NMG at the consideration of HK$75 million, which was arrived at after arm's length negotiation with reference to the prospect of our Group. The sale and purchase was completed on the same day and NMG became held as to 70% by NMG Investment (a company wholly owned by AY Discretionary Trust) and 30% by Double Blossoms.

On 14 June 2019, Double Blossoms sold and transferred to Double Fantastic 1,000 shares (representing 10% of the entire issued capital) of NMG, at the consideration of HK$20 million. By such time Double Blossoms has become entitled to dividends of HK$13.5 million declared by NMG. The consideration therefore represented approximately the pro rata net cash investment of Double Blossoms.

From then on, NMG is owned as to 70% by NMG Investment (a company wholly owned by AY Discretionary Trust), 20% by Double Blossoms and 10% by Double Fantastic. Double Fantastic is wholly owned by Ms. Venus Lee, the managing director of the Business Unit "Economic Digest". Ms. Venus Lee joined our Group in January 2018. Prior to joining our Group, Ms. Venus Lee had over 20 years' experience in marketing and brand management and specialised in digital marketing. Mr. Royce Lee got acquainted with her around mid 1990 when they both worked in Nestlé China Limited. Ms. Venus Lee and Mr. Royce Lee became business partners when Mr. Royce Lee invested in e-Crusade Marketing Co. Ltd. ("**e-Crusade**") , a company of which Ms. Venus Lee was also shareholder and director, in 2001. As disclosed in Mr. Royce Lee's biography under the section "Directors, Senior Management and Employees" of this document, e-Crusade was a start-up creative agency for digital marketing and was acquired by aQuantive International Holdings, Inc., a leading interactive marketing services firm in the U.S., in 2006. At the time Ms. Venus Lee held a 41% interest in e-Crusade too and after selling her shares she became employed as co-managing director of e-Crusade until 2010, and she was the chief innovation officer when she left e-Crusade in 2011. Other than their investment in e-Crusade Ms. Venus Lee and Mr. Royce Lee were also joint venture partners, either just between the two of them or with other partners, in various other business ventures, such as Aedify Technology Limited (also disclosed in the biography of Mr. Royce Lee in the aforesaid section) and Feedme Limited (as disclosed under the paragraph "Relationship with Controlling Shareholders – Competing Interest" of this document). Each of Mr. Royce Lee and Ms. Venus Lee confirmed that since their respective joining of the Group, none of their business joint ventures were engaged in business which competed, competes or was or is likely to compete with our Group's business. Save for being business partners, during the Track Record Period Mr. Royce Lee obtained two interest bearing loans from Ms. Venus Lee which have been fully repaid. Each of Mr. Royce Lee and Ms. Venus Lee confirmed that they do not have any family relationships and, save for being business partners and the loan arrangements as aforesaid, they have no employment, trust, financing or other relationships, whether past or present. Each of Mr. Royce Lee and Ms. Venus Lee further confirmed that no companies of which he/she hold interests has entered into any transactions with our Group during the Track Record Period. Ms. Venus Lee entered into an employment contract with a subsidiary of the Group, under which her remuneration amounted to approximately HK$1.5 million, HK$1.5 million and HK$1.3 million respectively for each of the financial year during the Track Record Period.

Business Milestones

The milestones events in the history of our business development are set out below:

1999	our Group was founded with the incorporation of WW Publishing (then known as Smart Ideal Limited) in May 1999 and published the magazine "新假期 (Weekend Weekly)"
2000	our Group published and launched a new magazine, "新Monday (New Monday)" in October 2000
2001	our Group acquired the publication right and trade mark of "東方新地 (Oriental Sunday)" and relaunched in Hong Kong "東方新地 (Oriental Sunday)" with its supplementary booklet, namely, "More"
June 2003	NMG Publishing (then known as Economic Digest Publications Limited), the then publisher of the magazine "經濟一週 (Economic Digest)", was transferred from a subsidiary of Emperor International to our Group
2006/2007	our Group created and launched websites for "東方新地 (Oriental Sunday)" and "新假期 (Weekend Weekly)"
2010/2011	our Group launched a new online business unit and started generating online income
2011	New Monday developed the first fully interactive iPad digital magazine in Hong Kong showcasing interactive effects such as direct-streaming videos and 360 rotation features
by 2014	all of our Group's flagship brands have already developed and launched their own digital platforms that extend into different channels and devices
March 2017	our Group's monthly website sessions has reached 30,000,000
2018	our Group launched our influencer network, Zolar
September 2019	our Group obtained the license to publish a Hong Kong edition of "Madame Figaro" magazine

2020	our Group has launched mobile applications for "Weekend Weekly", Economic Digest", "More", "Oriental Sunday", "Sunday Kiss", "GOtrip" and "New Monday", and has achieved a total download of over 400,000 within one year

Corporate history and structure

Our Company is an investment holding company incorporated in the Cayman Islands on 22 March 2021 and became the holding company of our Group on 22 March 2021 as a result of the Reorganisation. Details of the Reorganisation are set out in paragraph headed "Reorganisation" in this section.

Immediately prior to the Reorganisation, our Group comprised of the following subsidiaries and the corporate history of each of these subsidiaries is set out below.

NMG Publishing

On 14 July 1981, NMG Publishing, then known as Honvest Market Research Limited, was incorporated in Hong Kong with limited liability.

On 13 April 1984, the company name was changed to Economic Digest Publications Limited and a Chinese name 經要出版有限公司 was added on 12 June 1984. The Chinese company name was subsequently changed to 經濟一週出版集團有限公司 on 29 December 2000. On 29 July 2005, the English company name was changed to New Media Group (HK) Limited, which was changed to Silver Road Investments Limited and then to World Sources (HK) Limited on 22 September 2005 and 28 February 2006 respectively. On 25 February 2013, the company name was changed to New Media Group Publishing Limited 新傳媒出版有限公司.

NMG Publishing became a wholly-owned subsidiary of NMG on 18 January 2008. It was disposed of to an Independent Third Party together with NMG on 27 February 2015, and re-acquired by AY Holdings through its subsidiary on 9 November 2017. It is principally engaged in the provision of equipment services to our Group and digital and print media businesses.

NMG Digital

On 4 July 1997, NMG Digital, then known as Lightwell Limited, was incorporated in Hong Kong with limited liability. The company name was changed to Hong Kong Media Services Company Limited and then to New Media Group Digital Services Limited on 14 July 2004 and 25 February 2013 respectively.

NMG Digital became a wholly-owned subsidiary of NMG on 18 January 2008. It was disposed of to an Independent Third Party together with NMG on 27 February 2015, and re-acquired by AY Holdings through its subsidiary on 9 November 2017. It is principally engaged in investment holding and digital media business.

WW Publishing

On 7 May 1999, WW Publishing, then known as Smart Ideal Limited, was incorporated in Hong Kong with limited liability. The company name was changed to Weekend Weekly Publishing Limited on 25 February 2013.

WW Publishing became a wholly-owned subsidiary of NMG on 12 February 2008. It was disposed of to an Independent Third Party together with NMG on 27 February 2015, and re-acquired by AY Holdings through its subsidiary on 9 November 2017. It is principally engaged as registered publisher.

New Monday Publishing

On 17 December 1999, New Monday Publishing, then known as Wide Connection Limited, was incorporated in Hong Kong with limited liability. The company name was changed to New Monday Publishing Limited on 25 February 2013.

New Monday Publishing first became a wholly-owned subsidiary of our Group on 18 January 2008. It was disposed of to an Independent Third Party together with NMG on 27 February 2015 and re-acquired by AY Discretionary Trust through its subsidiary (then wholly-owned by AY Discretionary Trust) on 15 December 2017. It is principally engaged as registered publisher.

Media Publishing

On 18 February 2000, Media Publishing, then known as Pacific Globe Limited, was incorporated in Hong Kong with limited liability. On 29 September 2005 and 25 February 2013, the company name was changed to New Media Group (HK) Limited and then to Media Publishing Limited respectively.

Media Publishing became a wholly-owned subsidiary of NMG on 18 January 2008. It was disposed of to an Independent Third Party together with NMG on 27 February 2015, and re-acquired by AY Holdings through its subsidiary on 9 November 2017. It is the registered publisher of "Economic Digest" and is principally engaged in magazine and book publishing, digital and print media businesses and copyright holding.

NM Services Consultant

On 14 April 2000, NM Services Consultant, then known as Sunpark Limited, was incorporated in Hong Kong with limited liability. The company name was changed to eDaily Publishing Limited and then to Economic Digest Publishing Limited on 23 August 2000 and 30 May 2001 respectively. The company name was subsequently changed to New Media Services Consultant Company Limited on 27 November 2014.

NM Services Consultant became a wholly-owned subsidiary of NMG on 18 January 2008. It was disposed of to an Independent Third Party together with NMG on 27 February 2015, and re-acquired by AY Holdings through its subsidiary on 9 November 2017. It is the registered publisher of "Oriental Sunday", and is principally engaged in provision of administrative services for our Group.

Time Year

On 3 November 2000, Time Year was incorporated in Hong Kong with limited liability.

Time Year became a wholly-owned subsidiary of NMG on 18 January 2008. It was disposed of to an Independent Third Party together with NMG on 27 February 2015, and re-acquired by AY Holdings through its subsidiary on 9 November 2017. It is principally engaged in trademark holding and licensing.

NMG

On 15 August 2007, NMG, then known as Merslake Limited, was incorporated in BVI with limited liability. On 18 January, 2008, it became the intermediate holding company of various subsidiaries of our Group and became wholly-owned by New Media Group Holdings Limited (a company listed on the Stock Exchange). Details of the subsequent changes of shareholders of NMG was set out in the sub-section headed "Our history" above. NMG became wholly owned subsidiary of AY Discretionary Trust once again on 9 November 2017 and it became a wholly owned subsidiary of our Company on 22 March 2021 under and pursuant to the Reorganisation.

The company name was changed to New Media Enterprise Investment Limited on 29 May 2012 and was subsequently changed to New Media Group Limited on 26 November 2014.

Guangdong Xinchuan

Guangdong Xinchuan, formerly known as 廣東薪傳出版技術開發有限公司 (Guangdong Xinchuan Publishing Technology Development Co Ltd*), was established in the PRC on 10 September 2008 with limited liability, and wholly-owned by NMG Digital (then known as Hong Kong Media Services Company Limited). It was disposed of to an Independent Third Party together with NMG and NMG Digital on 27 February 2015, and re-acquired by AY Holdings through its subsidiary on 9 November 2017.

The company name was changed to 廣東薪傳網絡科技有限公司 (Guangdong Xinchuan Network Technology Company Limited*) on 18 June 2019.

Guangdong Xinchuan is principally engaged in provision of information technology support services to our Group for the development and maintenance of our Group's websites, apps and operating systems.

Reach Gain

On 26 May 2010, Reach Gain was incorporated in Hong Kong with limited liability and on 8 July 2010 was acquired by NMG from a corporate service provider (which was an Independent Third Party of our Group) and became a wholly owned subsidiary of our Group. It was disposed of to an Independent Third Party together with NMG on 27 February 2015, and re-acquired by AY Holdings through its subsidiary on 9 November 2017.

Reach Gain is principally engaged in digital media business.

NMG (HK)

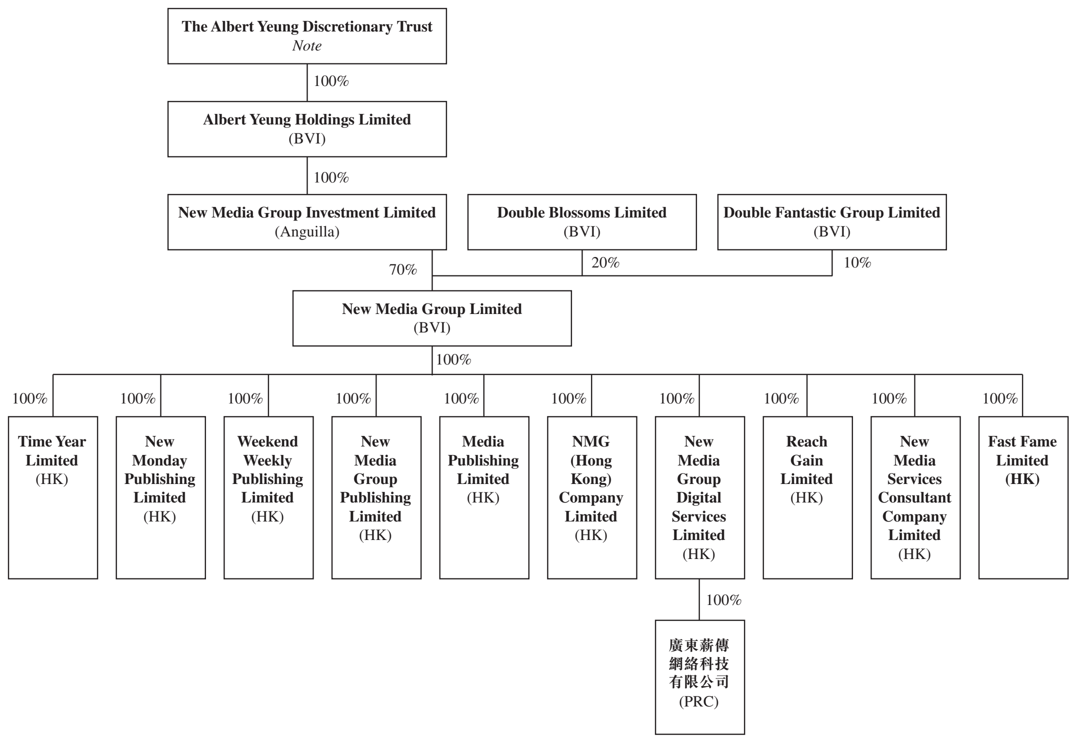
On 5 June 2019, NMG (HK) (then known as Sheen Aim Limited) was incorporated in Hong Kong with limited liability and on 29 July 2019 was acquired by NMG from a corporate service provider (which was an Independent Third Parties of our Group) and became a wholly-owned subsidiary of our Group. The company name was changed to NMG (Hong Kong) Company Limited on 30 July 2019. NMG (HK) is the registered publisher of "Madame Figaro" Hong Kong and is principally engaged in magazine publishing and digital and print media businesses.

Fast Fame

On 1 June 2018, Fast Fame was incorporated in Hong Kong with limited liability. Fast Fame first became an indirect wholly-owned subsidiary of our Group on 3 September 2018. It was disposed of to NMG Investments (through the sale and purchase of its then immediate holding company at the nominal consideration of HK$1) on 15 March 2019, and re-acquired by NMG at the nominal consideration of HK$1 on 1 January 2020. It was inactive both at the time of its disposal to NMG Investment and its re-acquisition by NMG and is then principally engaged in digital media business.

REORGANISATION

In preparation of the **[REDACTED]**, the companies comprising our Group underwent the Reorganisation, pursuant to which our Company became the holding company of our Group. Set out below is the corporate structure of our Group immediately before the Reorganisation:



Note: AY Discretionary Trust is a discretionary trust of which Dr. Albert Yeung is the settlor and founder and First Trust Services AG is the trustee.

The Reorganisation involved the following material steps:

A. Incorporation NMLG Holdings

On 10 March 2021, NMLG Holdings was incorporated in BVI and authorised to issue a maximum of 50,000 shares with a par value of US$1.00 each, out of which 1 share has been allotted and issued to NMG Investment as founder member. NMLG Holdings is an investment holding company.

On 22 March 2021, by way of capital contribution, NMG Investment transferred 7,000 shares (representing 70% equity interest) in NMG to NMLG Holdings at nil consideration.

B. Incorporation of our Company

On 22 March 2021, our Company was incorporated in the Cayman Islands with an authorised share capital of HK$50,000 divided into 5,000,000 Shares of HK$0.01 each, of which the 1 subscriber share has been transferred to NMLG Holdings, and 6,999 Shares, 2,000 Shares and 1,000 Shares were allotted and issued to NMLG Holdings, Double Blossoms and Double Fantastic respectively on the same date.

Our Company was registered under Part 16 of the Companies Ordinance as a non-Hong Kong company on 22 April 2021.

C. Acquisition of subsidiaries by our Company

(a) Transfer of shares in NMG to our Company

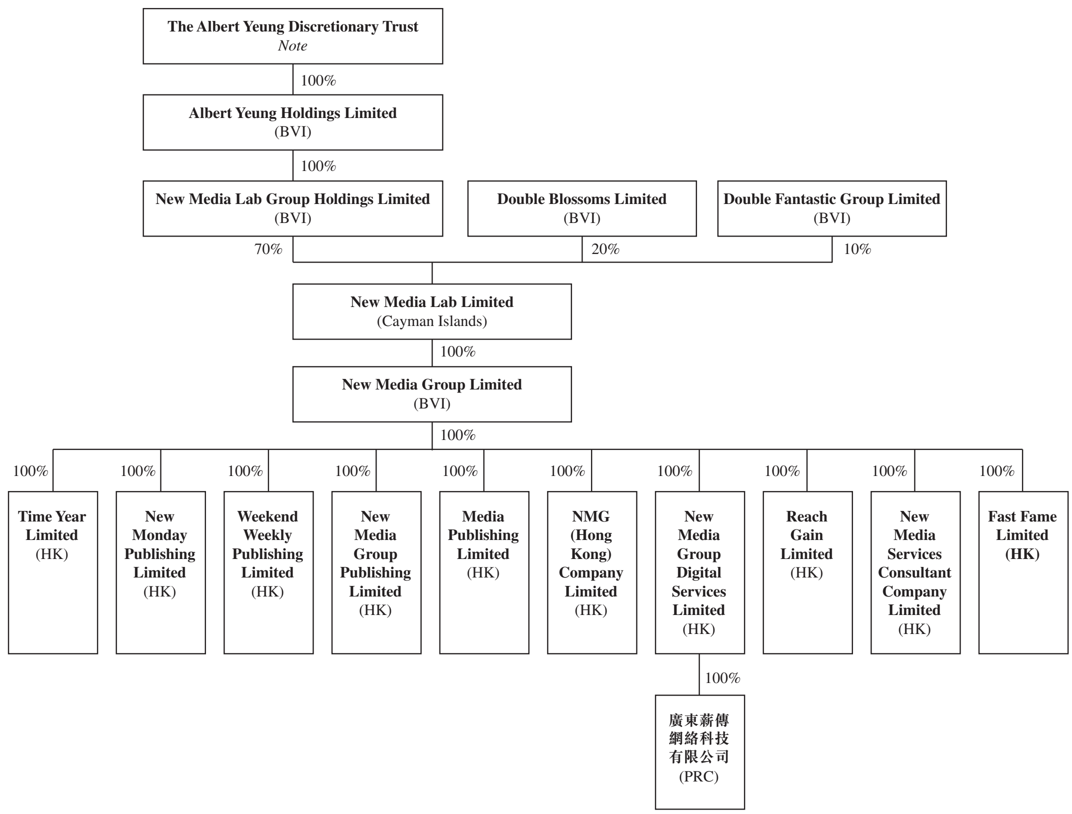
On 22 March 2021, our Company, NMLG Holdings, Double Blossoms and Double Fantastic entered into a share for share exchange agreement to give effect to the share exchange that NMLG Holdings, Double Blossoms and Double Fantastic transferred all shares each of them held in NMG to our Company, and in return our Company allotted and issued 7,000 Shares, 2,000 Shares and 1,000 Shares respectively to NMLG Holdings, Double Blossoms and Double Fantastic so that their attributable shareholding interests in our Company would be the same as in NMG immediately before the share exchange.

Upon completion of the said share exchange on 22 March 2021, NMG became a wholly-owned subsidiary of our Company.

(b) Distribution in kind by NMG Investment

On 22 March 2021, NMG Investment transferred its entire interests in NMLG Holdings, being 1 share of US$1 (representing the entire issued share capital) of NMLG Holdings, as distribution in kind to AY Holdings.

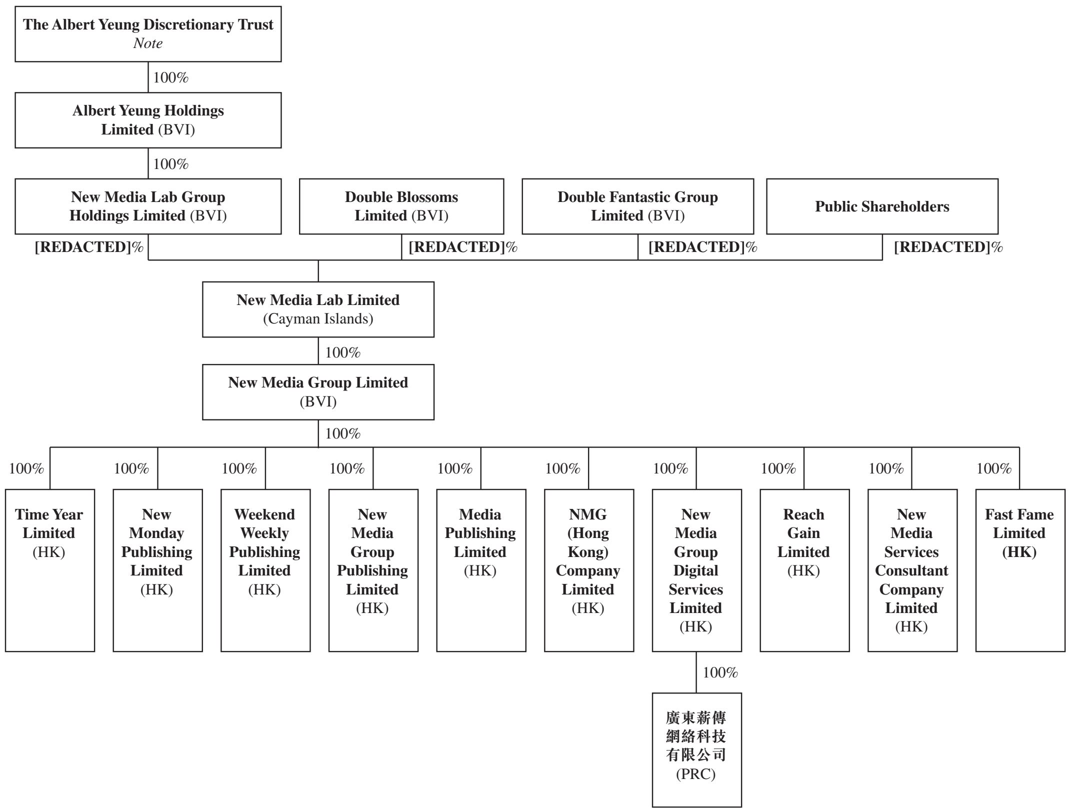
The following chart sets out the shareholding and corporate structure of our Group after the Reorganisation and as at the Latest Practicable Date:



Note: AY Discretionary Trust is a discretionary trust of which Dr. Albert Yeung is the settlor and founder and First Trust Services AG is the trustee.

CORPORATE STRUCTURE AFTER [REDACTED]

The following chart sets out the shareholding and corporate structure of our Group immediately after completion of the **[REDACTED]**:



Note: AY Discretionary Trust is a discretionary trust of which Dr. Albert Yeung is the settlor and founder and First Trust Services AG is the trustee.

OVERVIEW

We are a digital media company, providing integrated advertising solutions to advertisers ranging from multi-national brand owners, advertising agencies to SMEs primarily through our Digital Media Platforms. We produce and distribute contents on diverse areas of interest under our different well-known and popular media brands. Coupled with our strong digital media presence, including our own websites and mobile apps as well as on third party social media platforms such as Facebook, Instagram, Youtube and LinkedIn, we are able to reach and attract different types of audience, which in turn generates value for our advertisers. We have now fully transformed from a traditional publication media business into a leading player in the digital media landscape ranking, according to the Euromonitor Report, second amongst online advertising companies in Hong Kong for three consecutive years of 2020, 2021 and 2022 in terms of revenue with a market share of approximately 1.9%, 1.8% and 1.8% respectively. To complement our Digital Media Platforms we still maintained, though with diminishing importance as compared to our digital business, the publication of some magazines and travel guidebooks in which advertisers can also place advertisements.

During the Track Record Period and as at the Latest Practicable Date, our Group operates nine (9) media brands, namely "新假期" (Weekend Weekly), "東方新地" (Oriental Sunday), "經濟一週" (Economic Digest) and "新Monday" (New Monday / NM+) which started off as print magazines in the early 2000s and have a strong heritage, as well as More, GOtrip, Sunday Kiss, and two more recent brands SSwagger and Madame Figaro introduced in 2018 and 2019 respectively. They offer contents ranging from lifestyle such as dining and local attractions, gourmet and gastronomy, fashion, beauty and travel, entertainment news, kids and parenting, electronic gadgets and gaming to designer and luxury labels, finance and investment related contents. Our Group strives to stay on top of trends, being adaptive to market changes based on viewer preferences and continue to create contents that interest our audience and to ensure viewership and internet traffics.

With our reach to audience of different categories on multiple media platforms, we are able to offer integrated advertising solutions to and cater for the different advertising needs of our clients. We provide a wide spectrum of advertising products and services including display banners, advertorials and reviews, social newsfeeds, creative and production, across our Digital Media Platforms and in our print circulations, whether alone or in different types of combinations or even as part of an advertising campaign to achieve maximum exposure and publicity. Other than conventional advertising products, we also utilise features of search engines to provide strategic services including segment marketing and SEO which help our clients to rank their information higher in search engines and improve their online visibility. Furthermore, we also offer our digital advertisement inventories to third party SSPs to extend our reach of advertisers.

During the Track Record Period, we published the weekly Economic Digest Magazine, the quarterly Madame Figaro Magazine and the weekly 3-in-1 Oriental Sunday Magazine, which we ceased with the last issue in December 2020 in view of the trend for audience to move online. In 2021 we published the quarterly Weekend Weekly x GOtrip Magazine but the 2022 issues were cancelled as tourism travelling has been restricted due to the fifth wave of the COVID-19 pandemic.

For the three financial years ended 31 December 2020, 2021 and 2022, our income derived from digital business amounted to approximately HK$180.3 million, HK$231.9 million and HK$229.2 million, representing approximately 85.2%, 94.6% and 95.2% of our revenue, respectively, and income derived from circulation of our publication and advertisements in print circulation amounted to approximately HK$31.3 million, HK$13.3 million and HK$11.5 million, representing approximately 14.8%, 5.4% and 4.8% of our revenue, respectively.

COMPETITIVE STRENGTHS

We believe our success and future potentials are attributable to our competitive strengths which include the following:

Strong digital presence reaching millions of audience and brand recognition

We have a strong digital presence with millions of subscribers that follow our contents on our websites, mobile applications and third party social media platforms. As at the end of the Track Record Period, we have 9 media brands, with 10 fanpages on Facebook recorded a total of over 7.4 million followers and 9 profiles on Instagram recorded over 1.2 million followers. The 9 websites operated by our Group recorded unique visits of over 156.7 million for the year ended 31 December 2021 and exceeded 219.7 million for the year ended 31 December 2022. Such social media engagement creates an ideal platform for advertisers to communicate with and collect feedback from their current and potential consumers and broaden their reach.

We believe such immense digital presence is created in association with a strong recognition for our media brands generated by our engaging contents and effective social media strategy. Such popularity would in turn attract more attention from the advertisers, thereby propelling our business.

We are a frontrunner in providing online marketing solutions and have transformed from a traditional publisher providing advertising solutions solely in our magazines and books to a leading digital media company. Our Group established a new online business unit as early as 2011 to proactively explore business opportunities for online and mobile content development. By 2014, all of our Group's then flagship brands have already developed and launched their own digital platforms that extended into different channels and devices. According to the Euromonitor Report, our Group ranked second amongst online advertising companies in Hong Kong for three consecutive years of 2020, 2021 and 2022 in terms of revenue with a market share of approximately 1.9%, 1.8% and 1.8% respectively.

We believe our strong digital presence, frontrunner advantage with accumulated experience in digital business and leading market position differentiate us from our competitors and well position us to capture the momentum in this fast-growing industry.

Diversified and strong audience base to attract advertising clients with different target audience

Our business model thrives on our ability to attract a wide range of audience, followers and visitors to our media platforms. As at the Latest Practicable Date, we have nine (9) media brands, in particular the well-known and popular Weekend Weekly, More, GOtrip and New Monday, each with dedicated content pillars covering a broad spectrum of area of interests including but not limited to dining and local attractions, gourmet and gastronomy, fashion, beauty and travel, entertainment news, kids and parenting as well as electronic gadgets and gaming, finance and investment, designer and luxury labels, appealing to audience with an extensive demographic background.

We gain insight in the rapidly changing trends of the market as well as preferences and taste of consumers of different sectors. Thus, we are able to respond to such changes by providing current and relevant contents to the target audience of our clients, thereby able to retain our audience, which can continually attract clients' engagement for our advertising services. As at the end of the Track Record Period, the total number of followers of the 10 Facebook fanpages and 9 Instagram profiles under the principal Digital Media Platforms operated by our Group has exceeded 7.4 million and 1.2 million respectively; for the year ended 31 December 2021, our 9 websites recorded unique visits of over 156.7 million with cumulative web impressions reaching over 2.6 billion; and for the year ended 31 December 2022 recorded unique visits of over 219.7 million with cumulative web impressions reaching over 4.2 billion.

Despite the fact that each of our media brands has their own dedicated content pillars, occasionally materials or topics for content development of our respective media brands may overlap. Our media brands may share raw materials collected by the Group yet develop specific contents from different perspectives and with respective media brand's character which suit the taste of their own target audience. On the other hand, given that our media brands are each established brands with their own market positioning and respective audience base, one of the unique features of our Group is that our media brands will collaborate with each other as different media platform. For instance the launching of the Weekend Weekly x GOtrip Magazine in early 2021 is an attempt to bring together Weekend Weekly's strong presence in provision of lifestyle contents and GOtrip's expertise in exploring local excursion or scenic spots. The versatility of our media brands and their contents, whether developed collectively or individually, helps to keep our audience freshened. We believe that our diversity and relevance in terms of contents and distribution channels provides extensive choices to a deep range of clients to suit their individual advertising models, objectives and budgets.

Capability of offering broad range of advertising products and services and tailor-made solutions to clients

We offer a wide spectrum of advertising products on different media platforms and integrated services to advertisers. Form of our advertising solutions includes but is not limited to display banners, advertorial and reviews, social newsfeeds, creative and production and strategic services such as SEO and segment marketing. We have an in-house Platform Team dedicated to analysing audience behaviour on our media platforms via analytic tools which allows us to gain insights into our target audience and their preferences. We believe that such analysis gives us with a deeper understanding of our audience and those of our competitors so that we can have a better grasp of the market trends in creating our contents and to improve the efficiency of communication between the advertisers and their target audience through advertising on the appropriate media platforms.

As disclosed in the Euromonitor Report, apart from our Group, all the top five leading players of the online advertising companies in Hong Kong for 2021 and 2022 pursue multi-brand strategy, yet our Group and one of the other four, which respectively operate 9 and 10 media brands, have a more well-diversified brand portfolio when comparing with the remaining three leading online advertising companies. We believe what differentiate our Group's advertising solutions from other market players is that our Group adopted a multi-brand strategy with a well-diversified brand portfolio, under which we operate various channels under different media brands with distinctive brand names, each with dedicated content pillars, but with versatility in the sharing of raw materials and ideas for content development between different media brands, with a view to attract audience with particular areas of interest, thereby enabling us to segregate our audience profile and in turn helping advertisers to more precisely identify their target audience so that we can offer tailor-made advertising solutions to appeal to specific group or groups of audience to suit the advertisers' marketing campaign. For instance, New Monday's target audience mainly comprises the younger generation, when promoting advertisers' products and services on New Monday's platforms, we may employ a more colloquial style of copywriting and entail trending presentation styles such as memes to attract target audience's attention. Whereas for the same advertising campaign on another Digital Media Platform, the copywriting may be adjusted to suit the target audience of that media brand. Unlike other market players who operate their digital platforms with a less well-diversified portfolio, which the presentation style of advertisements may likely be required to conform to certain style or tone in order to maintain brand image, our media brands are stand alone brands each with their own presentation style and market positioning. As such, we can offer flexibility in the choice of one or more media brands for the conduct of advertising campaigns whichever that may suit advertisers' needs better – for advertisers aiming at promoting its products among a distinct group of end users, particular media brand of our Group may offer advertising solutions with precise segment marketing; as for advertisers whose advertising objective is to reach as much people as possible, we can offer cross-platform advertisement placement service with tailor-made advertisements for different viewers, thus maximise the effectiveness of advertising campaigns. On the other hand, when comparing with other market players who also adopted multi-brand strategies, our Group places heavier emphasis on developing our Digital Media Platforms. Among the other leading online advertising companies in Hong Kong in 2021 and 2022 as identified in the Euromonitor Report, despite all adopted multi-brand strategy, our Group is the only market player whose digital advertising revenue contributed to over 90% of total revenue. Our Directors believe that our dedication in developing our digital media business enables us to accommodate surging demands for digital advertising solutions in light of this digitalisation era.

We believe that the diversified advertising solutions on multi-brand platforms and quality of audience behavioural insights we offer are vital in keeping up with the market changes and maintaining our competitiveness in the ever-evolving digital media industry.

Long-established history and well-established relationships with clients across different industries

We have been engaged in the media industry in Hong Kong for over 20 years and are renowned for our popular flagship media brands including Oriental Sunday, Weekend Weekly, New Monday and Economic Digest. With our long history in the advertising business in the print media and our early entry into the digital marketing business, we have established an extensive client network. Our Group has a diverse client portfolio ranging from 4A's and non-4A's advertising agencies, multinational corporations and brand owners as well as small and medium-sized enterprises, covering a large variety of business sectors. As disclosed in the section headed "Business – Suppliers and Clients – Clients", we have been able to maintain over 10 years of business relationship with all of our top five clients for each year during the Track Record Period save for one during the year ended 31 December 2021 and 2022, with whom our Group has also maintained over 5 years of business relationship.

Experienced management team and dedicated operation structure

We have a strong management team that possesses extensive management skills, operating experience and solid industry knowledge and expertise. For example, our CEO and substantial shareholder, Mr. Royce Lee, has been engaged in the digital marketing business for over 20 years, and our COO, Ms. Esther Cheung, has over 15 years of experience in digital media and marketing. Further details of their background are set out in the section headed "Directors, Senior Management and Employees" of this document. Other than our CEO and COO, a number of our management team members also came from strong digital marketing background prior to joining our Group, for example having been directors at 4A's advertising agencies and international brand owners. With our management's profound experience in digital marketing, we believe our Group will continue to excel at the digital advertising business under their strong leadership.

On the other hand, our management team is supported by a dedicated operation structure, which enables us to offer flexible and effective support to clients. Each of our Business Units serves clients whose target audience are most correlated to the contents of its media brands with its own sales and contents or editorial teams under separate team heads, whilst always open for inter-units collaborations where required in order to cater for special needs of our clients. We believe such structured yet flexible operation model helps to better monitor the performance of each media brand, encourage the management to respond timely to clients' needs, enhance production efficiency while maximizing the synergistic effect of our diversified distribution platform strategy, thus enabling us to gain a competitive edge that helps our Group coping with the dynamic digital media industry.

OUR STRATEGIES

According to the Euromonitor Report, the online advertising industry is expected to grow at a double-digit CAGR of 11.4% from 2023 to 2027. We aim to capture the business opportunities from this momentum by enhancing our capabilities and offerings through the following strategies:

Pursue growth through acquisitions and/or strategic alliance

To accelerate our business growth and expand our market share, our Group will explore opportunities for mergers and acquisitions and/or strategic alliances with other media or e-commerce players. In particular, we intend to acquire or partner up with platforms engaging in e-commerce, digital advertising and media service in order to enhance our horizontal growth. We are of the view that the fields of job searching and posting, product and service listing and price comparison, and businesses related to purchasing and ordering facilitating platforms offer the most potential for our horizontal growth.

According to the Euromonitor Report, platform service system platforms, which are platforms that provide updated information and recommendations on products and services, and e-commerce solution platforms, which provide data collection and analytic solutions to help e-commerce players getting in-depth understanding of the market, are two major segments with good potentials to expand into within the current digital media landscape. According to the Euromonitor Report the e-commerce market of Hong Kong has increased from HK$85.4 billion in 2018 to HK$136.0 billion in 2021, with a CAGR of 16.8% and in 2022 the e-commerce market accelerated its growth and reached HK$183.6 billion which represented a 35.0% increase from the previous year; whereas LinkedIn as a hybrid of social media networking site and job posting platform has recorded a CAGR of 17.2% in its average active monthly users over the period from 2018 to 2022. In light of the above, we see the potential in online job-searching markets, product-listing platforms and businesses related to purchasing and ordering facilitating platforms, and our Group intends to expand into these segments. Ideal acquisition targets will be platforms with small to medium operation scale but with good traffic.

As at the Latest Practicable Date, we have not identified any potential acquisition target with detailed feasibility study nor have we entered into any agreement for any acquisition or strategic alliance. We have no intention to acquire any company or business which would lead to a material change of the current principal business and/or corporate structure of our Group. For further details of our plans on merger and acquisition or strategic alliance, please refer to the section headed "Future Plans and **[REDACTED]**" of this document.

Expand our product lines and our client base and explore opportunities in specific industry verticals

Demands for digital advertising products are ever-evolving and we intend to further expand our product lines to cater for diversified needs of different advertisers.

In light of the growing popularity of online finance and banking activities, we set up the structure of a new platform under the name of Jetsobee with a Facebook page, an official website and mobile app, but so far with minimal content. We plan to dedicate resources in developing it into a personal smart spending platform focused on providing recommendation on financial tools and choices, such as credit card usages. This platform is designed to be featuring a loyalty programme and the technological infrastructure will also incorporate data analytics, AI and machine learning capabilities. To support Jetsobee's development and operation we will also recruit new staff to set up a new team, to develop product features and programmes and content creation to drive audience engagement. Although our existing clients already included some major banks and credit card companies, we expect the Jetsobee platform will enable us to attract more advertisers from the financial sector, including banks, credit card companies, electronic payment providers and insurance companies, thereby expanding our clientele base.

On the other end, a rising trend of people establishing their own business is observed. According to the statistics of the Hong Kong Government, as of December 2021, there were over 340,000 SMEs in Hong Kong, which number grew to over 350,000 as at November 2022, which accounts for over 98% of the total number of enterprises in Hong Kong. In order to capture the opportunities in this rising market, we intend to develop an automated advertisement placement platform to provide alternative advertising solutions to serve this segment. The proposed new platform offers opportunities for SMEs to publish their own promotion materials at a designated section on our existing renowned Digital Media Platforms at an affordable price such that on one hand, we can cater for the needs of these clients and on the other hand, we can tab into the SMEs segment and strengthen our market presence in digital advertising market. We plan to expand our sales team and technical support team to back up the development of such platform.

Enhance data collection and analytical capabilities through the development of e-commerce solution platform

We discern the increasing reliance on data analytics in the digital advertising industry with rapid technological advancement. We intend to enhance our capabilities in collecting, storing and analysing data and to increase the varieties and dimensions of the data we can collect. According to the Euromonitor Report, the e-commerce market of Hong Kong has increased from HK$85.4 billion in 2018 to HK$136.0 billion in 2021, with a CAGR of 16.8%, and a further jump of 35.0% in 2022 to HK$183.6

billion, which in turn creates demand for strategic online advertising campaigns. We therefore plan to develop an e-commerce solution platform comprising a front-end mobile app with implementation of a loyalty programme for its subscribers which will encourage them to record their spending on e-commerce through incentives such as bonus points, gift redemption and other promotions, the creation of a data lake on such data collected and machine learning data modelling. To support this development we plan to recruit additional staff to set up a new team, including a data analyst, to develop product features and programmes and content creation to drive subscribers engagement. This platform will enable us to collect and analyse spending on e-commerce, thereby enhancing the precision in identifying the target audience for our advertisers and optimising the effectiveness of our advertising solutions. Through these initiatives, we expect to solidify our clientele and strengthen our market presence.

Unleash our potential by enhancing productivity

To ensure the contents we create remain engaging and relevant, we also intend to upgrade our content monitoring system by developing and implementing a media content management system, which is a tailor-made platform for our Group to gather further performance data of our contents and that of other market players on different third party social media platforms. Although we have a dedicated Platform Team specialising in understanding audience behaviour and preferences through analysing data of our branded contents and those of our competitors, which has contributed to our success during the Track Record Period, it was done manually with the aid of third party analytic tools. With the proposed implementation of the media content management platform, we may also collect further information on audience feedback to our digital contents and market trends including virality of our fanpages, profiles and channels on different third party social media platforms, online traffics of our digital platforms, demographics of our audience, ranking of our self-operated digital platforms, contents that generates most engagement rates and daily trend of keywords gaining popularity. This would provide us with a cornerstone infrastructure enabling us to be prepared for handling increasing volume of data along with the expansion of our business which may not be coped with manually in an efficient manner. With the aid of data collected and presented on the media content management platform, we can closely monitor the performance of our digital contents and utilise such data as parameters measuring the performance of our different Business Units, thus to enhance productivity.

Continual investment in technological infrastructure and recruitment of talent

We believe the development of digital advertising market will centre around the use of machine learning tools and we therefore intend to strengthen our technological infrastructure through applying AI and machine learning models in the back-end operations of our platforms. The abovementioned e-commerce solution platform and Jetsobee platform to be launched will incorporate data analytics, AI and machine learning capabilities and spearhead the integration of AI and machine learning technologies in our daily operation. Moreover, we will also upgrade our physical information technology facilities to achieve a more comprehensive upgrade of our technological infrastructure. In addition, we also intend to recruit talent of different areas, including staff specialising in data analytics, sales and marketing, business strategic development and content development in support of the growth of our business.

We believe these strategies will help deepen our penetration in our existing clientele, diversify our client base and expand our market share, hence to strengthen our market position and sustain our business growth. Meanwhile, we will keep abreast of the latest market trend to identify and capture further market opportunities.

OUR MEDIA BRANDS

Our Group has been operating nine (9) media brands, offering contents across different areas of interest over a number of platforms. Media brands of our Group are operated by individual Business Units with dedicated content teams to provide constant updates on their own media platforms. Each of the Business Units will review their content pillars regularly and revamp their branded contents from time to time in order to ensure quality of our contents and enhance user engagement on our media platforms, which in turn helps generate additional monetisation opportunities with the advertising products and services we offer to clients.

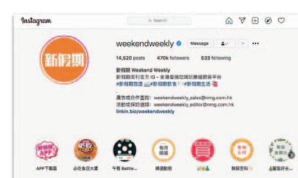
The strategy that our Group adopts to offer contents with particular areas of interest by different media brands helps not only to build brand recognition of individual media brands among their target audience but also to segregate our audience profile and assist our clients to identify their targeted customers with reference to topics that these customers are interested in. Our media brands utilise different digital media platforms in order to maximise reach to audience. During the Track Record Period, media brands of our Group operated digital platforms including (i) its own website; (ii) mobile application; and (iii) fanpages, profiles and channels across different third party social media platforms (including Facebook, Instagram, YouTube and LinkedIn). Contents available on our Digital Media Platforms may appear in various styles and forms such as social newsfeeds, videos and photos, which may appeal to different types of internet users thus extend our reach to wider scope of audience.

As discussed in the paragraph headed "Our Products and Services" in this section, we generate advertising income from our Digital Media Platforms, which are operated through third party social media platforms or our own websites and apps, through offering advertising solutions such as Facebook newsfeeds, Instagram newsfeeds and contents featuring advertisers' products to be posted onto our Digital Media Platforms. As at the end of the Track Record Period, for our 9 media brands, our principal Digital Media Platforms (other that the Jetsobee platforms which we plan to fully develop by using part of the **[REDACTED]** from the **[REDACTED]**) includes 9 websites and 7 apps as our own platforms and we are operating on third party social media platforms including 10 Facebook fanpages, 9 Instagram profiles and 9 YouTube channels. Further details of our principal Digital Media Platforms are set out under the description of each of the media brands below.

Set out below is a brief description of our media brands:

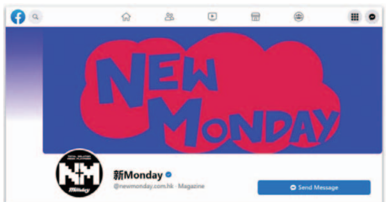
"新假期" (Weekend Weekly)

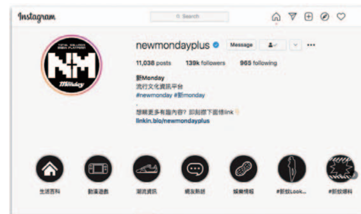
Weekend Weekly specialises in providing lifestyle contents ranging from topical dining trends, discovery around towns to best dining and shopping offers, tips and recommendations to meet demands of people from all walks of life. Weekend Weekly has strived to develop contents to stay in trend, for instance in 2020, it launched a special column compiling quality take-away food and special discounts for take-away on its website in order to cater for audience's surging demands for take-away services as COVID-19 hits the city hard. Weekend Weekly has also launched thematic campaigns such as the Best-Ever Dining Awards (必吃食店大獎) for several years, to capture audience with specific areas of interest and cover talk-of-the-town topics. It is a brand with long history and was first launched as a magazine by our Group in September 1999 and has developed a solid audience base. Weekend Weekly has its official website, mobile app, Facebook page, Instagram profile and Youtube channel. It is one of our media brands with most followers on its third party social media platforms, one of which reached over 1.7 million followers as at the Latest Practicable Date, and is popular among younger generation.



Weekend Weekly also published a print magazine with GOtrip on a quarterly basis in 2021. It also collaborates with GOtrip from time to time to publish travel guidebooks with updated and holistic travelling information on different overseas destinations.

"新Monday"
(NM+ / New Monday)



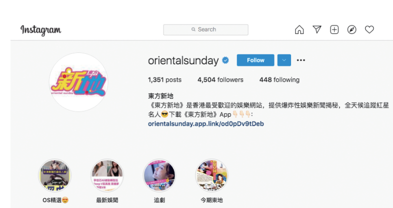


New Monday offers contents on latest social trends, covering topics such as online shopping, online games, electronic gadgets, sports trend, fashion, entertainment news and beauty tips. To catch up with the latest market trend, New Monday has been exploring new cooperation opportunities with advertisers engaging in different rising industries. New Monday has experimented with new form of contents such as video games live streaming and thematic video programmes on the media brand's digital media platforms with a view to enhancing user engagement as well as explore further business opportunities with advertisers from different segments.

New Monday was first launched by our Group in 2000 and was well-known for its brand positioning as a local youth magazine. New Monday was the first brand among our Group in digitalising its contents, launching its online portal and individual website as early as 2004 and 2006 respectively. "NM+" was introduced as a multimedia platform version of New Monday and launched the "NM+ eMag" and "NM+ eMag Lite" tablet and smartphone apps in the financial year ended 30 June 2012. This media brand currently operates through its official website, mobile app, Facebook page, Instagram profile and YouTube channel.

"東方新地" (Oriental Sunday)

Oriental Sunday offers updated entertainment gossip news of artists and celebrities' activities and providing updates on developments in the entertainment industry.



It became a fully digitalised platform since the beginning of 2021 after the cessation of the 3-in-1 Oriental Sunday Magazine. Oriental Sunday has its official website, mobile app, Facebook page, Instagram profile and YouTube channel.

"經濟一週" (Economic Digest)

Economic Digest is a long-established and well-recognised media brand of our Group focusing on providing latest information on economics, investment, financial market and personal finance with major target audience comprising professional investors, white collars and general public who is interested in investment and financial market. During the Track Record Period, its content covered conventional topics including property market, insurance, entrepreneurship and personal financial management to trending topics in relation to workplace culture, start-ups, virtual banking and fintech. Economic Digest also hosted the annual Hong Kong Outstanding Enterprise(香港傑出企業巡禮) (which was rebranded as the Hong Kong Outstanding Listed Enterprises (香港傑出上市企業) in 2021 and as EDigest Outstanding Listed Enterprises and ESG Award (經一傑出上市企業及ESG大獎) in 2022), The Outstanding Brand Awards(實力品牌大獎)(now rebranded as the EDigest Brand Awards (經一品牌大獎)) and EDigest Best SME Award(經一中小企大獎) (suspended in 2021 and 2022 due to the COVID-19 pandemic) ceremonies.

With increasing use of digital platforms in media industry, Economic Digest also utilises digital media platforms and third party social media platforms such as its official website, mobile app, Facebook page, Instagram profile, LinkedIn profile, Patreon page, Spotify podcasting channel and YouTube channel to distribute its content. Economic Digest currently also publishes a weekly magazine with subscription services of its e-magazine and physical copies.

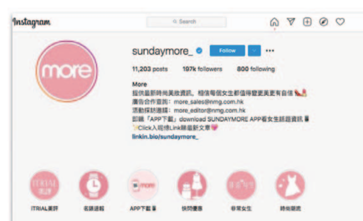
"GOtrip"

GOtrip provides comprehensive travelling information and suggested itineraries ranging from local excursions, staycation to global destinations to keep viewers updated with the latest tourism and vacation trend. The brand aims to attract audience who enjoy travelling or visiting the countryside. GOtrip maintains its own official website, Facebook page, Instagram profile, mobile app and YouTube channel. Apart from running various digital platforms, GOtrip also from time to time collaborates with Weekend Weekly to publish travel guidebooks to offer up-to-date itineraries and sightseeing information of different destinations to audience.

In 2021, GOtrip also published a quarterly periodical as a crossover with Weekend Weekly.

"More"

More provides introduction and comparisons of trending beauty products or fashion items launched by different brands in the latest season, beauty tips in skincare and make-up, nutritious menus for healthy diets and an array of topics that female audience are interested in. It focuses on topics including fashion, skincare, makeup, wedding planning and targets at female audience. As at the Latest Practicable Date, More has accumulated over 1 million followers on one of its third party social media platforms. The media brand operates through its official website, mobile app, Facebook page, Instagram profile and YouTube channel.



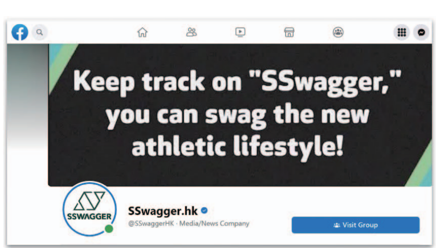
More organises an annual poll, Beauty Product Awards ("美容產品大賞") for viewers to vote their favourite beauty brands or products. This event not only provides an opportunity to interact with our viewers, but also for our customer brands to promote their products.

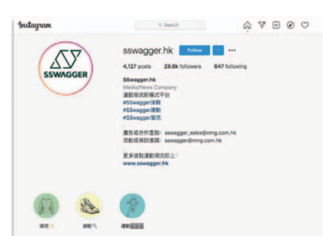
"Sunday Kiss"

Sunday Kiss targets young parents and provides information on latest trends of child-care, parenting, education as well as shopping tips. It also has a directory on its website on learning centres and kids products in Hong Kong aiming to build a comprehensive database of vendors engaging in these sectors. Sunday Kiss now has its official website, mobile app, Facebook page, Instagram profile and YouTube channel.

In 2019, Sunday Kiss launched the "Dear Future Kids" campaign inviting pregnant women to write letters to their unborn babies, to record their thoughts during pregnancies and messages they would like to send to their future kids. By sharing experience of different women during their pregnancies, the campaign offers opportunities to look into motherhood from different perspectives. The campaign was awarded merit prizes in both "Co-creation and User generated Content" and "Influencer / Talent" of the "Digital and Social – Social Single" categories in 2019 Kam Fan Awards. In 2022, Sunday Kiss organised awards for parents to vote for their favourite brands and products under various categories.

"SSwagger"





SSwagger focuses on latest sports-related trends including information on fashion, sneakers, gadgets, lifestyle products and latest sports news, targeting at male youngsters and sports lovers. It was launched in 2018 as our Group was aware of the transformation of sportswear from being a functional apparel to fashion items. SSwagger currently has its official website, Facebook page, Instagram profile and YouTube channel.

madame FIGARO HONG KONG

"Madame Figaro Hong Kong"

Madame Figaro was brought into the Hong Kong market from France by our Group in 2019. Our Group entered into an exclusive licence agreement (the "**Licence Agreement**") with Société du Figaro in September 2019, pursuant to which our Group was granted the exclusive right to create and operate a Hong Kong version of Madame Figaro French website, social network accounts under the name of "madamefigarohk" and "madamefigaro.hk" and a Hong Kong edition of Madame Figaro magazine under the title "Madame Figaro Hong Kong" for an initial term of three (3) years and thereafter with automatic renewals unless terminated by either party with prior notice.

The Madame Figaro brand in France positions as an upmarket and prestigious platform on fashion and beauty. The history of its French media conglomerate, Groupe Figaro, can be traced back to the early 19th century. It is currently one of the leading media groups in France and has a strong presence in the French media industry. Leveraging on the well-founded history and reputation of the French brand, our Group introduced the media brand to Hong Kong with a view to capture the luxury market. We aspire to coalesce Parisian aesthetics and the Hong Kong community by exploring art and fashion related topics with local elements while maintaining the flair of the brand.

The brand currently operates through the publication of a print quarterly periodical and content circulation on its official website, Facebook page, Instagram profile and YouTube channel. Print anniversary issues were published in 2021 and 2022 to celebrate the brand being brought to Hong Kong.

OUR PRODUCTS AND SERVICES

Advertising Solutions

We offer integrated advertising products and services which can be distributed on both our digital media platforms and in our books and magazines. During the Track Record Period, our revenue from advertising solutions amounted to approximately HK$192.9 million, HK$241.7 million and HK$237.8 million for the financial years ended 31 December 2020, 2021 and 2022 respectively, representing approximately 91.1%, 98.6% and 98.8% of our total revenue for the relevant year, of which approximately 85.2%, 94.6% and 95.2% respectively were generated by digital advertising solutions.

Since each of our media brands has its own content pillars with presence on various media platforms, clients can choose which of our platforms they would like to place advertisements or carry out their advertising campaigns and select in what forms they wish to advertise their products and services. Our comprehensive advertising products include:–

(i) advertorials, which may be posted on both our digital and print platforms. These are editorial or journalistic articles which can serve to accomplish clients' marketing objectives by promoting their products or services in the articles;

(ii) newsfeeds and videos for promotion of advertisers' products on our Digital Media Platforms including our websites and mobile apps, as well as our fanpages, channels or profiles hosted on third party social media platforms;

(iii) sponsorship featuring advertisers' names in our Group's branded contents;

(iv) display advertisements, including banners, video banners and text links on our Digital Media Platforms. Advertisers can choose the number of impressions or length of time the advertisement is to be posted on our Digital Media Platforms;

(v) SEO (search engine optimisation) to help advertisers to rank their information higher in search engines results, which in turn helps to bring in more targeted clients and hence improve conversion rate. Our media brands cover a great variety of interests on various media platforms appealing to audience across demographics, which offer advertisers different perspectives for their targeted keywords in search engines. We believe each of our media brands owns high traffic keywords that sustain their chance of meeting quality audience when internet users search up these keywords;

(vi) influencers marketing where we pair up the objective of the advertising project with appropriate influencers to reach target audience efficiently. Our Group has our own network of influencers from generation Z called Zolar, while Zparkler is a branch for members who are studying in college or have graduated within two years;

(vii) electronic direct mail (eDM) to subscribers on our Digital Media Platforms; and

(viii) advertising spaces in our print circulations, including magazines and travel guidebooks.

In addition to merely offering advertising space on our platforms where the contents are provided by clients themselves, to enhance competitiveness of our Group, we offer extensive and integrated advertising solutions and services to suit different client needs and budgets. We offer full-range advertising and project management services throughout the entire advertisement pre-production, production and distribution stages. These include conceptualising advertising ideas and advising on strategy for optimal result, such as which media brand(s) and platform(s) to be engaged in order to help advertisers to identify their target audience precisely and the best timing for posting to attract different viewer types. Our service package can also cover posting of feeds and advertising materials on other social media platforms with which we collaborate. We are able to aid our clients to understand consumer behaviour and achieve their marketing goals by providing analytical insights through studying the performance of our contents including traffic and user engagement data and those of other market players.

In terms of the production process of the advertisement, we are able to provide services including artistic design, photographic production, custom layout, digital graphics design, video shooting and editing, which may be undertaken by our in-house teams or outsourced to third party production houses with whom we work closely depending on client preference or our production capacity at the time.

We offer flexibility in our product offerings and services such that advertisers can pick and choose the specific or combination of products and services that best suit their marketing objectives and budgets, and we may be engaged directly by the advertisers and brand owners themselves or through advertising agencies.

As ancillary service principally to our major brand owner clients, during the Track Record Period we also provided advertising solutions which did not include posting onto our Group's Digital Media Platforms or print circulations. For example, we provided project management services to various credit card companies and banks in respect of year-round credit card offers, which included development, production and printing of marketing materials, data input and participating merchants liaison; for the various awards our Group organised such as the EDigest Outstanding Listed Enterprises and ESG Award and EDigest Brand Award, we provided sponsorship where participating brand owners can have their names featured in the event; we produced tailor made articles, and designed and produced booklet/leaflet and gift card for clients' ad hoc events such as shopping mall promotion. Some of these projects were amongst our top ten projects in terms of revenue recognised during the respective financial year in the Track Record Period (please refer to the sub-section headed "*Our Major Projects*" below). Nevertheless, total revenue from such ancillary services did not exceed 3% of our advertising revenue for the financial years ended 31 December 2020 and 2021 and 4% of our advertising revenue for the financial year ended 31 December 2022 respectively.

We also have programmatic advertising service agreements in place with various digital partners (generally known as supply side platforms, "**SSPs**"). Further details of these agreements are set out in the section headed "Business – Suppliers and Clients – Clients" of this document. Under these arrangements, available advertisement slots (advertisement inventories) on our digital media platforms are offered to advertisers through platforms operated by these SSPs. The advertisement inventories system of our Digital Media

Platforms will be connected to the advertising platforms operated by the SSPs, which will identify the available advertisement slots on our Digital Media Platforms and pair up with offers made by advertisers on their platforms. Programmatic advertisement is therefore basically an automatic bidding for our advertisement inventory on SSPs' platforms, our Group will usually specify a floor price (in terms of CPM) for advertisement inventories on our Digital Media Platforms. Driven by the bidding process, advertisement of the advertiser with the highest bidding CPM will be placed to respective advertisement inventories on our Digital Media Platforms through respective SSP's platform. Programmatic advertising revenue from sales of our advertisement inventories on our Digital Media Platforms is determined based on a pre-agreed portion of the aggregate CPM (i.e. the highest bids in terms of CPM) generated from respective SSP's platform from time to time. Such revenue sharing portion is based on the terms and conditions with each SSP. Our Group, as publisher, acts as the platform for displaying the advertisements allocated by the SSPs' platforms and we do not produce any content for these advertisements.

The following table sets forth the breakdown of our advertising revenue by major media platforms from which our Group operated on during the Track Record Period:

	For the year ended 31 December					
	2020		2021		2022	
	HK$'000	*% of advertising revenue*	*HK$'000*	*% of advertising revenue*	*HK$'000*	*% of advertising revenue*
Third party social media platforms						
– Facebook	118,731	61.6	151,362	62.6	134,753	56.7
– Instagram	9,846	5.1	14,105	5.8	13,610	5.7
– Youtube	274	0.1	274	0.1	203	0.1
– LinkedIn	N/A	N/A	N/A	N/A	190	0.1
Sub-total	**128,851**	**66.8**	**165,741**	**68.5**	**148,756**	**62.6**
Own platforms						
– Website	33,154	17.2	39,286	16.3	51,017	21.5
– App	694	0.3	3,541	1.5	4,630	1.9
– Print	12,608	6.5	9,849	4.1	8,608	3.6
Sub-total	**45,456**	**24.0**	**52,676**	**21.9**	**64,255**	**27.0**
Multi-platform *(Note 1)*	12,441	6.5	18,165	7.5	16,322	6.9
Production service & others *(Note 2)*	5,112	2.7	5,125	2.1	8,444	3.5
Total	**192,860**	**100**	**241,707**	**100**	**237,777**	**100**

Note 1: This represents invoices which covered advertising solutions posted onto more than one platform without specific allocation of the fees to the respective platforms.

Note 2: This represents primarily revenue derived from services which did not relate specifically to the media platforms mentioned above. The amount for the financial year ended 31 December 2020 also included approximately HK$400,000 representing project management fee charged under various print advertising contracts. The increase in revenue under this category for the year ended 31 December 2022 was mainly due to the increase in the number of contracts for project management services for credit card offers.

Our revenue generated through Facebook for the financial year ended 31 December 2022 dropped by approximately HK$16.6 million, i.e. approximately 11.0%, as compared to that for the year ended 31 December 2021. Such drop was primarily due to the drop in advertising revenue from the cosmetics and skin care, toiletries and household, pharmaceuticals sectors and the hotel, travel and tourism services sectors in view of the stringent social distancing measures introduced following the outbreak of the fifth wave of the COVID-19 pandemic, and Facebook is a popular social media platform for advertisers in these sectors to conduct their advertising campaigns. For details of the breakdown of our non-programmatic advertising revenue by industry sectors for the Track Record Period please refer to the section "Financial Information – Discussion and Analysis on Principal Items in the Consolidated Statements of Profit or Loss and Other Comprehensive Income – Advertising" of this document.

On the other hand, our revenue derived from our own websites for the financial year ended 31 December 2022 shown a significant growth of approximately HK$11.7 million (i.e. approximately 30%) from that for the year ended 31 December 2021, and revenue derived from our apps also showed a steady growth from that of the year ended 31 December 2021. As disclosed in the paragraph below, in 2022 we endeavoured to drive organic traffic to our websites and apps by both search engine optimisation and generating more branded contents. We believe this led to a growth in our programmatic advertising revenue generated from our own websites and also enabled us to increase our advertising inventories for direct sale to our non-programmatic advertisers, especially those who were not so affected by the fifth wave of the COVID-19 pandemic.

The following table sets forth selected key operating data of the Digital Media Platforms of our nine media brands during the Track Record Period:

	As at/for the year ended 31 December		
	2020	**2021**	**2022**
	'000	*'000*	*'000*
	(approx.)	*(approx.)*	*(approx.)*
Websites *(Note 1)*			
Unique visits *(Note 1)*	110,075	156,718	219,707
– new visit	106,414	151,200	213,984
– returning visit	3,661	5,518	5,723
Web sessions *(Note 2)*	332,457	422,587	573,238
– Weekend Weekly	112,814	157,836	207,166
– New Monday	28,371	26,607	43,050
– Oriental Sunday	59,637	73,241	76,168
– Economic Digest	29,746	31,850	37,687
– GOtrip	29,583	37,211	59,256
– More	37,459	39,473	55,657
– Sunday Kiss	29,052	50,905	88,842
– SSwagger	2,328	1,564	246
– Madame Figaro	3,467	3,899	5,167
Web impressions *(Note 3)*	2,322,768	2,609,158	4,267,451
Apps *(Note 4)*			
Acquisitions *(Note 4)*	216	916	1,421
App sessions *(Note 2)*	4,678	26,860	38,286
App impressions *(Note 3)*	51,439	222,531	405,501
Social Media Platforms			
Facebook followers *(Note 5)*	7,225	7,301	7,466
Instagram followers *(Note 6)*	1,012	1,172	1,252

Notes:

(1) Unique visits is the number of unduplicated (counted only once) visitors to our nine websites over the course of a year. The figures provided in relation to our websites comprises the aggregate data of all our websites.

(2) Session refers to the number of visits a website or app has, from both new and returning users. A session starts right away when someone loads a page and ends after 30 minutes of inactivity.

(3) An impression is counted each time when an advertisement is shown on our Digital Media Platform, excluding advertisements for our integrated advertising solutions of which we do not maintain record.

(4) Acquisition refers to the accumulative number of new downloads of our mobile apps. The figures provided comprises the aggregate data of all our apps. New downloads refer to number of users who have installed our app once and exclude the number of redownloads on a device-auto-downloads, restores or updates.

(5) The figure comprises the aggregate number of followers of our ten principal Facebook fanpages.

(6) The figure comprises the aggregate number of followers of our nine principal Instagram profiles.

We continuously evaluate and review our operating strategies with a view to maximising our digital advertising revenue. In 2019, we modified our strategy to enhance user experience by reducing the page breaks of the website articles. As advertisements are pushed onto a webpage when a webpage is loaded by the reader, a reduction in page break means more content could be shown in a single webpage and the users could read the content with less interruption by advertisements, and the improved user experience would in turn attract and retain more users to spend more time on our websites. In 2022, we evaluated our strategies and endeavoured to drive growth of organic traffic to our websites and apps. As disclosed in the sub-section headed "Our Operation – Dedicated Platform Team to Monitor Digital Performance for Optimal Operation Results" below, our Platform Team analyse audience behaviour on our Digital Media Platforms and provide insights to the Business Units. In 2022 we recruited additional staff to our Platform Team specifically for search engine optimisation, i.e. analysing media content such as contents that generate higher engagement rates and trending keywords in order to enhance our branded contents so that they would more likely appear on the result pages when audience conduct keyword searches, which in turn would help to bring in more targeted clients to our Digital Media Platforms. At the same time, we also increased engagement of third party freelancers for generating more branded contents. The unique visits to our websites increased from approximately 110.1 million for the year ended 31 December 2020 to approximately 156.7 million for the year ended 31 December 2021, and further increased to approximately 219.7 million for the year ended 31 December 2022, among which the new visits doubled from approximately 106.4 million for the year ended 31 December 2020 to approximately 214.0 million for the year ended 31 December 2022. Our web sessions have recorded a growth of approximately 27.1% from approximately 332.5 million for the year ended 31 December 2020 to approximately 422.6 million for the year ended 31 December 2021, and a further growth of approximately 35.6% to approximately 573.2 million for the year ended 31 December 2022. For SSwagger, our Group focused on developing its growth on Instagram instead in view of its rather specific target audience of youngster and sports lovers, its web sessions recorded drops for both 2021 and 2022.

Along with the increasing unique visits and web sessions to our websites, our web impressions for the three years ended 31 December 2022 also demonstrated a continuing growth, recording approximately 2.3 billion, 2.6 billion and 4.3 billion impressions respectively. Our Directors believe that our strategy in enhancing user experience, coupled with the drive to optimise our Digital Media Platforms on search engine result pages in 2022, led to the substantial increase in the number of web impressions for 2022.

Our mobile applications were launched since the second half of 2020 and attained significant increase in acquisitions, app sessions and app impressions during 2021 and 2022. Riding on the strengthening brand recognition and increasing number of unique visits to our websites, acquisition of our apps has reached over 900,000 as at 31 December 2021 and approximately 1.4 million as at 31 December 2022. Our app sessions and app impressions have respectively reached 26.8 million and 222.5 million for the year ended 31 December 2021 and with increasing acquisition of our apps increased to approximately 38.3 million and 405.5 million respectively for year ended 31 December 2022.

During the Track Record Period, followers of our social media platforms have been increasing steadily which is attributable to the organic growth of our platforms.

Our Group's operating data also includes reach of our advertisements to audience by conversion rate, which means the ratio of audience who take an action desired by the advertiser, such as signing up a new account or making a purchase, to the total number of audience who viewed or clicked on the display advertisements. Conversion rate may be measured by data such as chargeable clicks, click through rate or engagement rate for our Digital Media Platforms over any particular period. We do not track and record such data except in the limited circumstances mentioned below. Firstly, we may retain certain data for a particular campaign and upon our clients' requests, we may share the relevant data with client for evaluation of the effectiveness of advertising campaigns. Depending on the type of advertising products and services provided and/or the advertising objectives of our clients, data to be shared varies. For example if client's advertising objective is to extend the reach or media coverage of its products, the data to be shared may include the number of impressions, views and/or likes of the relevant feeds and posts; for clients who wish to attract traffic to their designated websites, we may also provide the number of leads generated such as user registration or number of transactions on project basis. Secondly, we will record such data when the agreed contract sum is calculated in form of commission by revenue sharing or profit sharing based on purchases of products or services advertised completed by users driven from the traffic of our Digital Media Platforms. During the Track Record Period, our Group's revenue generated from contracts involving such commission based element, inclusive of the fixed fees under such contracts, amounted to approximately HK$2.2 million, HK$3.1 million and HK$4.5 million respectively for the three years ended 31 December 2022, representing only approximately 1.1%, 1.3% and 1.9% of the total revenue of the respective periods.

Print circulation

During the Track Record Period, we published four magazines, being (i) the 3-in-1 Oriental Sunday Magazine (combined with Weekend Weekly magazine and New Monday magazine) on a weekly basis in 2020, (ii) Economic Digest Magazine as a weekly magazine, (iii) since third quarter of 2019, Madame Figaro Magazine as a quarterly magazine, and (iv) in 2021, the Weekend Weekly x GOtrip Magazine as a quarterly magazine.

In light of the market trend where demand for print magazines has been decreasing, we restructured our print media service in late 2020 and ceased the publication of the 3-in-1 Oriental Sunday Magazine with the last issue in December 2020. On the other hand we released four issues of the quarterly Weekend Weekly x GOtrip Magazine in 2021 but the 2022 issues were cancelled in view of reduced overseas travelling as a result of travel restrictions due to the fifth wave of the COVID-19 pandemic. Nevertheless we believe that maintaining our print media complements our multi-media strategy and offers advertisers additional avenue to reach their target audience, whilst at the same time the well-known titles of Economic Digest, Weekend Weekly, GOtrip and Madame Figaro also serve to bolster brand recognition for our Group. Although we do not have plans at this stage to further reduce our magazine titles, we will monitor changes in market trends for print magazines and print advertising and review from time to time whether to implement any further adjustments to our print media service.

The following table sets forth the copies sold, unit price of and revenue generated by circulation of our Group's magazines during the Track Record Period:

	For the year ended 31 December		
	2020	**2021**	**2022**
3-in-1 Oriental Sunday Magazine *(Note 1)*			
Unit Price *(HK$) (Note 2)*	18	N/A	N/A
Copies sold *('000 copies)*	1,154	N/A	N/A
Revenue *(HK$'000)*	15,365	N/A	N/A
Economic Digest Magazine			
Unit Price *(HK$) (Note 2)*	20	20	20
Copies sold *('000 copies)*	129	125	102
Revenue *(HK$'000)*	2,399	2,506	2,008
Madame Figaro Magazine *(Note 3)*			
Unit Price *(HK$) (Note 2)*	120	120	120
Copies sold *('000 copies)*	1	5	8
Revenue *(HK$'000)*	99	475	801
Weekend Weekly x GOtrip Magazine *(Note 4)*			
Unit Price *(HK$) (Note 2)*	N/A	30	N/A
Copies sold *('000 copies)*	N/A	13	N/A
Revenue *(HK$'000)*	N/A	266	N/A
Others *(Note 5)*			
Revenue *(HK$'000)*	866	245	92
Total revenue generated by our print circulation *(HK$'000)*	18,729	3,492	2,901

Note:

1. The 3-in-1 Oriental Sunday Magazine published its last issue in December 2020.
2. The unit price represents the official selling price of the relevant magazine.
3. The Madame Figaro Magazine was first published in 2019 as a quarterly magazine.
4. The Weekend Weekly x GOtrip Magazine was first published in March 2021 as a quarterly magazine.
5. This comprised income from sales of travel guidebooks and licence fee for posting of magazine contents on third party social media platforms.

We have been also publishing travel guidebooks for over 10 years, during which we have published different travel guidebook titles covering various travel destinations which are popular amongst the Hong Kong public such as Tokyo, Seoul, Taipei, Sapporo and Bangkok. The travel guidebooks were first published under Weekend Weekly's label and later under the joint label of Weekend Weekly and GOtrip. Travel guidebooks publication has been substantially reduced during the Track Record Period due to reduced overseas travelling during the outbreak of the COVID-19 pandemic.

Other than distributions through the Distributors as disclosed in the section headed "Business – Production Workflow – Distribution of magazines and books" of this document, Economic Digest is available for subscription from our Group directly and some of the magazines are available for subscription in digital formats and online sales.

During the Track Record Period, our revenue from circulation of magazines and book publications amounted to approximately HK$18.7 million, HK$3.5 million and HK$2.9 million for the financial year ended 31 December 2020, 2021 and 2022 respectively, representing approximately 8.9%, 1.4% and 1.2% of our total revenue for the relevant year.

OUR OPERATION

Key Features of our operation model

Specialised Business Units for individual media brands

We believe the ability to offer diverse, relevant and quality contents is a cornerstone to our business. As such, one of the salient features of our operation model is that each of the media brand is operated by individual Business Units, which enables each Business Unit to specialise in monitoring trending topics under its content pillars, thus catering to audience with specific areas of interests and enhancing attachment of target audience of respective media brands. Occasionally where some trending topics are relevant to content pillars of different media brands, our Business Units may also collaborate with each other and/or share materials collected yet tailoring contents that suit the taste of target audience of respective media brands by adapting the materials to presentation styles preferred by target audience.

Each Business Unit has its own team responsible for content creation on its media platforms in order to enhance responsiveness to trending topics as the key to keeping the audience tuned in and ensuring our contents stay connected and relevant. Frequent editorial meetings are held for sharing of information collected by editorial team members on potential topics to be covered by its media brands on different platforms and brainstorming for directions of contents development in order to ensure our contents are uptrend and engaging.

Client-oriented sales and account servicing teams

Each Business Unit is primarily responsible for serving clients that are the most correlated with that media brand. Each Business Unit has its own sales and account servicing team dedicated to maintaining relationships with existing clients, understanding their marketing needs from time to time and updating clients on our new products as well as to develop new business opportunities with potential clients. The sales and account servicing teams are also responsible for liaising with advertisers when enquiries are received from potential clients or existing clients who wish to engage our services. They will collect information regarding the marketing objectives of the campaign, formulate and propose to clients tailor-made advertising solutions on how to maximise the advertising effect or to be more effective in reaching intended audience by suggesting the form of the advertisements and/or platforms to publish the advertisements and give fee quotes based on solutions and services to be provided.

We also have a Business Development Team (which was rebranded as Revenue Team as from March 2022) responsible for strategic development of business and products, key client relationship and deal negotiations with key clients. For each of the three financial years ended 31 December 2022, four out of our top five clients are 4A's agencies which in aggregate contributed approximately 39.9%, 37.8% and 33.7% of our total revenue for the respective years. Constant review on products we offer and business arrangements with our agency clients and other key clients is also conducted by this team to ensure our service quality and that our products and services are capable of addressing clients' needs which in turn contribute to our business growth.

Flexible yet regulated workflow

Our Group adopts a bottom-up approach in our content creation process. Junior staff will generate contents under the supervision of senior staff, whereas senior staff will be responsible for proofreading and commenting on the drafts while concurrently identifying whether there are any issues with the draft, for example copyrights which require consents to be obtained. Apart from contents created by our in-house teams, in order to keep track of the latest trends and get insights by interacting with content creators outside the Group, we may also from time to time engage freelance writers, stringers and columnists to contribute to the contents under our different platforms on topics chosen by the Business Units. All contents, whether created by freelancers or third party contributors, must be approved by the responsible personnel of respective Business Units before publication onto any of our media platforms. If there is anything in the drafts that does not align with the specified topic, or that may be deemed inappropriate, we will request them to make the necessary revision before publishing the piece on our media platforms. The senior editors will need to ensure all contents align with the tone and manner for the respective brand and to screen any potential copyright infringement.

To accommodate our production needs, we have our own studios with professional equipment for in-house photos and video shootings, audio recording and live streaming for both our branded contents and advertising solutions. We may also engage external production houses and freelancers to support our content development from time to time depending on factors such as scale of production, specific client requirements and our workload at the time, which we believe is an industry practice. We have internal control mandates and procedures in place for engaging production house, for example obtaining a few fee quotes for price comparison, submitting applications for engagement of production houses and freelancers via our intranet for cost control and keeping internal records on past engagements with third party production houses and/or freelancers and colleagues' evaluations on quality of work of these external service providers. We have centralised lists of approved external production houses and freelancers offering production services ranging from copywriting to multi-media production services. The Business Units can only engage third party production houses on the approved lists in order to ensure external parties' quality.

As for programmatic advertising, we do not produce any contents for advertisements published on our Digital Media Platforms through programmatic advertising. However, we do have policy to filter out advertisements we consider unsuitable or inappropriate for our Digital Media Platforms, for example, obscene or offensive contents or advertisements of our competitors. To achieve this we set our profile on the SSPs to block certain categories of advertisements from being published on our Digital Media Platforms. We also have designated persons in the Platform Team assigned to monitor our Digital Media Platforms on daily basis to check whether the contents published through programmatic advertising contain the blocked categories, filter out undesirable advertisements by keywords and for those that cannot be ruled out by the above methods, to block these advertisements manually. These measures help to maximise our control exerted on contents to be published on our Digital Media Platforms that are not produced by us.

Dedicated Platform Team to monitor digital performance for optimal operation results

Other than each Business Unit monitoring the social interactions (if it was a third-party social media feed) of the published content on its own Digital Media Platforms, we have a dedicated Platform Team to monitor activities on all Digital Media Platforms operated by our Group, as well as analyzing audience behaviour on our Digital Media Platforms. Following the publishing and uploading of digital content by each Business Unit, the Platform Team will monitor the contents across platforms. The performance of digital contents, unlike traditional print media, can be tracked once they are published onto the internet. Therefore, the Platform Team will analyse the data collected and provide insights to the Business Units.

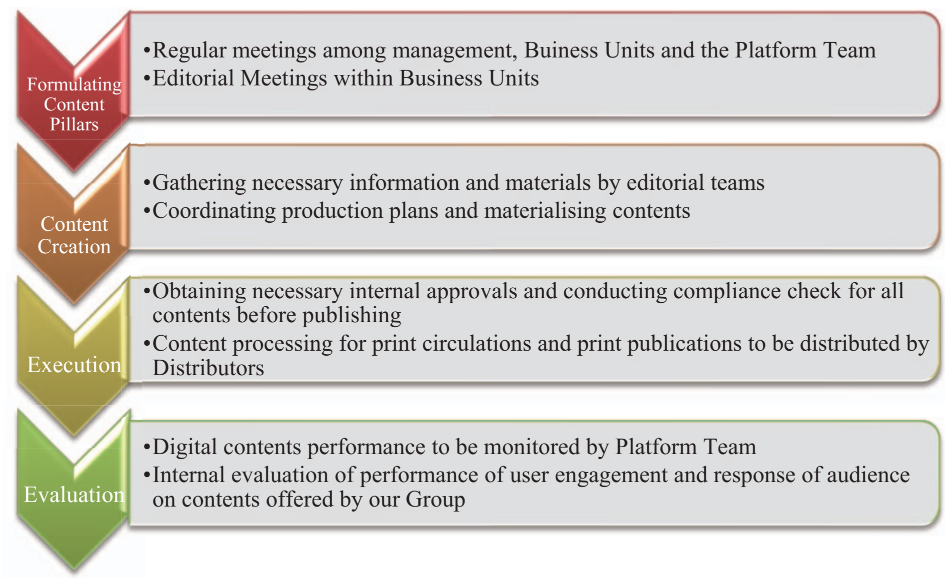
Monthly meetings will be held for each Business Unit between the CEO, heads of the Platform Team and IT team and managing directors of respective Business Unit for formulating content pillars. During such monthly meetings, Platform Team will give analysis on the online data collected in respect of each Digital Media Platform operated by the Business Units, evaluate response of contents published and provide update on competitors' digital content. With insights gained from analysis provided by the Platform Team, managing directors of each Business Unit will then be able to work with their own content teams to adopt the strategies derived from the observations of the Platform Team in execution of our branded contents and advertising products, including the timing for posting and layout design, such that user engagement on our Digital Media Platforms can be enhanced, advertisements of clients can be effectively delivered and to achieve targeted results of client's advertising campaigns.

PRODUCTION WORKFLOW

Our production workflow can be generally categorised into two types, namely the production of branded contents and the provision of advertising solutions.

Branded Contents

Branded contents refer to the core contents published on different media platforms under our brands. The following flowchart illustrates the general operation workflow for production of branded contents:



As mentioned above, regular meetings among Business Units, CEO and Platform Team are held to define content pillars and thematic campaigns in order to optimise performance of contents offered by our Group; frequent editorial meetings are also held within Business Units where there will be discussions on whether the materials collected are suitable for respective media brands, approach of developing contents with the information collected, the appropriate presentation method and platforms for publication of the relevant contents. Senior editors of respective Business Units will make editorial decisions and report to the managing director for final approvals. Upon obtaining approvals from managing directors, content team members will proceed with production of contents.

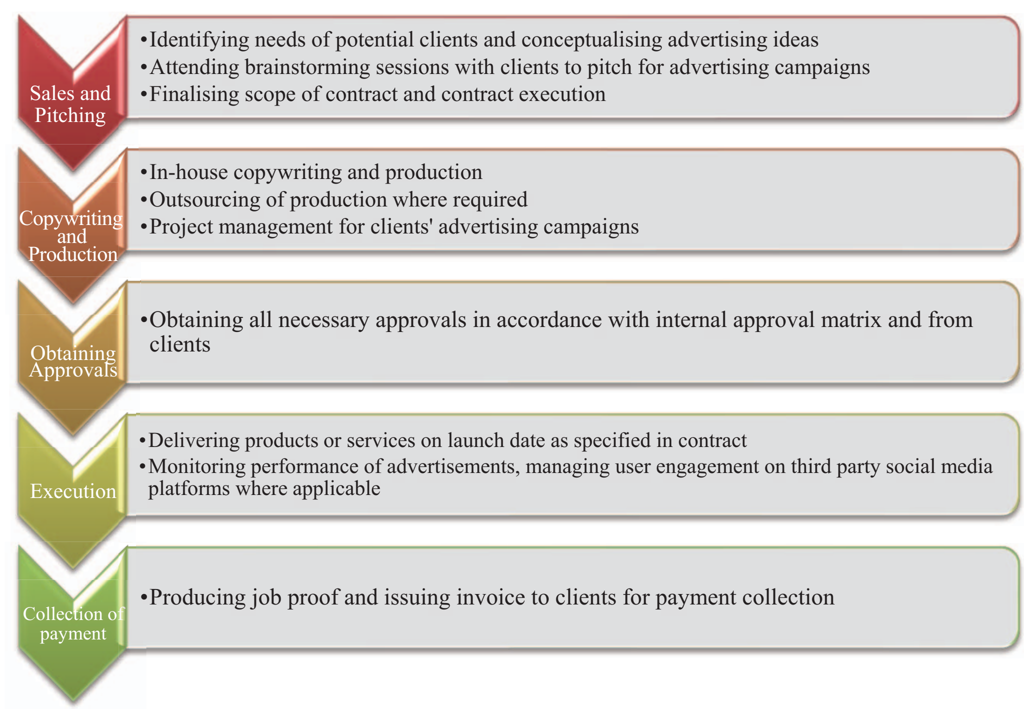
Forms of the branded contents of different Business Units are highly diversified ranging from large scale thematic campaigns to newsfeeds and articles on Digital Media Platforms, to multi-media contents such as videos and podcasts and traditional cover stories and columns in print magazines, depending on the type of platforms managed by respective Business Units. After confirming presentation style and topics to be covered as our branded contents, content team members will begin mapping out the production plan and materializing our contents. As at the Latest Practicable Date, our Group had a total of 86 content and production staff serving in different Business Units, including editors, photographers, scriptwriters, producers, video editors and designers, for production of both branded contents and advertising solutions. We also outsource from time to time part of the production works to freelancers and/or production houses on project basis, which we believe is a common industry practice.

For digital contents, the draft created by junior editors and freelancers will be uploaded to our content management system for senior editors' review. Senior editors are granted the access to publish contents onto our Digital Media Platforms. After proofreading the content, the responsible senior editors will proceed with publishing the same on the designated Digital Media Platform at the scheduled time.

As for print publications, all contents must be approved by the chief editor and/or managing director of responsible Business Units before being sent to our central administration team for customised works on colour optimisation, initial typesetting and proofreading. The finalised digital proof will be uploaded to an online system for preparation of the "blueprint", which is a draft for the final output, for the Group's approval. Alongside with the upload of the finalised digital proof, our central processing management staff will also produce the physical colour proof for the printing houses to carry out the pre-press typesetting. The blueprint produced by the printing house will then be handed back to such staff for final check and confirmation. The final printing proof will be used for bulk printing.

Advertising Solutions

The following flowchart illustrates the general operation workflow for the provision of advertising solution services:



As mentioned above, when our sales and account servicing team receives enquiry for a potential advertising campaign, they will prepare the scope of services and fee quote based on the rate card and estimate of hard costs to be incurred in the production process for approval by the managing directors of respective Business Units. After obtaining the approval, the sales and account servicing team will provide the quotation to client and negotiate with client to finalise the terms of the sales contracts. After the initial terms are accepted by client, the sales staff will proceed to prepare the sales contract, all details of which are required to be input onto our self-developed sales system to give an instantaneous overview of the project for the final approval by the managing director of respective Business Units. Once such approval is obtained, the sales and account servicing team will arrange for execution of contracts with clients. Copywriting and production will only commence after the executed contracts are uploaded onto our sales system. Nevertheless, there existed occasional circumstances that physically signed written contracts have been issued by the Group to clients but the clients did not return the countersigned copy to the Group ("**Informal Contracts (Signed by Group only)**") and isolated incidents where no physical written contracts have been signed by either party ("**Informal Contracts (Unwritten)**") (collectively, "**Informal Contracts**"). For the financial year ended 31 December 2019 there were 35 Informal Contracts (Signed by Group only) with advertising revenue recognised of approximately HK$2.4 million, and 59 Informal Contracts (Unwritten) with advertising revenue recognised of approximately HK$3.7 million, the majority of the latter occurred in or after the second quarter of 2019 where there have been disruption caused by the social unrest and the physical contracts were not followed up or pursued after the advertising campaign has been launched. During the Track Record Period, there were a total of 47 Informal Contracts (Signed by Group only) with advertising revenue recognised of approximately $3.0 million and 3 Informal Contracts (Unwritten) (all of which occurred in 2020) with aggregate revenue recognised of approximately $0.15 million. All of these Informal Contracts have been performed and the relevant invoices have been settled by the clients. With the gradual upgrade of our sales system in 2020 which allows us to sign in the system after which it will be sent electronically to client for signature, there were no Informal Contracts (Unwritten) in 2021 and 2022.

Upon confirmation of contract details, our creative service teams of the relevant Business Units will then take over to conceptualise advertising ideas and confirming production directions with clients, and put together production plans and coordinate the production of contents with production teams. Our creative service teams are also responsible for copywriting, that is to compose the description to be contained in the advertisements. Our editors will prepare the articles or feeds by composing and editing the text and adding relevant imagery to the articles. Senior editors will proofread the text to be contained in our advertisements to ensure that it is properly processed, all relevant internal guidelines and regulations are complied with and that all third-party sourced materials are identified and acknowledged. As mentioned above, we have in-house production team, which comprised 86 content and production staff as at the Latest Practicable Date, which is responsible for production of both branded contents and advertisements. The production team handled the technical aspects of the production such as artistic design, photographic production, custom layout, digital graphics design, video shooting and editing. Among these content and production staff, 6 are designers and art directors. During the production process they provide support in layout and graphic designs and presentation style of the contents. They are also responsible for processing and touching up the raw images and footages received from photographers, editing videos and design of the opening graphics of videos. We also engage third-party production houses and photographers when the need arise to assist in the production process. Our creative service team may also attend shootings where required to ensure the end products have met requirements of clients and that the production direction is in line with the production plans. Clients are often involved in the production process too.

Similar to our approval procedures with branded contents, senior creative service staff will review and approve the draft advertisement after which it will be sent to client for final approval. Upon obtaining all necessary internal approvals and clients' approval, the finalised drafts of our advertisements will be set for publication on the media platform(s) at the launch time specified in the sales contracts.

Our Group does not produce the contents for programmatic advertising and where advertisers only purchase advertising spaces, including display banner, large rectangle advertisement and splash advertisements from our products. In these cases the contents for the advertisements are provided by the advertisers. The following table sets forth a summary of the approximate revenue generated by advertising contents provided by advertisers aforesaid and that generated by advertising contents produced by our Group (including through engagement of third party production houses and freelancers and/or with involvement of advertisers during the conceptualisation and/or production stage):

	For the year ended 31 December					
	2020		**2021**		**2022**	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Breakdown of advertising contents that are:						
– primarily produced by our Group *(Note)*	155,441	86.2	191,225	82.5	177,221	77.3
– provided by advertisers	24,811	13.8	40,633	17.5	51,948	22.7
	180,252	100.0	231,858	100.0	229,169	100.0

Note: Contents primarily produced by our Group included contents produced through engagement of third party production houses and freelancers and that produced by our in-house team.

As advised by our legal advisers as to Hong Kong laws, there is no requirement for any prior governmental registration or approval or specific legislation governing the general advertising business in Hong Kong that our Group is operating, but there are several ordinances and regulations containing provisions regarding publication of our branded contents and advertisements and promotion of products and services on our media platforms which may be relevant to our business and the breach of these ordinances and regulations may result in statutory offences. Brief summary of these ordinances and the possible maximum penalties are set out in the section headed "Regulatory Overview" of this document.

As advised by our legal advisers as to Hong Kong laws, if any of the contents or advertisement on our media platforms contains any false description to any goods or services supplied, any obscene or indecent article, any defamatory materials or copyright infringe work, our Group as the publisher of the contents and advertisement on our digital media platforms, no matter whether the advertising contents are primarily produced by our Group or provided by our clients, will be liable, whether or not our clients are also liable for contents provided and/or approved by them. We may be charged by the relevant authorities for breach of the relevant ordinances and regulations of Hong Kong. We may also be liable to compensate (i) the copyright owner if the contents or advertisement on our media platforms contains copyright infringing work or (ii) the subject of the contents or advertisement if it contains defamatory remark against the subject, and/or publish any clarification notice or apology (as the case maybe). We may need to withdraw the relevant contents or advertisements.

We have adopted internal control measures over the contents to be published on our media platforms to ensure legal and regulatory compliance of our contents and avoid infringement of intellectual property rights of third parties. Details of our risk management and internal control measures are set out in the sub-section headed "Risk management and internal control" of this section.

After the finalised advertisement is posted or published on the relevant media platform, our creative service team will also be responsible for producing the job proof and uploading the same onto our sales system in order to signify closure of the transaction. Our accounting department will check for completed transactions on our sales system on regular basis and issue invoices accordingly. Typically, we will issue invoices to our clients within a week after the release of the advertising product and collect payments from our clients.

Distribution of magazines and books

During the Track Record Period and as at the Latest Practicable Date, our Group has engaged Distributor A and Distributor B, both of whom are Independent Third Parties, for distribution of our magazines and travel guidebooks through different channels. Both Distributor A and Distributor B have been our distributors for over 15 years. Distributor A is our sole distributor for our magazines and travel guidebooks mainly to newsstands and specified convenience stores and supermarkets in Hong Kong and Macau, whereas Distributor B is our sole distributor of the Madame Figaro Magazine and travel guidebooks mainly to bookstores in Hong Kong and Macau and online bookstores.

For distribution by Distributor A, we will give them prior pickup notice and it will pick up the publications from the printer in accordance with the pickup notice at its costs, whereas for Distributor B, generally printing houses will arrange direct delivery of the publications to it. The Distributors will then at their own costs distribute the publications to their respective retail points. There are no specified number of retail points under our agreements with the Distributors and in order to ensure demand at different retail points can be met the Distributors have the right to allocate and reallocate the number of copies to the different retail points.

We specify the retail or cover price of each magazine and travel guidebooks and the Distributors pay us for the actual number of copies sold by the retail points at a pre-agreed discounted price to such specified retail or cover price. The actual selling price at the retail points however are determined by the retail points themselves. We do not control the pricing or other sales arrangements between the Distributors and their respective retail points.

The Distributors will collect unsold copies of each issue of the magazines and travel guidebooks from the retail points to their warehouses at specified intervals depending on the frequency of the publication. We will then verify the number of unsold copies with the Distributor such that the number of sold copies can be ascertained for calculating the sales amount of that issue. The Distributors are required to pay our Group regardless of whether they receive settlement from the retail points. The unsold copies will be handled by the Distributors according to our instructions and at our cost.

We have specified staff to monitor the distribution of our print publications, including visiting the retail points to understand the sales of our publications there, for example whether the publications are placed at a prominent position, assisting with the collection or delivery of publications by or to the Distributors and carry out stock takes of unsold copies at the Distributors' warehouses.

During the Track Record Period, we have entered into fixed term agreements with each of the Distributors. As at the Latest Practicable Date, we have separate distribution agreements covering separate title publications, all of which are for fixed terms of one (1) to two (2) years subject to early termination by either party by prior written notice.

Our Directors consider our relationship with the Distributors to be that of a seller/buyer relationship with the Distributors being our clients. During the Track Record Period, our Group recognised revenue from sales of our publications on the date of delivery, net of trade discounts and our best estimation of return of unsold copies, and adjusted the difference between the actual and estimated return when the number of unsold copies of that publication collected by the Distributors was verified by us. Our Directors confirmed that it is industry norm in Hong Kong for publishers to engage distributors for sales of magazines and books and regard distributors as customers of the publisher and they believe that the aforesaid revenue recognition policy is in line with industry practice.

SUPPLIERS AND CLIENTS

Clients

Advertising solutions

During the Track Record Period, clients of our integrated advertising solutions mainly comprised of multinational and local brand owners across a variety of industries as well as advertising agencies operating in Hong Kong.

The following table sets forth a summary of the number of our Repeat Clients and new clients (meaning clients which are not Repeat Clients) and their respective approximate revenue (both digital and print, but excluding programmatic advertising) contribution during the Track Record Period:

	For the year ended 31 December								
	2020			2021			2022		
	HK$'000	*% of advertising revenue*	*No. of clients*	*HK$'000*	*% of advertising revenue*	*No. of clients*	*HK$'000*	*% of advertising revenue*	*No. of clients*
Repeat Clients	159,882	94.0	410	183,849	89.7	415	168,833	85.8	347
New clients	10,127	6.0	191	21,071	10.3	250	27,865	14.2	304
Total	170,009	100.0	601	204,920	100.0	665	196,698	100.0	651

Based on our advertising revenue (both digital and print, but excluding programmatic advertising revenue) of approximately HK$170.0 million, HK$204.9 million and HK$196.7 million for the year ended 31 December 2020, 2021 and 2022 respectively, the average revenue derived from each client (excluding SSPs and clients under print circulation) amounted to approximately HK$0.3 million, HK$0.3 million and HK$ 0.3 million for each of such financial year respectively.

The following table sets forth the breakdown of our clients engaging in different industry sectors based on a percentage of our advertising revenue (both digital and print, excluding programmatic advertising revenue) during the Track Record Period as indicated:

	Approximate percentage of the total non-programmatic advertising revenue (%) For the year ended 31 December		
Business sectors of our clients	**2020**	**2021**	**2022**
Cosmetics and skincare, toiletries and household, pharmaceuticals	32.5	35.1	25.7
Banking, insurance and investment services	14.2	17.9	18.3
Jewellery and watches, fashion and luxury products	12.3	9.5	14.4
Retail and online shop, electronic appliances	11.3	13.8	15.6
Food and beverage, restaurant and food delivery	14.1	11.5	13.4
Government, non-public organisation and public services	2.6	3.2	4.9
Hotel, travel and tourism services	2.9	3.4	2.6
Telecommunication, mobile phones and services	1.4	1.4	1.5
Properties and real estate	1.2	0.7	0.6
Others	7.5	3.5	3.0
Total:	**100.0**	**100.0**	**100.0**

The following table sets forth the breakdown of the advertising revenue attributable to different types of clients during the Track Record Period:

Category	For the year ended 31 December 2020		2021		2022	
	HK$'000	*% of total advertising revenue*	*HK$'000*	*% of total advertising revenue*	*HK$'000*	*% of total advertising revenue*
Non-programmatic						
Advertising agencies	105,785	54.9	114,152	47.2	101,152	42.5
Brand owners and others	64,224	33.3	90,768	37.6	95,546	40.2
Subtotal	170,009	88.2	204,920	84.8	196,698	82.7
Programmatic						
SSPs	22,851	11.8	36,787	15.2	41,079	17.3
Total	192,860	100.0	241,707	100.0	237,777	100.0

During the Track Record Period, a predominant portion of our advertising revenue was attributable to Repeat Clients. As shown in the table above, the revenue attributable to advertising agencies amounted to approximately 54.9%, 47.2% and 42.5% of our revenue generated from provision of advertising solutions (including both digital and print) for the years ended 31 December 2020, 2021 and 2022 respectively. Throughout the Track Record Period, our top five clients (other than Distributor A and Supplier A (i.e. Client E)) for each year are 4A's advertising agencies, all of which have maintained more than 10 years of business relationship with our Group and are Repeat Clients of our Group.

Whilst the amount of advertising revenue from advertising agencies remained relatively stable for the three financial years of the Track Record Period, the proportion of their contribution to our total advertising revenue dropped from approximately 54.9% for the financial year ended 31 December 2020 to approximately 47.2% for the financial year ended 31 December 2021 and further dropped to approximately 42.5% for the financial year ended 31 December 2022. This was mainly attributable in part to an increasing percentage contribution from brand owners and others in the cosmetics and skincare, toiletries and household, pharmaceuticals sectors, and partly to an increase in our programmatic advertising revenue and therefor contribution from SSPs. The drop in percentage contribution from Repeat Clients to our non-programmatic advertising revenue during the Track Record Period was also attributable in part to the drop in revenue from advertising agencies clients as most of our advertising agencies clients are our Repeat Clients. The drop in the revenue from advertising agencies for the financial year ended 31 December 2022 as compared with that for the financial year ended 31 December 2021 was primarily due to the drop in advertising campaigns for the cosmetics and skin care, toiletries and household, pharmaceuticals sectors. Our Directors believe this was due to the outbreak of the fifth wave of the COVID-19 pandemic in Hong Kong since January 2022 and the consequential stringent social distancing measures imposed in the first quarter of 2022 which were only relaxed from the last quarter of 2022, as these sectors were highly susceptible to the impact of these social distancing measures which led to reduced demand for such products and businesses from these sectors therefore tended to be more cautious on their advertising campaigns.

During the Track Record Period, the whole of our programmatic advertising revenue was derived from SSPs.

Our Business Development team (which was rebranded as Revenue Team as from March 2022) is dedicated to manage client relations with key clients and business development of our Group and maintains contact with advertising agencies or key direct clients to understand their needs and collect feedbacks on our advertising products and services in order to build rapport and maintain good business relationships with them. Our sales and account servicing team will contact our existing clients from time to time to update them on our Group's latest products offerings and special events. Despite the fact that a significant portion of our revenue is attributable to Repeat Clients, our staff of the sales and account servicing team will also cold call advertisers placing advertisements on our competitors' digital media platforms, which we identified with the aid of third party monitoring tools, to introduce to them our products and services and pitch for potential business opportunities.

We generally enter into contracts in our standard forms for our integrated advertising solutions with clients on project basis, principal terms of which will cover our service fees, the products and/or services to be provided, time and duration of the advertising campaign and/or launch date of the advertisement and payment clauses. As for programmatic advertising, we enter into standard agreements provided by SSPs typically with terms of one year with automatic renewal clauses, all of which can be terminated by either parties with prior written notice ranging from twenty-four hours to ninety days. During the Track Record Period, we have not entered into long term contracts with our clients for our integrated advertising solutions. Our Directors confirm that these arrangements are in line with the industry norms.

Print circulation

For our print magazines and travel guidebooks, please refer to the section headed "Business – Production Workflow – Distribution of magazines and books" of this document.

The table below sets out the revenue from, and brief particulars of, our Group's five largest clients during the Track Record Period:

Rank	Name of Client	Principal business/ business profile	Products/ services provided by our Group	Years of business relationship with our Group	Revenue *HK$'000* (approximately)	Percentage of our Group's revenue *%* (approximately)
For the year ended 31 December 2020						
1	Client A *(Note)*	A group of advertising agencies, some of which are recognised as 4A's members, operating in Hong Kong. These companies are principally engaged in, among others, providing media consultancy services to brand owners and part of a global media investment group whose ultimate holding company is listed on the London Stock Exchange and the New York Stock Exchange.	provision of advertising solutions	over 10 years	28,954	13.7
2	Client B *(Note)*	A group of advertising agencies, some of which are recognised as 4A's members, operating in Hong Kong. These companies are principally engaged in providing media services to brand owners and part of a multinational advertising and public relations group whose ultimate holding company is listed on an European stock exchange.	provision of advertising solutions	over 10 years	27,313	12.9

Rank	Name of Client	Principal business/ business profile	Products/ services provided by our Group	Years of business relationship with our Group	Revenue	Percentage of our Group's revenue
					HK$'000 (approximately)	*%* (approximately)
3	Client C *(Note)*	A group of advertising agencies, some of which are recognised as 4A's members, principally engaged in providing media services to brand owners, which are part of a global media, marketing and corporate communications group headquartered in New York, the USA.	provision of advertising solutions	over 10 years	18,495	8.7
4	Distributor A *(Note)*	Two affiliated distributors in Hong Kong engaged in the distribution of newspaper and magazines in Hong Kong.	magazines and travel guidebooks	over 10 years	17,278	8.2
5	Client D *(Note)*	A group of advertising agencies, some of which are recognised as 4A's members, operating in Hong Kong. These companies are principally engaged in, among others, media planning and buying and their ultimate holding company is listed on the Tokyo Stock Exchange.	provision of advertising solutions	over 10 years	9,703	4.6
For the year ended 31 December 2021						
1	Client A *(Note)*	Please refer to the description above	provision of advertising solutions	over 10 years	34,790	14.2
2	Client B *(Note)*	Please refer to the description above	provision of advertising solutions	over 10 years	24,333	9.9
3	Client C *(Note)*	Please refer to the description above	provision of advertising solutions	over 10 years	21,757	8.9

Rank	Name of Client	Principal business/ business profile	Products/ services provided by our Group	Years of business relationship with our Group	Revenue	Percentage of our Group's revenue
					HK$'000 (approximately)	*%* (approximately)
4	Client E	i.e. Supplier A, which operates social network platforms	provision of advertising space	over 5 years	19,010	7.8
5	Client D *(Note)*	Please refer to the description above	provision of advertising solutions	over 10 years	11,819	4.8
For the year ended 31 December 2022						
1	Client A *(Note)*	Please refer to the description above	provision of advertising solutions	over 10 years	24,168	10.0
2	Client C *(Note)*	Please refer to the description above	provision of advertising solutions	over 10 years	23,696	9.8
3	Client B *(Note)*	Please refer to the description above	provision of advertising solutions	over 10 years	20,247	8.4
4	Client E	Please refer to the description above	provision of advertising space	over 5 years	19,230	8.0
5	Client D *(Note)*	Please refer to the description above	provision of advertising solutions	over 10 years	12,915	5.4

Note:

The Company has made requests to the client for its consent to disclose its identity in this document. As at the Latest Practicable Date, no consent has been provided.

Revenue derived from our top five clients accounted for approximately 48.1%, 45.6% and 41.7% of our revenue respectively and the largest client accounted for approximately 13.7%, 14.2% and 10.0% of our revenue respectively for each year during the Track Record Period. None of our Company, our Directors, their close associates or the substantial Shareholders of our Company has any interest in any of our five largest clients for each year during the Track Record Period.

During the Track Record Period, our Group had neither experienced any material disruption of business due to material delay or default of payment by our clients due to their financial difficulties, nor any material dispute with our clients causing material disruption to our business. During the Track Record Period and up to the Latest Practicable Date, we have not received any complaints from our clients which had a material adverse impact on our business or resulted in material monetary compensation being made by our Group to our clients.

Our Major Projects

We summarised below our top ten projects in terms of revenue recognised during respective financial year in the Track Record Period:

For the financial year ended 31 December 2020

No.	Summary of products and/or services provided under each project (which may comprise a series of contracts for each project)	Business profile and background of advertiser	Revenue recognised during the year *Approximately (HK$'000)*	Duration of the contracts (from the contract date to the last launch date of the campaign) *Approximately (number of months)*
1.	Project management of year-round credit card offers including merchant liaison and marketing services	An international credit card company	1,220	12
2.	Development, production and printing of marketing materials, liaising with participating merchants and data input for a year-round credit card offer	A licensed bank in Hong Kong	1,136	9
3.	Production of social media feeds and advertorials for posting on our Digital Media Platforms, coordination with participating merchants for a year-round credit card offer	A licensed bank in Hong Kong	767	15
4.	Development, production and printing of marketing materials, liaising with participating merchants and data input for a year-round credit card offer	A licensed bank in Hong Kong	712	9
5.	Production of social media feeds and display advertisements to be posted onto our Digital Media Platforms, coordination with influencers and boosting services for an advertising campaign for a baby product	Hong Kong affiliate of a manufacturer of nutritional solutions with international presence	653	4
6.	Production of social media feeds and website articles to be posted onto our Digital Media Platforms	An international beauty product manufacturer	615	3
7.	Production of social media feeds and advertorials to be posted onto our Digital Media Platforms	An international beauty product manufacturer	600	8

No.	Summary of products and/or services provided under each project (which may comprise a series of contracts for each project)	Business profile and background of advertiser	Revenue recognised during the year *Approximately (HK$'000)*	Duration of the contracts (from the contract date to the last launch date of the campaign) *Approximately (number of months)*
8.	Production of social media feeds for posting on our Digital Media Platforms and coordinating photo and video shoots with celebrities	A Japanese beauty brand with international presence	552	7
9.	Production of social media feeds and advertorials for posting onto our Digital Media Platforms and coordinating with participating merchants for credit card year round offer programme	A licensed bank in Hong Kong	550	13
10.	Production of social media feeds, video feed and display banners being posted onto our Digital Media Platform, coordinating with influencers and boosting services for a beauty product brand	A multinational consumer goods corporation	517	1

For the financial year ended 31 December 2021

No.	Summary of products and/or services provided under each project (which may comprise a series of contracts for each project)	Business profile and background of ultimate clients	Revenue recognised during the year *Approximately (HK$'000)*	Duration of the contracts (from the contract date to the last launch date of the campaign) *Approximately (number of months)*
1.	Development, production and printing of marketing materials, liaising with participating merchants and data input for a year-round credit card offer	A licensed bank in Hong Kong	1,394	8
2.	Development and production of promotional materials for posting onto our Digital Media Platforms, provision of eDM services, liaising with participating merchants for credit card offer	A company engaging in the provision of financial services based in the United States of America	1,040	7
3.	Production of social media feeds and advertorials for posting on our Digital Media Platforms, coordination with participating merchants for a year-round credit card offers	A licensed bank in Hong Kong	1,022	8
4.	Production of social media feeds and videos for publication onto our Digital Media Platforms, provision of video shooting services and project management services	A company of a leading retailer group in Asia	960	3
5.	Production of social media feeds and website articles to be posted onto our Digital Media Platforms, provision of advertising project management services and boosting services for client's advertising campaign	An international health care product brand	880	1

No.	Summary of products and/or services provided under each project (which may comprise a series of contracts for each project)	Business profile and background of ultimate clients	Revenue recognised during the year *Approximately (HK$'000)*	Duration of the contracts (from the contract date to the last launch date of the campaign) *Approximately (number of months)*
6.	Production of advertorial in one of our media brands (either in print circulation or online)	A life insurance company based in Canada with Hong Kong office	809	13
7.	Project management of year-round credit card offers including merchant liaison and production of promotion materials	A subsidiary of a Hong Kong licensed bank providing card products and services	685	13
8.	Project management of year-round credit card offers including merchant liaison and marketing services	An international credit card company	677	6
9.	A marketing campaign of client by featuring client's products on our Digital Media Platforms to drive traffics to client's website	An international sportswear manufacturer	600	6
10.	Development, production and printing of marketing materials, liaising with participating merchants and data input for a year-round credit card offer	A licensed bank in Hong Kong	588	9

For the year ended 31 December 2022

No.	Summary of products and/or services provided under each project (which may comprise a series of contracts for each project)	Business profile and background of ultimate clients	Revenue recognised during the year *Approximately (HK$'000)*	Duration of the contracts (from the contract date to the last launch date of the campaign) *Approximately (number of months)*
1.	Production of editorial for print circulation and production of social media feeds and website articles to be posted on the media platforms of one of our media brands, provision of event and project management services	A subsidiary of a company listed in Hong Kong engaging in the retail of jewellery and watches	3,950	3
2.	Production of editorial for print circulation and posting on the media platforms of one of our media brands, provision of event and project management services	Same as above	1,190	4
3.	Development, production and printing of marketing materials, liaising with participating merchants and data input for a year-round credit card offer	A licensed bank in Hong Kong	1,083	10

No.	Summary of products and/or services provided under each project (which may comprise a series of contracts for each project)	Business profile and background of ultimate clients	Revenue recognised during the year *Approximately (HK$'000)*	Duration of the contracts (from the contract date to the last launch date of the campaign) *Approximately (number of months)*
4.	Production of website articles and social media feeds for publication onto our Digital Media Platforms, provision of website banner spaces and provision of project management services and boosting services for client's branding campaign	A company operating an online lending platform in Hong Kong	964	4
5.	Production of advertorial for print circulation, production of social media feeds, website articles and videos to be posted onto our Digital Media Platforms and provision of project and event management services for client's advertising campaign	A global electronics brand	958	3
6.	Project management of year-round credit card offers including merchant liaison and production of promotion materials	A subsidiary of a Hong Kong licensed bank providing card products and services	835	13
7.	Provision of website banners	A subsidiary of a company listed in Hong Kong engaging in production, distribution and retailing of food products	800	1
8.	Provision of website banners	Same as above	800	1
9.	Production of social media feeds and website articles to be posted onto our Digital Media Platforms, provision of boosting and project management services for client's advertising campaign	A licensed bank in Hong Kong	771	8
10.	Production of editorial for print circulation and posting on the media platforms of one of our media brands, provision of video production and project management services	Same client as (1) and (2) above	750	2

The following table sets forth a summary of the contracts signed during, but not yet launched and/or completed as at 31 December of each financial year during the Track Record Period and as at/for the period up to the Latest Practicable Date by number of projects and the relevant contract sums:

	As at/for the year ended 31 December						As at/for the period up to the Latest Practicable Date	
	2020		2021		2022			
	No. of projects	*Contract Sum HK$'000*	*No. of projects*	*Contract Sum HK$'000*	*No. of projects*	*Contract Sum HK$'000*	*No. of projects*	*Contract Sum HK$'000*
Opening balance as at 1 January	90	25,643	86	18,275	107	22,831	125	23,625
Addition of new contracts by contract amount	2,810	170,537	3,242	205,670	2,973	196,004	1,033	66,258
Completed contracts	(2,814)	(177,905)	(3,221)	(201,114)	(2,955)	(195,210)	(1,013)	(66,195)
Closing balance as at the end of the relevant period	86	18,275	107	22,831	125	23,625	145	23,688

Seasonality

Our business is subject to seasonal fluctuations. The fourth quarter of every year is generally regarded as the peak season of the advertising industry as consumers tend to spend more during festive season and several major shopping events such as Cyber Monday and Black Friday. To maximise the cost-effectiveness of their marketing budgets, advertisers tend to launch advertising campaigns during this period to boost sales. During the three financial years ended 31 December 2020, 2021 and 2022, the revenue generated from the fourth quarter amounted to approximately 32.2%, 31.5% and 32.3% of the total advertising revenue of respective financial year. It is observed that the fourth quarter generally recorded higher revenue than other quarters. According to the Euromonitor Report, advertising spending for the fourth quarter during the historical period ranged from 24.8% to 29.4% of the annual advertising spending to capture the potentially higher spending power of Hong Kong consumers exhibited throughout the historical period. We expect our revenue to continue to fluctuate based on the seasonal factor that affects the advertising industry as a whole.

Suppliers

During the Track Record Period, save for Supplier A which operates a social networking platform which provided boosting services, our suppliers were primarily printing houses, production houses and freelancers in Hong Kong. We generally select our suppliers based on factors such as their proven track record including the quality of the services provided and the efficiency with which the services were provided, their pricing and the needs and requirements of our clients.

During the Track Record Period and up to the Latest Practicable Date, our Group has entered into periodic contracts with printing houses for the printing of our books and magazines. Material terms of the agreements include specifications of the print publications, such as printing size, materials used and finishing, as well as payment terms, production schedule and delivery arrangements. Duration of these agreements ranges from three (3) months to one (1) year which can be terminated by either party giving prior notice to the other.

Save that we entered into a fixed term contract of two years in 2022 with a supplier for the provision of video hosting services to our Group, the annual fee of which is less than 1.5% of our total production costs for the year ended 31 December 2021, during the Track Record Period and up to the Latest Practicable Date, there was no long term agreement between our Group and any of our suppliers.

For each of the financial years ended 31 December 2020, 2021 and 2022, costs paid by our Group to our top five suppliers accounted for approximately 68.3%, 68.5% and 58.7% respectively of our total production and printing costs and the largest supplier accounted for approximately 52.5%, 62.6% and 50.8% of our total production and printing costs. The table below sets out the costs paid to, and brief particulars of, our Group's five largest suppliers for each year during the Track Record Period:

Rank	Name of Supplier	Principal business/ business profile	Products/services provided by Supplier	Years of business relationship with our Group	Cost paid to the Supplier	Percentage to total production and printing costs of our Group	Percentage to total cost of our Group
					HK$'000 (approximately)	% (approximately)	% (approximately)
For the year ended 31 December 2020							
1	Supplier A	A company which operates social networking platforms engaged in provision of online social media advertising services whose ultimate holding company is listed on NASDAQ Stock Exchange.	provision of boosting services for online marketing solution	over 5 years	29,246	52.5	16.0
2	Supplier B *(Note 1&2)*	A printing house incorporated in 1968 in Hong Kong whose ultimate holding company was listed on the Stock Exchange, the shares of which has been delisted since January 2023.	provision of printing services for print circulation	over 10 years	4,776	8.6	2.6

Rank	Name of Supplier	Principal business/ business profile	Products/services provided by Supplier	Years of business relationship with our Group	Cost paid to the Supplier *HK$'000* (approximately)	Percentage to total production and printing costs of our Group *%* (approximately)	Percentage to total cost of our Group *%* (approximately)
3	Supplier C *(Note 1)*	A printing house incorporated in 1987 in Hong Kong whose ultimated holding company is listed on the Stock Exchange with market capitalisation of over HK$522 million as at 30 June 2022.	provision of printing services for print circulation	relationship first established in around 2003 with breaks between from approximately early 2009 to late 2010 and late 2012 to mid-2018	2,869	5.2	1.6
4	Supplier E *(Note 1)*	A printing house incorporated in Hong Kong in 1983 which is a privately owned SME primarily engaged in provision of printing services.	provision of printing services for print circulation	over 2 years	559	1.0	0.3
5	Supplier D *(Note 1)*	A production house established in 2012 in Hong Kong as a partnership with two partners and engaged in provision of advertising photography and videography to brand owners and advertising agencies.	provision of photography and videography production services	over 4 years	545	1.0	0.3
For the year ended 31 December 2021							
1	Supplier A	Please refer to the description above.	provision of boosting services for online marketing solution	Please refer to the disclosure above.	35,547	62.6	17.1
2	Supplier C *(Note 1)*	Please refer to the description above.	provision of printing services for print circulation	Please refer to the disclosure above.	980	1.7	0.5

Rank	Name of Supplier	Principal business/ business profile	Products/services provided by Supplier	Years of business relationship with our Group	Cost paid to the Supplier *HK$'000* (approximately)	Percentage to total production and printing costs of our Group *%* (approximately)	Percentage to total cost of our Group *%* (approximately)
3	Supplier E *(Note 1)*	Please refer to the description above.	provision of printing services for print circulation	Please refer to the disclosure above.	924	1.6	0.4
4	Supplier B *(Note 1&2)*	Please refer to the description above.	provision of printing services for print circulation	Please refer to the disclosure above.	775	1.4	0.4
5	Supplier F *(Note 1)*	A production house incorporated in Hong Kong in 2012, which is primarily engaged in the production of advertisements.	provision of shooting services in relation to a production of video advertisement	less than 1 year	691	1.2	0.3
For the year ended 31 December 2022							
1	Supplier A	Please refer to the description above.	provision of boosting services for online marketing solution	Please refer to the disclosure above.	31,723	50.8	15.8
2	Supplier C *(Note 1)*	Please refer to the description above.	provision of printing services for print circulation	Please refer to the disclosure above.	1,847	3.0	0.9
3	Supplier G *(Note 1)*	A company incorporated in Hong Kong in 1993 engaging in artiste management	organise collaboration between a celebrity artiste and one of our brands, incorporating advertising campaign of a brand owner client of our Group	Less than 1 year	1,235	2.0	0.6
4	Supplier E	Please refer to the description above.	provision of printing services for print circulation	Please refer to the disclosure above.	1,115	1.8	0.6

Rank	Name of Supplier	Principal business/ business profile	Products/services provided by Supplier	Years of business relationship with our Group	Cost paid to the Supplier *HK$'000* (approximately)	Percentage to total production and printing costs of our Group *%* (approximately)	Percentage to total cost of our Group *%* (approximately)
5.	Supplier H *(Note 1)*	A company incorporated in Hong Kong in 2022 engaging in artiste management	organise collaboration between a celebrity artiste and one of our brands, incorporating advertising campaign of a brand owner client of our Group	Less than 1 year	740	1.2	0.4

Note:

1. The Company has made requests to the supplier for its consent to disclose its identity in this document. As at the Latest Practicable Date, no consent has been provided.

2. The contract between the Group and Supplier B has been terminated by mutual consent since June 2021.

Our business relationship with Supplier B was terminated by mutual consent in June 2021. We maintained good business relationship with Supplier B and did not have any material disagreements or disputes with it during the Track Record Period. As at the Latest Practicable Date, there were no outstanding trade payables due by us to Supplier B.

During the Track Record Period, there has not been any material delay or non-completion of clients advertising campaigns due to defaults of our suppliers. Save for Supplier A (i.e. Client E) has become one of our Group's top five clients for the years ended 31 December 2021 and 2022, our Directors confirmed that none of our suppliers was our major clients during the Track Record Period.

None of our Company, our Directors, their close associates or the substantial Shareholders of our Company has any interest in any of our five largest suppliers for each year during the Track Record Period.

Reliance on Supplier A

As disclosed in the table above, the costs paid to Supplier A for the three financial years ended 31 December 2020, 2021 and 2022 were approximately HK$29.2 million, HK$35.5 million and HK$31.7 million respectively, representing approximately 52.5%, 62.6% and 50.8% of the total production and printing costs of our Group for the respective period. Supplier A operates a social networking platform which provides boosting services for our online marketing solutions. On the other hand, posting on social media platforms of Supplier A also generates programmatic revenue for our Group, which makes Supplier A also a client of our Group. The programmatic revenue generated from the social media platforms of Supplier A amounted to approximately HK$8.4 million, HK$19.0 million and

HK$19.2 million during the three financial years ended 31 December 2020, 2021 and 2022, representing approximately 4.4%, 7.9% and 8.0% of our total advertising revenue and making it one of the top five clients of our Group for the years ended 31 December 2021 and 2022.

As disclosed in the table setting forth the breakdown of our advertising revenue by major media platforms which our Group operated on during the Track Record Period set out in the sub-section headed "Our Products and Services - Advertising Solutions", our revenue generated through social media platforms operated by Supplier A accounted for approximately 66.7%, 68.4% and 62.4% of our total advertising revenue for each of the three financial years ended 31 December 2022 respectively.

According to the Euromonitor Report, Supplier A remains one of the most influential platforms in Hong Kong because of the highest average active monthly users it has compared to its peers from 2018 to 2021 and only dropped to second place in 2021 but only by a very tight margin with the top place holder, as well as versatility of contents offered on its platform, making it one of the dominant social media platforms in Hong Kong. As our business model highly relies on the traffic and exposure of our contents on our Digital Media Platforms operated on the social media sites of Supplier A, unless there is a drastic change in the social media landscape in Hong Kong, it is unlikely that our demand for the boosting services from Supplier A and/or clients' demand for advertising solutions to be posted on Supplier A's social media sites will be shifted to other social media platforms and it is still an industry norm for advertisers in Hong Kong to rely on advertising solutions, including boosting services from Supplier A.

Our Group has not entered into any service agreement with Supplier A in relation to the provision of the said boosting services. All boosting orders by our Group are placed through an automated system available in administrator interface of our Group's account with Supplier A's platform. Invoices from Supplier A will be issued on monthly interval and made available on the Group's account and the Group will settle the invoices accordingly. As for the programmatic revenue generated from social media platforms of Supplier A, separate statements will be provided by Supplier A confirming total revenue our Group is entitled to on a monthly basis and Supplier A will settle the sum accordingly. There are no setting off between the amount payable to and due from Supplier A.

In light of the strong influence and dominant market presence of Supplier A in the social media landscape in Hong Kong, the Directors and Joint Sponsors are of the view that it is unlikely that our Group will terminate its cooperation with Supplier A in the near future. On the other hand, unless our Group violates the relevant terms or policies of the social media platforms run by Supplier A, our Directors consider it unlikely that Supplier A will terminate our presence on its social media platforms. The Joint Sponsors concur with the view of the Directors, in particular that our Group has internal control measures in place to ensure such compliance and that the Directors confirm there is no material breach of the relevant terms or guidelines of the social media platforms of Supplier A during the Track Record Period and up to the Latest Practicable Date.

Despite the fact that Supplier A operates one of the most influential platforms in Hong Kong for its highest average active monthly users from 2018 to 2021 as compared to its peers, our reliance on Supplier A is driven by market demand and may shift to or be substituted by other digital media platforms which gain popularity. As disclosed in the Euromonitor Report, when choosing platform hosting their advertising campaign, advertisers tend to be platform-neutral and demonstrate low stickiness towards social media platforms. When advertisers and/or advertising agencies choose the best-fit social media platform for placing of their advertisements, major factors to be taken into consideration include such platform's audience size, audience type, average conversion rate, the price charged for advertisement placement, as well as availability of value-added services such as boosting services. In particular, advertisers and/or advertising agencies place heavy emphasis on whether the audience profile of such social media platform matches with the target customers of their own products and services. Accordingly, where there is an emerging new social media platform which demonstrates better ability to attract appropriate audience for advertisers, the demands for placing advertisements on platforms operated by Supplier A may shift to such emerging platform. Our contents, both advertising solutions and branded contents, are not platform-specific either, and contents posted on the social media platforms of Supplier A may be easily adapted to other currently popular social media platforms at minimal costs to the Group without need to engage third party vendors. On the other hand, as disclosed in the section headed "Business – Our Media Brands", our Group has been actively developing our own platforms including launching our own apps in the second half of 2020. The total development costs (comprising primarily capital expenditure for engaging third party vendor for app development and costs for adaptation of these apps for their launching) amounted to approximately HK$550,000 and it took about one year from engagement of third party vendor for development of apps to the respective launching thereof. Key operating data of the Group's self-owned platforms also demonstrated that the traffic and number of users of such self-owned platforms are on a rising trend. Since the launching of our first app under the media brand of Weekend Weekly in around mid 2020, apps operated by our Group has acquired an aggregate downloads (excluding recurring downloads) of approximately 1.4 million times up to 31 December 2022. On the other hand, the unique visits to our websites has reached approximately 156.7 million for the year ended 31 December 2021, representing a growth of approximately 42.4% when comparing with that for the year ended 31 December 2020 and reached approximately 219.7 million for the year ended 31 December 2022, representing a further growth of 40.2% from that for the year ended 31 December 2021. Our Directors therefore believe that the growing popularity of our apps and websites ameliorates to a certain extent the Group's reliance on third party social media platforms. We plan to drive traffic growth on our own digital media platforms by several means. Firstly we strive to continue driving growth of organic traffic to our websites (i.e. visitors coming to our websites from unpaid sources such as search engines) by increasing and improving our branded contents on social media platforms for SEO. As demonstrated by the effect of the adoption of such strategy in 2022, we believe this will increase the number of users who are exposed to our contents through third party social media platforms and then decide to revisit by directly visiting our websites and apps, thereby increasing direct traffic to our websites and own apps. We also plan to place advertisements on app stores for both iOS and android system to promote our apps.

PRICING POLICY

(A) Advertising solutions

We price our products and services by taking into account various factors including market demands for our services and products, client's budget, the market rates and costs of providing the relevant services. We provide our sales and account servicing teams with a pricing rate card for our standard products. The rate card is reviewed on an annual basis by our CEO, COO and the head of Business Development Team (rebranded as Revenue Team since March 2022). We have internal mandates in place to regulate discounts that may be offered to clients. Set out below is a breakdown of our advertising projects during the Track Record Period by range of contract sums:

	During the year ended 31 December		
	2020	2021	2022
Number of projects	2,810	3,242	2,973
Number of projects by contract sum			
HK$5,000 or below	258	202	221
HK$5,001 – HK$10,000	147	134	128
HK$10,001 – HK$50,000	1,237	1,455	1,280
HK$50,001 – HK$100,000	798	1,054	940
HK$100,001 – HK$500,000	357	382	382
HK$500,001 – HK$1,000,000	10	14	20
HK$1,000,001 or above	3	1	2
Total Contract Sum (HK$'000)	170,537	205,670	196,004
Average contract sum per project (HK$'000)	61	63	66

The total number of projects and total contract sum for the financial year ended 31 December 2022 dropped as compared with that for the financial year ended 31 December 2021. The decrease in number of projects occurred for projects with contract sums of HK$100,000 or below, whereas projects with contract sums between HK$100,001 to HK$500,000 remained stable, and projects with contract sums of over HK$500,000 has increased. Therefore the average contract sum per project for the financial year ended 31 December 2022 increased as compared with that for the financial year ended 31 December 2021 even though total number of projects and total contract sum decreased.

Our charges for tailor-made integrated advertising solutions are negotiated on project basis depending on the products purchased by and services to be provided to the client, taking into account factors including the prevailing standard rates (where applicable) on the rate card, the budget of the client, time duration and scale of the advertising campaign, our cost for providing the services, the client's relationship with our Group including the frequency and volume of the client's past engagement(s) and future business opportunities with the client. We may offer bonus services and incentive arrangement to clients with significant spending volume on a case by case basis. During the Track Record Period, we entered into incentive arrangement with two of our major clients, under which the clients were entitled to a progressive percentage of their actual advertising spending (based on amount of invoices paid at the end of a 12 month period). Our Directors believe that such incentive arrangement is a common industry practice. Such incentive fee accrued in our audited financial statements amounted to approximately HK$72,000 for the financial year ended 31 December 2020 and approximately HK$99,000 for the financial year ended 31 December 2021, which amounts were to be provided by way of credit notes for settling invoices to the relevant clients and which have been netted off against our gross revenue for the same financial year. For the financial year ended 31 December 2022, incentive fee of approximately HK$13,200 has been incurred but the amount accrued for the financial year ended 31 December 2021 has been written back as the client did not achieve the advertising spending to which the accrued amount related by expiry of the arrangement in 2022. Our charges may also include or take the form of commission based on purchases of products or services advertised completed by a user driven from the traffic of our Digital Media Platforms.

Any deviations in fee quote from the standard pricing and our internal mandate must be approved by the managing directors of respective Business Units before being provided to clients. Every sales agreement between our Group and the client will set out the details of the products and/or scope of services and our charges. All draft contracts must be uploaded onto the sales system for internal approval to ensure compliance with our Group's pricing and internal control policies before being sent to client for execution.

For programmatic advertisement, since it is basically an automatic bidding for our advertisement inventory on SSPs' platforms, our Group will usually specify a floor price (in terms of CPM) for advertisement inventories on our Digital Media Platforms. Driven by the bidding process, advertisement of the advertiser with the highest bidding CPM will be placed to respective advertisement inventories on our Digital Media Platforms through respective SSP's platform. Programmatic advertising revenue from sales of our advertisement inventories on our Digital Media Platforms is determined based on a pre-agreed portion of the aggregate CPM (i.e. the highest bids in terms of CPM) generated from respective SSP's platform from time to time. Such revenue sharing portion is based on the terms and conditions with each SSP. Our Group's entitlement of programmatic revenue generated from Supplier A's social media platforms is regulated by their standard terms and conditions which our Group is deemed to have accepted upon establishing our business accounts with Supplier A. According to such standard terms and conditions, our Group is entitled to a percentage of the net revenue actually collected by Supplier A from advertisers for advertisements being displayed over contents of our Group that are published on Supplier A's social media platforms, which percentage is to be decided by Supplier A at its sole discretion.

(B) Print Publications

The retail or cover price of each of our print publications is determined taking into account the cost of production, prevailing market price for publications of similar market positioning and demand for our publications. Our publications are primarily sold to the Distributors at pre-agreed discounts to the retail or cover price of the publications determined based on industry norms. We do not stipulate the price at which the Distributors sell or provide the publications to the retail points, nor the price at which the publications are sold at the retail points. We do not offer any rebate or other incentive to the Distributors or the retail points.

PAYMENT TERMS, REVENUE RECOGNITION POLICY, CREDIT POLICY AND CREDIT CONTROL

Payment Terms

Payment terms of our advertising products and services vary depending on the nature of the advertising solutions and are typically clearly set out in the contracts with clients. For standard advertising products and services such as advertorials, website banners, social newsfeeds and eDMs, clients are usually billed upon launch of each advertisement. For projects involving longer time spans or where we would need to make pre-payment to third parties, we may require client to make an advance payment which amount will depend on factors such as the duration and total contract sum of, and hard costs to be incurred for, the project. We have an internal billing policy providing guidelines to our sales and account servicing staff when negotiating the contractual payment terms with clients. Deviations from the best practice set out in the internal billing policy will have to be approved by the managing director of the relevant Business Unit and/or the COO. For programmatic advertising, we generally charge SSPs on monthly basis according to monthly traffic reports provided by them specifying their revenue generated through sales of our advertisement inventories. Our Platform Team will also monitor the traffic on our Digital Media Platforms to identify major discrepancies between our records and the aggregate data provided by the SSPs.

Payment terms for our publications have been disclosed in the section headed "Business – Production Workflow – Distribution of magazines and books" of this document.

Revenue Recognition Policies

Revenue from our print advertising is generally recognised at the point in time when the print publication which contained such advertisement is published. For programmatic advertising, revenues are generally recognised as impressions are delivered, whereas revenues from non-programmatic digital advertising are generally recognised over the period that the related products or services are delivered and/or rendered, depending on the nature of the products or services provided. For print circulation, as disclosed in the paragraph headed "Business – Production Workflow – Distribution of magazines and books" of this document, we recognised revenue from sales of our publications on the date of delivery, net of trade discounts and our best estimation of return of unsold copies, and adjusted the difference between the actual and estimated return when the number of unsold copies of that publication collected by the Distributors was verified by us. For further details of the revenue recognition policies of our Group, please refer to the Accountants' Report in Appendix I of this document. The Directors believe that these revenue recognition policies are in line with industry practice.

Credit Policy and Credit Control

Our accounting department is responsible for issuing bills for products or services delivered in accordance with the terms stipulated in the contracts and monitoring the settlement status of our bills and receivables. The credit term granted to each client is determined on a case-by-case basis taking into account trade practices, clients' historical payment records and their business relationships with our Group. During the Track Record Period, credit period granted to clients generally ranged from 0 to 90 days. In general, we grant longer credit period to advertising agencies as they may require longer period of time to gather performance data for advertising campaigns before receiving payments from the advertisers and our Directors believe such practice is in line with industry practice.

As at 31 December 2020, 2021 and 2022, our Group's trade receivables amounted to approximately HK$63.4 million, HK$78.8 million and HK$71.5 million respectively. During the Track Record Period, we had recorded long overdue trade receivables from our clients, for which our Directors consider that there is minimal recoverability issue after considering the clients to which such amounts relate. For further details of the analysis on our trade receivables, please refer to the section headed "Financial Information – Discussion on Selected Consolidated Statements of Financial Position Items – Trade receivables" of this document.

We have a designated credit control team in our accounting department who will keep track on the payment settlement status by our clients. We also have specific internal guidelines in place for recovery of long overdue payments, including issuing warning letters at designated intervals to clients who failed to make payments and if the relevant client still fails to pay, referring the case to payment collection agencies and/or commencement of legal proceedings. We will make remarks in our sales system indicating clients with unsatisfactory payment records and full prepayment will be required from such clients for subsequent transactions to ensure timely settlements of our fees.

Save for some of our revenue from those SSPs not based in Hong Kong being denominated in US dollars, our revenue are all denominated in Hong Kong dollars, and are generally settled by way of cheque or bank transfer.

BRANDING AND MARKETING

As mentioned in the section headed "Business – Competitive Strengths", we pride ourselves as one of the digital media companies that has immense digital presence and strong brand recognition. Our media platforms act as the primary branding and marketing channel for our Group. Our popularity and brand-awareness from our followers and clients are generated through constant updates on our media platforms with engaging and relevant contents.

Our Group mainly launches brand building events through our own Digital Media Platforms. For example the award-winning thematic campaign "Dear Future Kids", which was carried out by our media brand Sunday Kiss in 2019, was mainly conducted through our Digital Media Platforms. By initiating these thematic campaigns, we aim to attract traffic through activities to be conducted on our Digital Media Platforms and encourage audience engagements. Meanwhile, we believe if audience finds our campaign activities interesting, our brand awareness can be prompted through brand advocacy from audience.

Our media brands will also host award programmes to reinforce our brand images and market positioning. We believe these programmes will strengthen our brand presence and serve as opportunities to maintain relationship with existing clients and to get in touch with prospective clients. Every year Economic Digest holds three awards ceremonies, namely Hong Kong Outstanding Enterprise（香港傑出企業巡禮）(which was rebranded as the Hong Kong Outstanding Listed Enterprises（香港傑出上市企業）in 2021 and as EDigest Outstanding Listed Enterprises and ESG Award（經一傑出上市企業及ESG大獎）in 2022), The Outstanding Brand Awards（實力品牌大獎）(now rebranded as the EDigest Brand Awards（經一品牌大獎）) and EDigest Best SME Award（經一中小企大獎）(suspended in 2021 and 2022 due to the COVID-19 pandemic), to recognise accomplishments of businesses across different sectors in that relevant year. Similarly, Beauty Product Awards（美容產品大賞）is an annual brand positioning event of More. These award programmes would attract advertisement placements by brand owners and some of the award-winning brands will take this opportunity to engage us to advertise their products, which in turn create business opportunities for our Group.

Our Group believes that these events not only help increase our advertising revenue, but also raise our brand presence, generate new sales leads and maintain relationships with our existing long-term clients.

MARKET AND COMPETITION

According to the Euromonitor Report, the digital advertising industry in Hong Kong is highly fragmented where in the three years of 2020, 2021 and 2022 no single player is able to capture over 5% of the market share; the fragmented nature resulting from the low entry barrier and regulatory requirement for new players to enter the market and it is expected that the digital advertising market in Hong Kong would remain fragmented and highly competitive.

Despite the fierce competition in the digital advertising market, our Group was ranked second among the top five online advertising companies in terms of revenue for three consecutive years of 2020, 2021 and 2022 according to the Euromonitor Report. We pride ourselves as a leading player in the digital advertising industry offering contents over various areas of interest and reaches a wide spectrum of audience. For further details of the competitive strengths of our Group, please refer to the section headed "Business – Competitive Strengths" of this document. Our competitors include various types of advertisers including traditional publishers, online content creators and even influencers on various social media platforms. Please refer to the section headed "Industry Overview" of this document for a more detailed discussion regarding the markets in which our Group operates.

RISK MANAGEMENT AND INTERNAL CONTROL

We have adopted a series of internal control measures and have in place various corporate policies and key internal control guidelines and procedures that we consider to be appropriate for our business operations.

Operation risk management

Our Group maintains standard operation procedures, written manuals or policies, workflows and standard forms to regulate daily operation of the Group. These standard operation procedures, written manuals or policies, workflows and standard forms are updated and/or reviewed from time to time and are made available to all staff on our Group's intranet to ensure they are easily accessible by our employees. Our Group adopts various operation workflows setting out standard procedures in handling daily operation tasks and respective levels of authorisation and approvals required for these tasks. We also have an employee handbook which lists out and provides guidance on proper conducts and duty obligations over various aspects of daily works. The handbook is circulated to every staff upon joining our Group and employees are required to attend trainings to ensure all our staff understand our internal control policies.

Risk management in relation to article contents and use of images/photos

We have adopted internal control practices over newsfeeds and articles to be published and images and photos to be used on our media platforms to ensure legal and regulatory compliance of our contents and avoid infringement of intellectual property rights of third parties. Newsfeeds and articles are required to be fact checked and reviewed by senior creative services staff or senior editors before publication. Publication functions to publish newsfeeds and/or articles onto our third party social media platforms are restricted to administrator accounts of these platforms, to which only senior staff has authority and access. For publication of magazines, the overall contents of every issue must be reviewed and approved by chief editors of the respective Business Units. We maintain our own photo database and we have a set of standard operating procedures to give guidance to staff when using images and/or photos from third party sources. Our strategic planning manager and Platform Team also gathers real-life examples of image copyrights infringements. Regular training sessions are held to provide guidance to staff and bring to their attention latest real-life examples and updates in our standard operating procedures in order to mitigate risk of infringement.

To enhance the effectiveness of the abovementioned practices in preventing legal or regulatory breach and avoiding infringement of intellectual property rights of others, we have compiled:

(a) a set of Standard Operating Procedure which systematically sets out, among others:

– the job duties of the different posts of the content team;

– a fact check checklist;

– guidelines for creating posts;

– code of ethics prohibiting unauthorised use of copyrighted images and contents and encouraging originality;

– link for easy access to guidelines for using images and photos from third party sources;

(b) an Article Formatting Standard Operating Procedure which, among other matters:

– specified requirements for crediting photo and content sources;

– emphasised the duty of the editors and senior editors to fact check contents to be posted;

– provided guidelines on the use of evergreen content.

During the Track Record Period and up to the Latest Practicable Date, our Group has not been involved in any administrative or legal proceedings or material claims in relation to the content and advertisement on our Digital Media Platforms and our publications. During the Track Record Period and up to the Latest Practicable Date, there have only been 33 claims against us for using copyrighted images of others which resulted either in our paying of licence fees and and/or removal of the relevant images and 2 claims against us for using copyrighted contents of others which resulted in either our apology and/or removal of the relevant article, and total licence fees/compensation paid by us arising from such claims amounted to approximately HK$76,000. All of these claims, except several with total claimed amount of less than HK$47,000, have been settled.

We consider, and the Joint Sponsors concur, that we have adequate procedures in place for approving the publication of our Group's feeds and articles on our Digital Media Platforms, taking into account that there were only 33 claims which resulted in payment of licence fee and/or action by our Group as abovementioned, while our Group published over 180,000 social posts on our Digital Media Platforms, over the Track Record Period.

We and our Hong Kong legal advisers consider that our Group's use of contents previously published by other media without their consents under those 33 claims disclosed above, out of such enormous amount of feeds and articles that our Group published throughout the Track Record Period, together with their nature of claims and compensation paid, were isolated events and were immaterial.

We have also recently formalised our internal procedures for handling content complaints and enquiries into a written operating procedure for easy reference and guidance to our staff.

For instance, in late August 2021, Sunday Kiss noted there were social media feeds by a reader on its Facebook and Instagram pages concerning an Instagram feed posted by Sunday Kiss ("**Sunday Kiss Feed**"), and the said reader alleged the captions of the Sunday Kiss Feed may give certain impression and may cause misunderstandings of certain medical condition. Having noted the alleged impression, although we are of the view that it was misconceived, Sunday Kiss took prompt action and quickly revised the captions of the Sunday Kiss Feed to minimise the possibility of being misinterpreted or misunderstood, and then decided to withdraw, and had withdrawn, the Sunday Kiss Feed within three working days from its publication because Sunday Kiss decided to compile a special piece to explain the subject matter from a medical perspective with participation of a specialist to provide further insight and information on the relevant subject, which Sunday Kiss published within two weeks from the Sunday Kiss Feed.

We did not intend to publish any content contained in the Sunday Kiss Feed to be false and considered the content so published was not false. Our Hong Kong legal advisers had reviewed the Sunday Kiss Feed and the said reader's allegation, and are of the view that while it may be very subjective for a reader to construe an article he reads, on balance of possibilities, it is not likely that the captions of the Sunday Kiss Feed before revision be understood to bear the meaning as alleged by the said reader.

Information system risk management

We collect and receive from our audience, visitors and clients a variety of information. Data collected are maintained in our centralised information systems located behind virtual private clouds ("**VPC**") maintained by reputable third party cloud computing service providers. Restriction in access to these information is implemented with different levels of authority set for different departments and function teams, and our staff can only access information correlated to his/her role when such information is required for performing his/her job duties. Please refer to the paragraph headed "Data Protection and Security" of this section.

Credit risk management

Our credit risk is primarily attributable to our trade receivables. As disclosed in the section headed "Business – Payment Terms, Credit Policy and Credit Control" of this document, we have internal guidelines in place providing guidelines on recovery of long overdue payments and we have a designated credit control team to monitor the settlement status of our bills on daily basis. Our management will also closely monitor the payment collection status from our clients. For further details of the analysis on our trade receivables, please refer to the section headed "Financial Information – Discussion on Selected Consolidated Statements of Financial Position Items – Trade receivables" of this document.

Regulatory compliance risk management

To ensure compliance with the applicable laws and regulations and the Listing Rules, our Group formed the audit committee and the corporate governance committee which are responsible for overseeing the implementation of our risk management policies on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. Our audit committee comprises three independent non-executive Directors, namely Mr. Mak Kam Chiu, Ms. Cheng Ka Yu and Mr. Niu Zhongjie. Mr. Mak Kam Chiu is the chairman of the audit committee. For the professional qualifications and experiences of the members of our audit committee, please see "Directors, Senior Management and Employees – Board of Directors".

We have also engaged an independent internal control reviewer to prepare an internal control review report on our Group. No material deficiency was identified in relation to the business and operation of our Group. Our Board of Directors, senior management and accounting department will continue to monitor compliance with our internal control systems and policies on an ongoing basis to ensure our risk management policies are effective and adequate for our daily operation.

MAJOR QUALIFICATIONS AND LICENSES

Our Directors confirmed that our Group has obtained all requisite business registration certificates, permits and licences in accordance with all relevant laws and regulations in the jurisdictions where our Group has operations. As disclosed in the section headed "Regulatory Overview" of this document, we are required to register our magazines and books with the relevant authorities. Details of the registration during the Track Record Period up to the Latest Practicable Date are set out below:

Type of Registration	**Publisher**	**Relevant authority**	**Current validity period**
Registration of Economic Digest Magazine as local newspaper	Media Publishing	Office for Film, Newspaper and Article Administration	4 June 2023 – 3 June 2024
Registration of Weekend Weekly Magazine as local newspaper	WW Publishing	Office for Film, Newspaper and Article Administration	13 September 2022 – 12 September 2023
Registration of New Monday Magazine as local newspaper	New Monday Publishing	Office for Film, Newspaper and Article Administration	27 September 2022 – 26 September 2023
Registration of Oriental Sunday Magazine as local newspaper	NM Services Consultant	Office for Film, Newspaper and Article Administration	6 May 2023 – 5 May 2024
Registration of Madame Figaro Hong Kong Magazine as local newspaper	NMG (HK)	Office for Film, Newspaper and Article Administration	26 September 2022 – 25 September 2023
Registration of Economic Digest Magazine as a new book	Media Publishing	Books Registration Office of the Hong Kong Public Libraries	N/A*

Type of Registration	Publisher	Relevant authority	Current validity period
Registration of Weekend Weekly Magazine as a new book	WW Publishing	Books Registration Office of the Hong Kong Public Libraries	N/A*
Registration of New Monday Magazine as a new book	New Monday Publishing	Books Registration Office of the Hong Kong Public Libraries	N/A*
Registration of Oriental Sunday Magazine as a new book	NM Services Consultant	Books Registration Office of the Hong Kong Public Libraries	N/A*
Registration of Madame Figaro Hong Kong Magazine as a new book	NMG (HK)	Books Registration Office of the Hong Kong Public Libraries	N/A*
Registration of each travel guidebooks as a new book	WW Publishing	Books Registration Office of the Hong Kong Public Libraries	N/A*

**Note:* Each issue of a print magazine or travel guidebook is required to be registered with the Books Registration Office within one month from publication. There is no expiration or validity period in respect of such registrations.

The registration of our magazines and books were in full force and effect as at the Latest Practicable Date. We did not experience any material difficulties in renewing the said registrations during the Track Record Period and up to the Latest Practicable Date, and we currently do not expect to have any material difficulties in renewing such registrations when they are to expire.

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, our Group has registered a number of trademarks and domain names for our media platforms and corporate names. Further details of our intellectual property rights are set out in "Further Information about Our Business – Intellectual Property Rights" of Appendix IV in this document.

As disclosed in the section headed "Business – Our Media Brands – Madame Figaro Hong Kong" of this document, we are granted the exclusive right under the Licence Agreement to create and operate a Hong Kong version of Madame Figaro French website dedicated social network accounts under the name of "madamefigarohk" and "madamefigaro.hk" and a Hong Kong edition of Madame Figaro magazine under the title "Madame Figaro Hong Kong". Under the Licence Agreement our Group was also granted the right to use various trademarks as set out in the section headed "Statutory and General Information" of Appendix IV in this document.

During the Track Record Period and up to the Latest Practicable Date, we did not have any knowledge of any material disputes or infringements in connection with our intellectual property rights by any third party in Hong Kong, nor have we knowingly violated or been the subject of any claims relating to the intellectual property rights of any third party which could have a material adverse effect on our operations or financial performance.

PROPERTIES LEASED BY OUR GROUP

During the Track Record Period and as at the Latest Practicable Date, our Group did not own any real property. As at the Latest Practicable Date, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 5.01A of the Listing Rules to include in this document any valuation reports. Accordingly, pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

Hong Kong

During the Track Record Period our Group has rented various parts of NMG Tower from Winning Treasure for our business operation, included as our main office, data centre and production studios. Details of the tenancy agreements are set out in the section headed "Connected Transactions" of this document. On 21 April 2021, Winning Treasure served on us an early termination notice pursuant to the terms of the tenancy agreement terminating the tenancy on 31 January 2022. We have relocated our headquarter to our current office, which has a total gross floor area of approximately 36,000 square feet, in late November 2021. In late December 2021, we have rented additional spaces of approximately 2,500 sq.ft. in aggregate in the vicinity of our headquarter for ancillary use.

PRC

During the Track Record Period, our Group has leased a property in Guangzhou, PRC with an approximate gross floor area of 366 sq.m. from an Independent Third Party for use as the office premises of Guangdong Xinchuan, which expired on 4 January 2023. Guangdong Xinchuan has since relocated to another premises in Guangzhou with an approximate gross floor area of 86.58 sq.m., which was leased from another Independent Third Party for the duration of one year from 1 January 2023 to 31 December 2023.

EMPLOYEES

As at 31 December 2020, 2021 and 2022 and the Latest Practicable Date, our Group had in total 267, 263, 240 and 236 full-time employees respectively, out of which 12, 10, 11 and 11 were based in Guangzhou, PRC.

During the financial year ended 31 December 2020, we laid off approximately 20 staff due to the restructuring of our print circulation. Save for the aforesaid, we have not conducted any material laid off exercise during the Track Record Period.

A breakdown of the number of our full-time employees by functions and geographic locations as at the Latest Practicable Date is as follows:–

Functions	**As at the Latest Practicable Date**	
	Hong Kong	**Guangzhou, PRC**
Management	11	–
Content and production	86	–
Sales, account servicing and project delivery	55	–
Platform specialist	17	–
Product specialist	5	–
IT development and project management	11	10
Administrative and supporting	36	1
Trainee	4	–
Sub-total	225	11
Total		236

We generally recruit our employees from the open market and enter into employment contracts with our employees. The Group has not experienced any labour shortage or difficulties in recruitment during the Track Record Period.

We provide a defined contribution to the Mandatory Provident Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for our eligible employees in Hong Kong. During the Track Record Period, we have also complied with applicable laws and regulations relating to social welfare in all material aspects and have paid in full the social insurance funds and housing provident fund contributions payable as required by the PRC laws and regulations for our employees located in the PRC. In addition to salaries, our employees who are retained after the probation period are entitled to discretionary bonuses and medical insurance coverage in Hong Kong. Our Group also has a sales commission scheme in place, where employees in our sales teams are entitled to commissions aligned with key performance indicators of each individual, reviewed on quarterly basis. During the Track Record Period, such commissions paid by our Group amounted to HK$4.5 million, HK$7.7 million and HK$5.8 million for the years ended 31 December 2020, 2021 and 2022 respectively.

We provide regular internal training programmes to our employees so as to enhance our overall efficiency and legal and regulatory compliance. We will continue to offer training on industry knowledge and provide updated market information to our employees. For instance, the training topics include production techniques (e.g. photography or content writing) and management skills, new software features, copyrights control measures, guidance on personal information collection, and updates on third party social media platforms' policies.

We have maintained a good working relationship with our employees during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period, we have not experienced any labour disputes which have materially and adversely interfered with our operations.

INFORMATION SYSTEM

As at the Latest Practicable Date, our Group has information technology systems for our daily operation procedures and which also serves to strengthen our internal control system. These systems include (i) a self developed sales system which incorporates our internal approval matrix for creating and execution of contracts, monitors progress of our projects from the acceptance of client engagements, internal job assignments, setting out billing schedules to retaining job proofs of the advertising solutions we offered; and (ii) an expense and claiming system maintained by third party service provider under which budgets, payments and expenses of each project are recorded and tracked in order to monitor our hard costs and to ensure compliance with our internal payment approval policy.

As confirmed by our Directors, there had been no system or network failure which caused material interruption to our operations during the Track Record Period.

DATA PROTECTION AND SECURITY

Data collection, storage and use

In the course of our business operation, we collect and receive different types of data from subscribers, users and audience of our media platforms. The data are generally collected in the following ways:

a. personal data (such as name, email address, phone number, mailing address, delivery address, gender, month and year of birth, age, age range, Hong Kong identity card number (collectively as "**Personal Data**") – when subscribers subscribe to our print or e-copy of the Economic Digest magazine, our website or mobile apps membership or digital newsletters or participating in promotional campaigns on our Digital Media Platforms;

b. device-specific data (such as device IDs) – when the users use our mobile apps;

c. demographic and behavioural data (e.g. audience browsing behaviour and interest preference, which do not contain Personal Data) ("**Demographic Data**") – when users browse our Digital Media Platforms; and

d. transactional data (e.g. purchase transaction history and patterns, which do not contain Personal Data) ("**Transactional Data**"), when users or audience subscribe to our magazines or make purchases through or participate in promotional campaigns on our Digital Media Platforms.

The Personal Data are collected by our Group predominantly digitally through our Digital Media Platforms and some in print forms such as submitted by the subscribers for our print Economic Digest magazine. The print forms containing Personal Data are stored in our office in locked cabinets, while those Personal Data collected electronically are stored in our VPC. We have in place internal control measures for periodic deletion (if in digital form) or destruction (if contained in print forms) to ensure our compliance with the PDPO and the relevant DPPs.

The Demographic Data collected by the third party social media platforms which hosted our Digital Media Platforms are provided to us through the data analytic tools which we subscribed to. The Demographic Data and other digital data we received are stored in our VPCs.

We utilise the data we collected to analyse audience behaviour in order to enhance engagement on our Digital Media Platforms and improve effectiveness of our advertising solutions. As disclosed in the section headed "Our Products and Services – Advertising Solutions" above, we may share analysis of selected Demographic Data with clients on case by case basis to measure the effectiveness of specific advertising campaigns.

We do not however share any Personal Data of our subscribers, audience or visitors with any third party except for the required use of such data, e.g. the delivery address and name of subscriber/recipient will be passed to our service provider for delivery of the magazine or goods purpose only, or as required by law.

Internal control measures

To ensure due compliance with the relevant laws and regulations, our Group has adopted internal control practices over collection and use of Personal Data by our Group, which have been compiled into a specific set of personal data guidelines for more effective implementation and which:

(a) sets out the data protection principals under the PDPO;

(b) classifying the nature of information and data which may be collected by our Group in our ordinary course of business;

(c) providing guidelines and examples as to the information that can be collected to ensure that no excessive data is being collected;

(d) providing templates for data collection to ensure that all requisite explanatory statements such as the purpose of collecting the relevant data, possible use of such data, the rights of information provider and opt-in statement for receiving marketing information etc are included;

(e) set out the specific procedures for handling opt-out requests and listed out contacts of the relevant personnel to ensure all enquiries regarding data access and opt-out requests are handled in a timely manner.

Our employees are also required to complete trainings on personal data protection as part of their induction training and to take annual quizzes on personal data protection to emphasis the importance of handling personal data in compliance with legal requirements.

As mentioned above, information and data we collected from our audience and visitors to our Digital Media Platforms as well as those of our clients in the course of our business are stored in VPCs. Network access to the VPCs holding these data are protected by firewalls and inbound and outbound traffic control to avoid unauthorised access from third parties outside our Group. We have also adopted internal controls and measures to protect the security of these data and to ensure the data are handled in compliance with the PDPO. These include:

(a) access to the data within our Group are limited by restricted IP access and password protection, such that only designated personnel will have access to the data or the relevant part thereof on a need to know basis;

(b) Personal Data will only be kept for reasonable period of time to carry out the purpose for which these data are collected, and will be deleted permanently at designated intervals to ensure Personal Data is not kept longer than is necessary for the fulfillment of such purposes; and

(c) to perform regular check to identify unauthorised access.

Compliance with PDPO

As confirmed by our Directors and our Hong Kong legal advisers, only the Personal Data are regulated under the PDPO. In April 2018, our Group received an enquiry notice from the Privacy Commissioner for Personal Data, Hong Kong concerning the data that would be collected in the then subscription form of Economic Digest, who was satisfied with the measures we adopted to address the subject of the enquiry and no further action was taken by the Privacy Commissioner.

Our Hong Kong legal advisers are of the view that during the Track Record Period and up to the Latest Practicable Date, our Group are generally and materially in compliance with the relevant provisions of the PDPO and the six DPPs.

INSURANCE

We maintain employees' compensation insurance in compliance with the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) to cover compensation and costs liable by our Group for personal injuries of our employees in Hong Kong in the course of employment with us. We have also taken out and maintained (i) accidental damage insurance, (ii) electronic equipment insurance, (iii) public liability insurance, (iv) business interruption insurance, (v) cash all risk insurance; and (vi) senior management fidelity guarantee insurance. Our Directors consider that our Group's insurance coverage is sufficient and in line with the general industry practice in Hong Kong.

No material claim has been made by our Group during the Track Record Period under any of the insurance policies taken out by our Group.

AWARDS AND RECOGNITION

During the last few years, we have received the awards set out in the table below in recognition of our achievement in the digital advertising industry:

Award	Recipient	Year(s) awarded	Issuing Organisation
Kam Fan Awards – Digital & Social – Social Single – Co-Creation & User Generated Content (Merit) 金帆廣告大獎	Sunday Kiss	2019	The Association of Accredited Advertising Agencies of Hong Kong 香港廣告商會
Kam Fan Awards – Digital & Social – Social Single – Influencer / Talent (Merit) 金帆廣告大獎	Sunday Kiss	2019	The Association of Accredited Advertising Agencies of Hong Kong 香港廣告商會
Marketing Excellence Awards 2020 – Excellence in Content Marketing (Gold)	New Media Group	2020	Marketing Magazines

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE MATTERS

In order to fulfil our obligations as a responsible corporate, we are dedicated to promoting environmental protection, corporate social responsibility, and best corporate governance practises. Our Directors are responsible for identifying risks and implementing risk reduction strategies. A summary of the environmental, social and climate related risks associated with our business, and measures implemented to reduce such risks, during the Track Record Period is set out below. We have formulated a set of ESG policies, details of which are set out in the paragraph headed "ESG Policies and Governance" below, with an aim that our Group can operate our business in a responsible and sustainable manner and to drive ESG related opportunities.

Environmental

As we do not operate any printing or manufacturing facilities, we are not a major source of environmental pollution as our operations do not generate material air, noise, water, physical waste or other types of pollutants, and we believe we are not subject to any significant environmental risks. Therefore, we do not anticipate incurring any significant obligations or expenses in these areas. The operation of our Group is not subject to any environmental laws and/or regulations and accordingly has not incurred any cost of compliance during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period, our Group was not subject to any environmental claims, lawsuits, penalties or disciplinary actions.

We strive to make our best endeavours to protect the environment in our business activities and workplace. Despite the fact that the operation of our Group will only have minimal environmental impact due to its business nature, we still seek to identify and manage environmental impacts attributable to our operations in order to minimise these impacts if possible.

Energy consumption and saving measures

Our energy usage is mostly caused by the use of electricity in our offices and the maintenance of IT services at the data centres of our external service providers. Indirect greenhouse gas emissions are primarily caused by the usage of electricity. As a result, one of the main focuses in our operations is to increase energy efficiency and decrease our carbon impact.

In late 2021, we have relocated our headquarter to our current office at The Quayside, an eco-friendly building which has received various certifications and awards in this respect by institutions such as Beam Plus platinum rating at Hong Kong Green Building Council and gold award at MIPIM Asia awards 2019. For instance, it has adopted a lighting control system whereby certain lightings are preset to turn off automatically during non-office hours unless motion sensor is activated and daylight sensors are installed which adjusts the lighting level and turn off the lights near windows in the daytime as appropriate, which helps reduce energy consumption. Prior to moving to our new headquarters, we have also used energy saving lighting system in our office.

The table below sets forth our electricity consumption during the Track Record Period.

	Year ended 31 December		
	2020	**2021**	**2022**
Total electricity consumption in kWh	301,466	296,502	214,048

Since moving to our new headquarter our electricity consumption for the year ended 31 December 2022 decreased by approximately 21.1% from that for the year ended 31 December 2021. It is anticipated that our overall electricity usage will remain relatively stable over the course of the next three years, as we have relocated to an eco-friendly office building. As we anticipate an increase in the number of employees from expansion of our business operations, we recognise the potential for an increase in our overall energy consumption. To address this, we have set a target to maintain our total electricity usage at a similar level without exceeding an increase of 5%. This goal aligns with our commitment to sustainable practices and reducing our environmental impact. We believe that by closely monitoring and controlling our electricity consumption, we can reduce our carbon footprint but also potentially save costs on energy bills.

Paper consumption and saving measures

Another major resource consumption for our business is paper. Over 99% of the Group's total paper consumption was attributable to magazine publication. It's the major raw material used in the printing of our Group's print magazines. To the best of our Directors knowledge information and believe, one of our top five suppliers which provide print services for our print magazines used papers supplied by paper mills that are members of Forest Stewardship Council or Programme for the Endorsement of Forest Certification, promoting responsible and sustainable management of the world's forests.

During the Track Record Period we have also introduced new operating systems which convert more operating functions to go online and paperless, and unsold copies of our print magazines and books were disposed of for waste recycling. The table below set out our paper consumption over the Track Record Period:

	Year ended 31 December		
	2020	**2021**	**2022**
Total paper consumption in tons	645.7	198.3	186.7
Total paper collected for recycling in tons	43.5	65.3	38.9

As such, our total paper consumption has an overall declined over the Track Record Period. As disclosed in the "Business" section of this document, during the Track Record Period we have reduced our print publications. We do not have plans at this stage to further reduce our magazine titles but will monitor changes in market trends and review from time to time whether to implement any further adjustments to our print circulation. We are also exploring more eco-friendly printing such as recycled paper and eco-friendly ink from sustainable forestry practices and chemical waste. By switching to these sustainable practices, we hope to reduce environmental impact and demonstrate commitment to sustainability.

Electronic waste and pollution

We also endeavour to reduce electronic waste in our business operation. We donate our obsolete IT devices such as personal computers, monitors and laptops to charitable organisations which will be re-used or pass to government recognised recyclers for recycling.

Climate-related Issues

Climate change may potentially cause disruptions to our business operations, thereby affecting our financial performance. Set out below are climate-related risks we have identified as relevant to our business, which can be categorised into physical risks and transition risks, their potential impact to our business and the measures to mitigate such risks.

Physical Risks

Physical risks are the risks that may potentially cause physical impact to our Group's operations. For instance, extreme weather may disrupt power supply and hence internet outage, which in turn may hinder audience from visiting our Digital Media Platforms, affect those of our operations and those of our suppliers which have gone online and the printing of our publications; and the increase in global temperature may lead to an increase in energy consumption by our Group's offices. We expect that such risks apply to our competitors as well and therefore would not have a material impact on our operations and financial performance in the short or medium term. A range of measures, such as contingency plan for extreme weather or emergency conditions, are in place to enhance the resilience of the Group's operation to such risk.

Transition Risks

Transition risks are the risks related to the transition to a lower-carbon economy, which may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. For instance, (i) regulators may impose more stringent ESG-related disclosure requirements; and (ii) technological advancements may affect our ability to compete unless we invest in the relevant technology. Such changes may therefore result in increased operating costs for us. The Group shall regularly monitor existing and emerging trends, climate-related policies and regulations.

Metrics and Targets Used by the Group and Assessment of Risk Caused by Energy Consumption by the Group

As mentioned above, the majority of our energy usage results from the electricity consumption required to operate our office and business functions. Electricity consumption is identified as the primary source of carbon emissions of the Group.

The following table sets forth a breakdown of our greenhouse gas ("GHG") emission during the Track Record Period:

	Year ended 31 December		
	2020	**2021**	**2022**
GHG emission from energy consumption (KgCO2e)	117,517	115,635	83,478
Total energy consumption (GJ)	1,085.3	1,067.4	770.6

In setting targets for the concerned metrics, our Group has taken into account the historical levels during the Track Record Period, and has considered our future business expansion in a thorough and prudent manner with a view of balancing business growth and environmental protection to achieve sustainable development. As we anticipate an increase in number of employees from expansion in our business operation, we have set a target to maintain our total electricity usage at a similar level without exceeding an increase of 5%. Based on this, as electricity consumption is identified as the primary source of carbon emission of the Group, we also target to maintain similar level of GHG emission without exceeding an increase of 5%. Therefore, the Group intends to adopt the following initiatives to reduce future energy consumption and improve overall energy efficiency.

– Higher priority given to purchasing electrical appliances with high energy efficiency grades

– Apply energy-saving modes by default for all electrical appliances

– Require staff to turn off the lights in their zones after work

– Maintain constant room temperature with thermostats in the air-conditioning system

– Remind staff to maintain the room temperature at 25.5°C

– Require staff to switch off the air-conditioning when rooms are not in use

Through consistent measurement, target setting and monitoring of GHG emission, we are able to effectively assess and manage risks from increased energy consumption, lower environmental impact and achieve cost savings. Our Group will make continuous efforts in working towards the target of reducing our GHG emission.

Workforce Distribution and Diversity

We have a diverse workforce in terms of both gender and age. The demographics of our Group's workforce as at 31 December 2022 are summarised below:

By Gender
Male: 33%
Female: 67%

By Age
30 or below: 46%
31 to 45: 38%
46 or above: 16%

Occupational Safety and Health

We place emphasis on occupational safety and health of our employees. We have set out in our employee handbook the policies adopted by our Group in relation to workplace safety and the relevant procedures to be followed for matters relating to occupational safety. We strive to provide a safe, effective and congenial work environment for its staff. Health and safety training is provided to employees on induction. Workshops and seminars on different topics are regularly held to present the latest information and raise awareness of occupational health and safety issues for employees. Employees are also encouraged to actively report to the relevant departments where risks in relation to workplace safety is identified. During the Track Record Period and up to the Latest Practicable Date, there were no material accidents in the course of our operation which resulted in claims for personal or property damage or compensation paid to employees and we had not encountered any material claims or complaints from our employees in respect of health or occupational safety issues relating to our business operations.

The outbreak of COVID-19 in early 2020 has been declared a Public Health Emergency of International Concern by the World Health Organisation. In light of the situation, our Group has adopted precautionary measures to safeguard the health and well-being of the Group's staff and customers, for example, surgical masks and disinfectant products were available in the offices for the use of our employees. Policies such as visitors to our Group's office were required to fill in health declaration forms and taking body temperatures before entering our office were adopted in order to minimise risks of spread of COVID-19 in office.

Community Involvement

During the year ended 31 December 2020 and 2021, the Group was awarded the Caring Company Logo by the Hong Kong Council of Social Service, recognising its ongoing commitment to fulfilling its corporate social responsibilities. During the year ended 31 December 2020 and 2021, our Group have acted as media sponsor and provided both print and online advertising spaces free of charge to non-profit making or non-governmental organisations such as Orbis, Po Leung Kuk, S.K.H. St. Christopher's Home, Tung Wah Group of Hospitals and the Society for the Prevention of Cruelty to Animals (SPCA), to help promote their campaigns and in turn benefit the local community and people in need.

ESG Policies and Governance

Upon the recommendation of our internal control consultant, our Group formulated a set of policies (the "**ESG Policy**") concerning the environmental, social and corporate governance practices of our Group in order to ensure due compliance with the relevant requirements under applicable laws and regulations and promotes our corporate social responsibility. By implementing the ESG Policy, we aim to strengthen sustainable development in the following aspects of our daily operations: (i) addressing equal opportunities, diversity, anti-discrimination in workplace; (ii) enhancing occupational safety; (iii) promoting benefits and welfare of our employees; and (iv) evaluating our environmental policies and performances regularly.

The ESG policy which outlines, among others, (i) ESG governance structure; (ii) ESG strategies, approaches and implemented measures and (iii) ESG risk management and monitoring. The set of ESG policies covers aspects including climate change, health and safety policy and the group's environmental-sustainability and people-sustainability.

Our Board has the overall responsibility for the effectiveness of our Company's ESG strategies and their execution. Under the ESG Policy, we have created a ESG work team which comprises executive Director(s), representatives from operations and supporting departments including legal & secretarial, finance & accounts, human resources & administration, investor relations and communications departments, with the following responsibilities:

ESG Work Team shall work through the key performance indicators (KPIs) and assess the following related matters:–

a) the scope of the ESG report

b) comprehensive list of stakeholders

c) list of KPIs

d) list of material issues from the Company (internally) and from stakeholders (externally)

e) develop methodology to collect data for relevant KPIs

- formulate and execute action plan taken by the Group in furtherance of the ESG initiates, and report to the Executive Committee / Board from time to time

- foster the identification, evaluation, control and reporting of ESG related risks and issues.

The ESG work team then reports to the executive Committee, which comprises of the executive Directors of the Company. The executive Directors are mainly responsible for overseeing the formulation and implementation of our ESG Policy and ESG strategy and make recommendation to the Board on setting of ESG goals and targets.

Based on the recommendations from executive committee, our Board will review the progress made towards achieving the ESG-related goals as well as effectiveness of the management approach and strategy and implement enhancement as appropriate.

After **[REDACTED]**, the Board will also conduct annual review of the implementation status of the ESG Policy and publish an Environmental, Social and Governance Report to ensure continuous compliance with the relevant laws and regulations.

IMPACT OF COVID-19

Overall business environment and our business in 2020 and 2021

COVID-19 has brought about unforeseen adverse impact on the global economy across different industries and has been declared a Public Health Emergency of International Concern by the World Health Organisation since early 2020. According to the Euromonitor Report, the advertising industry has recorded a decline of approximately 28% in overall revenue to HK$20.9 billion in 2020 from HK$29.0 billion in 2019. In particular, the online advertising segment has experienced approximately 15.5% decrease in total revenue in 2020 when compared to that of 2019, whereas the print advertising segment recorded a 35% decrease in total revenue when compared to 2019. As mentioned in the Euromonitor Report, advertising activities in Hong Kong are highly aligned with the overall economic and business environment. The disruption in business activities caused by COVID-19 has reduced demand for advertising spending as businesses in Hong Kong need to reduce unnecessary spending to cope with the adverse impact brought by the worsening economic and business environment, and the business sector also require more time to digest changes caused by the pandemic in order to refine their advertising strategy for a more cost-effective solution, leading to delay to the overall advertising spending in 2020.

According to the Euromonitor Report, in 2021, Hong Kong's advertising industry gradually recovered alongside the diminishing adverse impact brought about by the COVID-19 pandemic, and with the increase in economic and consumption activities, a total revenue of the advertising industry of approximately HK$27.6 billion was recorded in 2021, which represented a growth of 32.2% as compared with that of HK$20.9 billion recorded in 2020.

For the year ended 31 December 2021, our Group recorded an increase in revenue to approximately HK$245.2 million from approximately HK$211.6 million for the year ended 31 December 2020, representing an increase of approximately 15.9%. The increase in revenue was mainly attributable to the increase in our digital advertising income by approximately HK$51.6 million from approximately HK$180.3 million for the year ended 31 December 2020 to approximately HK$231.9 million for the year ended 31 December 2021. Our Directors believe that the increase was primarily attributable to businesses and the general public being adapted to the COVID-19 pandemic, and hence the businesses resumed their advertising spending during the latter half of 2021 that were delayed due to the pandemic. Businesses that were more adapted to pandemic environment and with targeted consumers being the local general public, including the banking, insurance and investment services, retail and online stores, electronic appliances, cosmetic and skincare, toiletries and household, pharmaceuticals sectors drove the increase in our digital advertising income.

During the two years ended 31 December 2021, no clients' confirmed project was cancelled or delayed due to the pandemic. Accordingly, there were no potential loss and/or penalties caused and/or delay in recognition of revenue from one accounting period to another. Some of our Group's own marketing events more affected by the pandemic such as the Weekend Weekly dining awards have been cancelled though.

On the other hand, due to the nature of our business, apart from printing houses and Supplier A which operates a social networking platform which we engaged it for boosting for our online marketing solutions, most of our suppliers are production houses and freelancers which are engaged for production of still photos, videos and other multi-media contents. In light of the scale of production of our advertisements, we usually do not require substantive team of production staff and the social distancing measures implemented by the Hong Kong Government did not pose substantial impact on our production workflow. Furthermore, as we have a list of approved suppliers for production, when some suppliers are affected by the pandemic, we can always engage other suppliers providing similar service, which makes our operation less prone to the impact of COVID-19. As for our print magazines, most of the printing process took place in Hong Kong and our print magazines were mainly distributed locally. The impact of anti-pandemic lock-down measures on our business operation has therefore been minimal, and we have not encountered any material disruption to our production and delivery of our products and services because of the COVID-19 pandemic. We also confirm that our Group has not suspended operation during the Track Record Period.

Impact of the fifth wave pandemic outbreak with Omicron variant in 2022 and our overall business and financial performance during the year ended 31 December 2022

Since late November 2021, COVID-19 with Omicron variant has been rapidly spreading across the globe and causing the fifth wave outbreak of the pandemic in Hong Kong since January 2022. Number of confirmed cases in Hong Kong surged and peaked in early March 2022. Stringent social distancing measures have been imposed in the first quarter of 2022, which weighed heavily on a wide range of economic activities as well as economic sentiment in Hong Kong. A marked deterioration in the Hong Kong economy is seen in the first quarter of 2022 with real GDP contracting by 4.0% year-on-year according to the First Quarter Economic Report 2022 published by the Office of the Government Economist. During the first four months of 2022, our Group experienced an approximately 6% drop in revenue when compared with the corresponding period in 2021, which is generally in line with the contraction of Hong Kong's real GDP during this period.

Nevertheless, during the year ended 31 December 2022, the Group has not received any requests to cancel confirmed advertising campaigns or to delay execution of confirmed advertising projects as a result of the fifth wave of pandemic, and none of our Group's top 10 clients have ceased or suspended business. Furthermore, despite that during the early outbreak of the fifth wave we have 40 employees tested positive in February and March 2022, as the occurrences were spread out and we have re-adopted work from home policy since the outbreak of the fifth wave, our Group's business operation has not been hindered due to such occurrences.

Following the gradual easing of the fifth wave of the pandemic, our business recovered with the revenue for May to July 2022 recorded a slight increase of approximately 3% as compared with the corresponding period in 2021, evidencing the (i) the pent-up advertising needs during the fifth-wave; and (ii) the recovery along with the relaxation of of social distancing measures since late April 2022. With the relaxation of the social distancing measures, quarantine measures and travel-related tests in the last quarter of 2022, our revenue for the year ended 31 December 2022 recovered to the same level as that for the financial year ended 31 December 2021 and exceeded that for the year ended 31 December 2020 by approximately 13.7%.

Directors' and Joint Sponsors' views on the sustainability of the Group's business

Industry trend and future market demand

The rapid digital transformation in Hong Kong resulted a structural change in the industry over the historical period, advertisement spending, following the shift in terms of consumer daily time spent from traditional media platforms to online media platforms, has also leaned towards online advertisement. According to the Euromonitor Report, after more than three years of COVID-19 pandemic, Hong Kong has finally lifted all travel restrictions and pandemic containment measures and the overall consumer expenditure is expected to recover and grow over the forecast period from 2023 to 2027. The expected momentum in the recovery of consumer spending power also drives the expected advertising spending in Hong Kong over the forecast period. Revenue of the advertising industry is expected to regain its growth momentum and increase to approximately HK$29.8 billion in 2023, and grow with a CAGR of approximately 7.3% from 2023 to 2027. Among the segments of advertising industry, online advertising segment is expected to record the largest growth at a CAGR of approximately 11.4% from 2023 to 2027, whereas print advertising is expected to record negative growth of 5% during the same period. As one of the major digital media companies in Hong Kong, the Directors are of the view that the financial performance of the Group will align with the abovementioned growth trend in the online advertising segment. For details of the revenue of the advertising industry in Hong Kong, please refer to the section headed "Industry Overview" of this Document.

Financial performance of the Group in 2021 and 2022

The financial performance of the Group for the financial year ended 31 December 2021 has achieved a notable improvement from the recovery of the overall market sentiment of the advertising industry in Hong Kong. The Group recorded revenue of approximately HK$245.2 million for the year ended 31 December 2021, representing an increase of approximately 15.9% as compared to the corresponding period in 2020. The Group also recorded adjusted net profit (non-HKFRS measure) of approximately HK$42.4 million for the year ended 31 December 2021, representing an increase of approximately 3.0% as compared to the adjusted net profit (non-HKFRS measure) of approximately HK$41.2 million for the year ended 31 December 2020.

Our Group's adjusted net profit margin (non-HKFRS measure) for the year ended 31 December 2021 was approximately 17.3%, which is slightly lower than the adjusted net profit margin (non-HKFRS measure) of approximately 19.5% for the year ended 31 December 2020.

The Company's business was however affected by the fifth wave outbreak in Hong Kong in early 2022, which weighed heavily on a wide range of economic activities as well as economic sentiment. Nevertheless, despite the Group experiencing an approximately 6% drop in revenue for the first four months of 2022 as compared with that for the corresponding period in 2021, the Group has not received any requests to cancel confirmed advertising campaigns or to delay execution of confirmed advertising projects as a result of the fifth wave of pandemic, and following the gradual easing of the fifth wave of pandemic, the Group's business recovered with our revenue for the six months ended 30 June 2022 remained stable as compared to the corresponding period in 2021, decreased only slightly by approximately HK$1.2 million, or approximately 1.2%, from approximately HK$106.1 million for the six months ended 30 June 2021 to approximately HK$104.9 million for the corresponding period in 2022 and the revenue for May to July 2022 recorded a slight increase of approximately 3% as compared with the corresponding period in 2021. With the relaxation of the social distancing measures, quarantine measures and travel-related tests in the last quarter of 2022, our revenue for the year ended 31 December 2022 recovered to the same level as that for the financial year ended 31 December 2021 and exceeded that for the year ended 31 December 2020 by approximately 13.7%. Based on the foregoing, the Directors are of the view that the business of our Group will continue to be sustainable notwithstanding the continuing effect of the pandemic.

The Group as a frontrunner in providing online marketing solutions

The Group has been a frontrunner in providing online marketing solutions and has established the online business unit as early as 2011 to proactively explore business opportunities for online and mobile content development. According to the Euromonitor Report, the Group ranked second amongst online advertising companies in Hong Kong in terms of revenue for three consecutive years of 2020, 2021 and 2022. Selected key operating data of the Group's Digital Media Platforms have been disclosed in the section headed "Business – Our Products and Services – Advertising Solutions" of this document. With the steady growth in viewership and number of followers on the Group's social media platforms and the rapidly developing self-owned digital platforms of the Group, the Directors are of the view that the strong and growing audience base of the Group's Digital Media Platforms will continue to contribute to the growth of the Group's business.

In light of the Group's competitive strengths as disclosed in the section headed "Business – Competitive Strengths", the Directors consider the Group will be able to grasp the opportunities in the market recovery of the industry.

Significance of the revenue generated from Repeat Clients

During the Track Record Period, advertising revenue of the Group attributable to advertising agencies amounted to 54.9%, 47.2% and 42.5% of our revenue generated from provision of advertising solutions for the years ended 31 December 2020, 2021 and 2022, respectively. For each financial year during the Track Record Period, the majority of the top five clients of the Group are 4A's advertising agencies, all of which have maintained more than 10 years of business relationship with the Group and are considered as Repeat Clients of the Group. According to the Euromonitor Report, in light of advertising agencies' expertise in initiating, managing and implementing advertising campaigns, advertisers of larger scale tend to engage advertising agencies to coordinate their advertising campaigns. The adverting agencies serve as the key agent for advertisers to rely on when seeking adequate advertising companies and will continue to be the main source of revenue as Repeat Clients to the Group over the foreseeable future.

Reliance of certain social media sites for distribution of contents

As disclosed in the paragraph headed "Business – Suppliers and Clients – Suppliers – Reliance on Supplier A" of this document, during the Track Record Period, the cost paid by the Company to Supplier A which operates social networking platforms engaging in the provision of online social media advertising services amounted to approximately 52.5%, 62.6% and 50.8% of the Group's total production and printing costs for the three years ended 31 December 2020, 2021 and 2022, respectively. The Group also generates programmatic revenue through the Group's posts on Supplier A's social media platforms. The programmatic revenue generated from the social media platforms of Supplier A amounted to approximately HK$8.4 million, HK$19.0 million and HK$19.2 million during the three financial years ended 31 December 2020, 2021 and 2022, representing approximately 4.4%, 7.9% and 8.0% of our total advertising revenue respectively. It became one of the top five clients of our Group for the years ended 31 December 2021 and 2022.

The transaction amount between the Group and Supplier A during the Track Record Period is primarily attributable to the dominating position of Supplier A in the social media landscape in Hong Kong. According to the Euromonitor Report, Supplier A operates an influential platform in Hong Kong for its highest average active monthly users from 2018 to 2021 and the second highest in 2022 as compared to its peers and versatility of contents offered on its platforms, making it one of the most influential social media platforms in Hong Kong. As disclosed in the "Industry Overview" section of this document, according to the Euromonitor Report, although the AAMU of Facebook in Hong Kong for 2022 dropped by approximately 1.6% from the previous year, which can be most directly attributed to data breach incident in 2021 which had a negative impact on overall user confidence, the AAMU of Facebook is expected to grow during the forecast period of 2023 to 2027 after the incident has calmed down. Furthermore, as demonstrated by the programmatic revenue generated from Supplier A having remained stable at approximately HK$19.2 million for the year ended 31 December 2022 as compared to that of approximately HK$19.0 million for the year ended 31 December 2021, our Directors are of the view that the data breach incident did not have any material impact on the business operations and financial performance of the Group. With the popularity of social media platforms operated by Supplier A, advertisers tend to place advertisements on these platforms when considering employing social media platforms as the principal channel for distribution of their advertisements. The demands for Supplier A's services is entirely driven by advertisers' choice of distribution platforms and unless there is a drastic change in the social media landscape in Hong Kong, it is unlikely that the demand for the boosting services provided by Supplier A will be shifted to other social media platform operators. The Directors confirm that it is an industry norm for advertisers to rely on advertising solutions (including boosting services) from Supplier A.

That said, in order to mitigate the risk of reliance on the social media platforms operated by Supplier A, the Group also operates its own platforms including websites and apps, and has been accelerating the development of its self-owned platforms by promoting downloads of the Group's apps. As at 31 December 2022, the Group has recorded over 1.4 million cumulative new downloads for the apps developed by the Group with over 38 million aggregate app sessions and 405 million aggregate app impressions. The Directors are of the view that despite the Group's current heavy reliance on the social media platforms of Supplier A, the nature of the Group's business can be shifted to other emerging social media platforms if so requested by clients.

The Group has not entered into any contractual arrangement with Supplier A apart from agreeing to the user policies when establishing its accounts on social media platforms operated by Supplier A and the Directors confirm that such arrangement is an industry practice. While the Group's operation regarding posting advertisements on social media sites relies on platforms operated by Supplier A, the operation of Supplier A, to a certain extent relies on content publishers like the Group to provide content and constantly update newsfeed to retain traffics on its platform.

Strong and stable workforce

The Group has a strong management team that possesses extensive management skills, operating experience and solid industry knowledge and expertise. Leading by its CEO, who is also a substantial Shareholder, Mr. Royce Lee, who has been engaged in the digital marketing business for over 20 years, and its COO, Ms. Esther Cheung, who has over 15 years of experience in digital media and marketing, together with other management team members with strong digital marketing background prior to joining the Group, for example having been directors at 4A's advertising agencies and international brand owners.

During the Track Record Period, the Group has not experienced any significant problems with its employees or disruption to its operations due to labour disputes, nor have the Group experienced any difficulties in the recruitment and retention of experienced staff. As at the Latest Practicable Date, the Group has a total of 236 full-time employees, among which 89 employees have been serving in the Group for over three years and 43 of them have been serving in the Group for over ten years.

In addition, in order to expand and enhance the Group's product lines and enhance the Group's data collection and analytical capabilities, certain **[REDACTED]** is expected to be allocated to launch the three platforms (namely APS Platform, PSS Platform and

E-Commerce Solution Platform) with an aim to deepen the penetration into the existing clientele and expanding the clientele of the Group, and portion of such **[REDACTED]** is further allocated to the hiring of appropriate personnel for these new platforms.

Conclusion

Based on the above, the Directors are of the view, and the Joint Sponsors concur that the Group's business prospects is promising and the business is sustainable in the foreseeable future.

COMPLIANCE AND LEGAL PROCEEDINGS

As disclosed in the section headed "Business – Properties Leased by our Group", during the Track Record Period we have leased various floors of NMG Tower (the "**Premises**") for our Group's operation which may not conform entirely with the user set out in the occupation permit of NMG Tower ("**Occupation Permit**") and the Government Lease subject to which NMG Tower is held.

The Occupation Permit stipulates that the 1st floor, 2nd floor and the 5th to 9th floors of NMG Tower are for "workshop" use, whilst the Government Lease of NMG Tower provides that the lessee of the land on which NMG Tower is erected is not allowed to use the building for any purpose other than for industrial and/or godown purposes. The user of the Premises as stated in the tenancy agreements between our Group and Winning Treasure is industrial/godown purpose only.

Under section 25(1) of the Buildings Ordinance ("**BO**"), one month's notice in the specified form shall be given to the Building Authority ("**BA**") of any intended material change in the use of a building by the person intending to carry out or authorizing the carrying out of such change; if the BA is of the opinion that such intended change of use is not suitable then it may by order in writing served on the owner or occupier requiring the discontinuance of the new use within 1 month. The maximum penalty is a fine of HK$100,000.00 and imprisonment for 2 years for contravening section 25(1) of the BO. In the event that a notice is served by the BA requiring the discontinuance of such use and such notice is not complied with without reasonable excuse, the maximum penalty is a fine of HK$50,000 and imprisonment for 1 year and a maximum daily default fine of HK$5,000. The directors of a company are also liable if the non-compliances are committed with the consent or connivance of, or to be attributable to any neglect or default on the part of them. We have not, up to the Latest Practicable Date, received any notice or order from the BA regarding the change in use of the Premises. We have obtained counsel opinion that the likelihood of the maximum penalty being imposed is remote and that since there is no basis to suggest the above non-compliances have any impact on safety, the likelihood of imprisonment for the Directors is also remote.

The Lands Department can exercise the right of re-entry of the Government Lease in the event of a breach of the provisions thereof and/or claim damages for such breach. It is set out in the website of the Lands Department that if a breach of lease conditions is detected, the Lands Department will normally issue a warning letter to the owner concerned requesting rectification of the lease breach within a specified time. If the owner does not rectify the breach by the deadline, the Lands Department may register the warning letter at the Land Registry. If the seriousness of the breach warrants further action, for instance where the breach poses a serious threat to public safety, the Lands Department may proceed with re-entry of the lot or vesting of the relevant interest to Government. The Government's press release of 29 August 2016 indicated that cases with breach of uses not attracting flow of people, such as offices, does not fall into such category. We have not, up to the Latest Practicable Date, received any notice or order from the Lands Department requiring us to discontinue any of our present use of the Premises.

Winning Treasure has the right to terminate the tenancy agreement with our Group and to claim damages against us for breach of the tenancy agreements. Notwithstanding the breach of user as mentioned above, Winning Treasure has not raised any complaint as to such breach and there is no subsisting disputes between our Group and Winning Treasure in relation to our use of the Premises.

As disclosed in the section headed "Business – Properties leased by our Group" above, Winning Treasure (which became an Independent Third Party since 21 April 2021) served a notice of early termination of the tenancy agreement on our Group, pursuant to which our Group had to vacate the Premises latest by the end of January 2022. Our Group has relocated to our current office, which is located in a grade A office building, in late November 2021.

Save as disclosed above, our Group is in material compliance of laws and regulations applicable to our business. No member of our Group was engaged in any litigation, claim or arbitration of material importance and no litigation, claim or arbitration of material importance is known to the Directors to be pending or threatened against any member of our Group during the Track Record Period and up to the Latest Practicable Date.

Our Directors confirm that, during the Track Record Period and as at the Latest Practicable Date, our Group did not receive any material complaint from our customers which had materially and adversely affected our business nor did our Group make any material compensation to our customers as a result of any complaints from our customers.

BOARD OF DIRECTORS

Our Board is responsible and has general powers for the management and conduct of our business, and consists of six Directors including three executive Directors and three independent non-executive Directors. We have entered into service agreements with each of our executive Directors and letters of appointment with each of our independent non-executive Directors.

The following table sets forth certain information in respect of members of our Board:

Name	Age	Position	Date of first joining our Group	Date of appointment as Director	Main duties	Relationship with other Directors or senior management
WONG Chi Fai (黃志輝)	67	Executive Director and Chairman	June 1999	22 March 2021	Overseeing the financial management and advising on the business strategic planning and development of our Group	N/A
LEE Yat Pui, Royce (李一培)	53	Executive Director and Chief Executive Officer	1 October 2016	22 March 2021	Overall management of our Group and planning our Group's business and strategies	N/A
FAN Man Seung, Vanessa (范敏嫦)	60	Executive Director	June 1999	22 March 2021	Overseeing the overall corporate management and advising on the business strategies of our Group	N/A
CHENG Ka Yu (鄭嘉裕)	50	Independent Non-executive Director	26 June 2023	26 June 2023	Overseeing the internal control and risk management systems; provision of independent advice and objective views	N/A

Name	Age	Position	Date of first joining our Group	Date of appointment as Director	Main duties	Relationship with other Directors or senior management
MAK Kam Chiu (麥錦釗)	47	Independent Non-executive Director	26 June 2023	26 June 2023	Overseeing the internal control and risk management systems; provision of independent advice and objective views	N/A
NIU Zhongjie (牛鍾洁)	55	Independent Non-executive Director	26 June 2023	26 June 2023	Overseeing the internal control and risk management systems; provision of independent advice and objective views	N/A

Executive Directors

Mr. WONG Chi Fai（黃志輝）aged 67, is an executive Director, the Chairman of the Board. He has first been involved in the management of our Group in June 1999. He was appointed as a Director on 22 March 2021. Mr. Wong is responsible for overseeing the financial management and advising on the business strategic planning and development of our Group. During the Track Record Period, Mr. Wong was not involved in the daily operation of our Group, but was participating in the business of our Group on a supervisory level and overseeing the strategic growth of our Group.

Mr. Wong is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants since October 1981 and a fellow of the Association of Chartered Certified Accountants since May 1987. Having over 34 years of experience in finance and management, Mr. Wong has diversified experiences ranging from media and publication to manufacturing, property investment and development, hotel and hospitality, watch and jewellery retailing, financial and securities services, wholesaling and retailing of furniture, artiste management, entertainment production and investment as well as cinema development and operation. He is also the managing director of Emperor International Holdings Limited (stock code: 163), an executive director of Emperor Entertainment Hotel Limited (stock code: 296), Emperor Watch & Jewellery Limited (stock code: 887), Emperor Culture Group Limited (stock code: 491), Ulferts International Limited (stock code: 1711) and Emperor Capital Group Limited (stock code: 717), all of which are listed on the Main Board.

Save as disclosed above, Mr. Wong has not held any directorship in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years, nor does he hold any other positions with our Company and other members of our Group (other than being director of the subsidiaries of the Company) in the past three years immediately preceding the date of this document.

Mr. Wong is not related to any other Directors, senior management, substantial or Controlling Shareholders of the Company.

Save as disclosed herein, there are no other matters in relation to Mr. Wong which are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Mr. LEE Yat Pui, Royce (李一培), aged 53, is an executive Director and the chief executive officer of our Group. Mr. Royce Lee joined our Group as consultant on 1 October 2016 and became our CEO since 1 January 2017. He was appointed as a Director on 22 March 2021. He is responsible for overall management of our Group and planning our Group's business and strategies.

Mr. Royce Lee holds a Bachelor of Science awarded by the Chinese University of Hong Kong in December 1992. He also holds a Degree of Master in Philosophy awarded by the Chinese University of Hong Kong in December 1995. Mr. Royce Lee has over 20 years' experience in marketing and brand management and specialised in digital marketing. After graduation, Mr. Royce Lee worked in Nestlé China Limited from September 1995 to July 1997 first as a marketing executive trainee and then as marketing executive. He then joined Coca-Cola China Limited initially as brand executive in the marketing department and was consumer marketing manager when he left the company in September 1999. In February 2001, he invested and also took up directorship in e-Crusade Marketing Co. Ltd. ("e-Crusade", which changed its name to Razorfish (Hong Kong) Co., Limited in February 2009), a start-up creative agency for digital marketing in which Ms. Venus Lee was also shareholder and director. Mr. Royce Lee, then holding over 41% interest in e-Crusade, together with the other shareholders sold all their interest in e-Crusade in 2006 to aQuantive International Holdings, Inc., a leading interactive marketing services firm in the U.S., and became employed as managing director of e-Crusade until he left in 2010. Mr. Royce Lee then ventured into e-learning and co-founded Aedify Technology Limited with Ms. Venus Lee in 2012, aiming to apply digital technology to facilitate learning, but which ceased business at about the time Mr. Royce Lee joined our Group in 2016.

Save as disclosed herein, Mr. Royce Lee has not held any directorship in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years, nor does he hold any other positions with our Company and other members of our Group (other than being chief executive officer of our Group and director of the subsidiaries of our Company) in the past three years immediately preceding the date of this document.

Mr. Royce Lee is not related to any other Directors, senior management, substantial or Controlling Shareholders of the Company.

Save as disclosed herein, there are no other matters in relation to Mr. Royce Lee which are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Ms. FAN Man Seung, Vanessa (范敏嫦), aged 60, is an executive Director. She has first been involved in the management of our Group in June 1999. Ms. Fan was appointed as a Director on 22 March 2021. She is a Chairperson of the Corporate Governance Committee of the Company. During the Track Record Period, Ms. Fan was not involved in the daily operation of our Group, but was participating in the business of our Group on a supervisory level and overseeing the strategic growth of our Group.

Ms. Fan was admitted as a lawyer in Hong Kong in August 1988 and a fellow of the Association of Chartered Certified Accountants since September 2007. She also holds a Degree of Master of Business Administration awarded by the Asia International Open University (Macau) in May 1995. Besides having over 34 years of experience in corporate management, she possesses diversified experience in media and publication, property investment and development, hotel and hospitality, watch and jewellery retailing, financial and securities operations, wholesaling and retailing of furniture, artiste management, entertainment production and investment as well as cinema development and operation. She is also the managing director of Emperor International Holdings Limited (stock code: 163), an executive director of Emperor Entertainment Hotel Limited (stock code: 296), Emperor Watch & Jewellery Limited (stock code: 887), Emperor Culture Group Limited (stock code: 491), Ulferts International Limited (stock code: 1711) and Emperor Capital Group Limited (stock code: 717), all of which are listed on the Main Board.

In November 2001, the SFC publicly reprimanded Ms. Fan, a former responsible officer of Emperor Securities, impugning Ms. Fan's fitness and properness for failing to (i) make sufficient inquiry in respect of the independence of prospective subscribers of shares in the initial public offering of a company listed in July 1998; and (ii) provide the SFC with detailed and accurate information during its investigation into an initial public offering. In SFC's decision, the SFC acknowledged Ms. Fan's previous clear record and her commitment to ensure the failings identified are not repeated. Save as disclosed herein, the SFC has not made any other public reprimand against Ms. Fan.

A civil action was commenced in August 2005 against various defendants including Ms. Fan, who was a former director of the two defendant companies. The plaintiff alleged wrongful termination of a sub-licence agreement by one of the defendant companies and civil conspiracy amongst the directors of the defendant companies in respect of the termination of the sub-licence agreement. The defendants filed defence in 2005 and the action has remained dormant since December 2005.

Ms. Fan was a director of 英皇娛藝影院（廣東）有限公司 (Emperor UA Cinemas (Guangdong) Company Limited), ("PRC Company"), a company established under the PRC laws and an indirect non-wholly owned subsidiary of Emperor Culture, from 6 November 2020 to 26 August 2022. The immediate sole shareholder and intermediate shareholders of the PRC Company resolved on 21 November 2022 to cease the entire operation of the PRC Company, and upon the PRC Company's voluntary liquidation application filed on 14 March 2023, an order was made by the PRC Court on 25 April 2023 accepting the application on the ground that the PRC Company was insolvent. The PRC Company was primarily engaged in cinema operation in the PRC. Ms. Fan confirmed that she was not a party to the liquidation application and is not aware of any actual or potential claim that has been or will be made against her because of such liquidation.

Save as disclosed above, Ms. Fan has not held any directorship in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years, nor does she hold any other positions with the Company and other members of the Group (other than being director of certain subsidiaries of the Company) in the past three years immediately preceding the date of this document.

Our Directors (including the independent non-executive Directors but excluding Ms. Fan herself) and the Joint Sponsors consider that Ms. Fan is suitable to act as a Director pursuant to Rules 3.08 and 3.09 of the Listing Rules as she possesses the experience, knowledge and skill as well as the character to be a director of the Company, after taking into account the fact that the SFC's reprimand against Ms. Fan and the civil action were isolated incidents, which respectively happened about 20 years and 15 years ago and that the civil litigation has been dormant ever since the defendants filed defence.

As at the Latest Practicable Date, Ms. Fan is interested in 10,500,000 shares (representing about 0.29%) of Emperor International, which is an associated corporation of the Company within the meaning of Part XV of the SFO.

Ms. Fan is not related to any other directors, senior management, substantial or Controlling Shareholders of the Company.

Save as disclosed herein, there are no other matters in relation to Ms. Fan which are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Independent Non-executive Directors

Ms. CHENG Ka Yu (鄭嘉裕), aged 50, was appointed as an independent non-executive Director on 26 June 2023. She is the Chairperson of the Nomination Committee of the Company.

Ms. Cheng was admitted as a solicitor in Hong Kong in July 1998 and was admitted as a solicitor in England and Wales in December 2000. She holds a Bachelor of Laws Degree awarded by The University of Hong Kong in November 1995. Ms. Cheng joined P. C. Woo & Co, a solicitors firm, and became a partner of the said firm since February 2008 up till now.

Ms. Cheng was an independent non-executive director of Emperor International Holdings Limited (stock code: 163) from August 2012 to August 2021, the shares of which are listed on the Stock Exchange.

Save as disclosed herein, Ms. Cheng has not held any directorship in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years, nor does she hold any other positions with our Company and other members of our Group in the past three years immediately preceding the date of this document.

Ms. Cheng is not related to any other Directors, senior management, substantial or Controlling Shareholders of the Company.

Save as disclosed herein, there are no other matters in relation to Ms. Cheng which are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Mr. MAK Kam Chiu (麥錦釗), aged 47, was appointed as an independent non-executive Director on 26 June 2023. He is the Chairman of the Audit Committee of the Company.

Mr. Mak holds a Bachelor of Business Administration in Accountancy awarded by the City University of Hong Kong in November 1999. He also holds a Degree of Master of Business Administration awarded by the Chinese University of Hong Kong in December 2005. Mr. Mak is a fellow of the Association of Chartered Certified Accountants in Hong Kong since March 2009 and a fellow of the Hong Kong Institute of Certified Public Accountants since July 2010. Mr. Mak has over 20 years of experience in financial management and internal audit. Mr. Mak has served as finance director and/or held management positions with various multinational corporations engaging in retailing and/or food and beverage industry. Currently, he is the finance director of Skechers Hong Kong Limited.

Mr. Mak has not held any directorship in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years, nor does he hold any other positions with our Company and other members of our Group in the past three years immediately preceding the date of this document.

Mr. Mak is not related to any other Directors, senior management, substantial or Controlling Shareholders of the Company.

Save as disclosed herein, there are no other matters in relation to Mr. Mak which are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Mr. NIU Zhongjie (牛鍾洁), aged 55, was appointed as an independent non-executive Director on 26 June 2023. He is the Chairman of the Remuneration Committee of the Company.

Mr. Niu holds a Bachelor of Arts in Business Administration awarded by Northeast Missouri State University, Missouri USA in May 1994. He also holds a Degree of Master of Business Administration awarded by The University of Hong Kong in December 1999. Mr. Niu has worked with various financial institutions and has extensive experience in equity capital markets. He is currently the responsible officer for type 4 (advising on securities) and type 9 (asset management) regulated activities of Vision Finance Asset Management Limited. He is also a director of Vision Finance International Company Limited and the responsible officer of the company to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities.

He is currently an independent non-executive director of Nanjing Sample Technology Company Limited (stock code: 1708) and Peiport Holdings Limited (stock code: 2885), the shares of which are listed on the Main Board. He was an executive director of Beijing Sports and Entertainment Industry Group Limited, the shares of which are listed on the Main Board (stock code: 1803) between 23 April 2015 to 7 November 2018.

Mr. Niu was an independent non-executive director of Gold-Finance Holdings Limited ("**Gold-Finance**") between 3 February 2016 and 15 May 2019. Gold-Finance was a Company listed on the Main Board (stock code: 1462) but the trading of Gold-Finance's securities on the Stock Exchange was suspended on 5 May 2019 and it was eventually delisted on 16 March 2021. As disclosed in the announcements made by Gold-Finance prior to its delisting, a winding-up petition was filed against Gold-Finance on 3 June 2019 in the High Court of Hong Kong and provisional liquidators were appointed in respect of Gold-Finance on 5 June 2019 as a result of a winding-up petition filed against Gold-Finance's controlling shareholder in April 2019, which falls within 12 months after Mr. Niu's ceasing to act as its independent non-executive director. Based on public information, Gold-Finance was an investment holding company incorporated in the Cayman Islands as an exempted company with limited liability, and its principal activities were investment and asset management services in the PRC, property investment and development in the PRC and building services in Hong Kong.

Save as disclosed herein, Mr. Niu has not held any directorship in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years, nor does he hold any other positions with our Company and other members of our Group in the past three years immediately preceding the date of this document.

Mr. Niu is not related to any other Directors, senior management, substantial or Controlling Shareholders of the Company.

Save as disclosed herein, there are no other matters in relation to Mr. Niu which are required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

SENIOR MANAGEMENT

The following table sets forth certain information concerning our Group's senior management:

Name	Age	Position	Date of joining our Group	Main duties	Relationship with Directors or other senior management
CHEUNG Wai Yu (張慧茹)	48	Chief Operating Officer	5 October 2018	Responsible for overseeing and guiding the day-to-day operations of our Group	N/A
Yeung Man Leung (楊民樑)	47	Chief Information Officer	23 July 2018	Responsible for managing the technical team and project management team of our Group for delivering new digital experience in house and to our consumers to help boosting operational efficiency and business growth	N/A

Ms. CHEUNG Wai Yu (張慧茹), aged 48, is the Chief Operating Officer of our Group. Ms. Cheung joined our Group on 5 October 2018. She is responsible for overseeing and guiding the day-to-day operations of our Group, and presides over the revenue and sales growth, expenses, costs and margin control, and monthly, quarterly and annual financial goal management of our Group.

Ms. Cheung holds a Bachelor of Business Administration awarded by the Chinese University of Hong Kong in 1997. She has over 18 years of experience in overseeing finance and operation of media companies. Prior to joining our Group, Ms. Cheung has been the commercial director of GroupM (Shanghai) Advertising Co., Ltd from March 2011 to October 2017. Before that she was director of finance and operations of Razorfish Consulting (Shanghai) Co., Limited from November 2008 to February 2011 and finance and human resources manager of e-Crusade Marketing Co. Limited from 2005 to 2008.

Mr. YEUNG Man Leung (楊民樑), aged 47, is the Chief Information Officer of our Group. Mr. Yeung joined our Group on 23 July 2018. He is responsible for driving digitalisation in the Group from in-house operation to users' digital experience through leading the technical and project team.

Mr. Yeung holds a Bachelor of Engineering in Computer Science awarded by The Hong Kong University of Science and Technology in 1998. After graduation, Mr. Yeung joined Hong Kong Telecommunications Limited as a software engineer in 1998. Mr. Yeung was then employed as a system engineer by netalone.com Limited in January 2000 and then by iASPEC Services Limited from March to July 2001. Mr. Yeung was a web developer, project manager and team lead of technical team of e-Crusade Marketing Co. Limited from 2003 to 2009 and then Tech Team Lead and business director of Razorfish Consulting (Shanghai) Co., Limited from 2009 to 2014, and after that he has been setting his hand in start-up projects regarding mobile application development, operation and marketing.

COMPANY SECRETARY

Ms. Liu Suet Ying（廖雪盈）is appointed as the company secretary of the Company by the Board on 30 September 2022. She is also the company secretary of Emperor Culture Group Limited (Stock Code: 491). Ms. Liu is an associate member of both The Chartered Governance Institute in the United Kingdom and The Hong Kong Chartered Governance Institute.

EMPLOYEES

As of the Latest Practicable Date, our Group has a total of 236 full-time employees. The following table sets forth a breakdown of our employees by functions as of such date:

Functions	**Number of employees**
Management	11
Content and production	86
Sales and, account servicing and project delivery	55
Platform specialists	17
Product specialists	5
IT development and project management	21
Administrative and supporting	37
Trainees	4
	236

During the Track Record Period, our Group has not experienced any significant problems with our employees or disruption to our operations due to labour disputes, nor have we experienced any difficulties in the recruitment and retention of experienced staff.

CORPORATE GOVERNANCE CODE

Our Company will comply with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules in accordance with the applicable Listing Rules.

BOARD COMMITTEES

Audit Committee

Our Company has established its Audit Committee on 26 June 2023 with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The Audit Committee is primarily responsible for making recommendations to the Board on the appointment and removal of the external auditor, to approve the remuneration and terms of engagement of external auditor, review financial information and oversight of the financial reporting system and internal control procedures. The Audit Committee has three members comprising all the independent non-executive Directors of the Company, namely Ms. Cheng Ka Yu, Mr. Mak Kam Chiu and Mr. Niu Zhongjie. Mr. Mak Kam Chiu is the chairman of the Audit Committee.

Remuneration Committee

The Company established a Remuneration Committee on 26 June 2023 with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary duties of the Remuneration Committee are making recommendation to the Board on the Company's policy and structure for the remuneration of directors and senior management, reviewing and making recommendations to the Board on the directors' fee and remuneration packages of directors. The remuneration committee has three members comprising two independent non-executive Directors and an executive Director, namely Mr. Niu Zhongjie, Mr. Mak Kam Chiu and Mr. Wong Chi Fai. Mr. Niu Zhongjie is the chairman of the Remuneration Committee.

Nomination Committee

The Company established a Nomination Committee on 26 June 2023 with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary duties of the Nomination Committee include identifying potential candidates for directorship, reviewing the nomination of directors, assessing the independence of independent non-executive directors and making recommendations to the Board on such appointments. The Nomination Committee has three members comprising two independent non-executive Directors and an executive Director, namely Ms. Cheng Ka Yu, Mr. Niu Zhongjie and Ms. Fan Man Seung, Vanessa. Ms. Cheng Ka Yu is the chairperson of the Nomination Committee.

Corporate Governance Committee

The Company established a Corporate Governance Committee on 26 June 2023 with written terms of reference. The major responsibilities of Corporate Governance Committee include reviewing the corporate governance practice and disclosure systems of the Company and introducing relevant principles concerning corporate governance so as to enhance the standard of corporate governance of the Company. The Corporate Governance Committee has five members comprising an executive Director of the Company, namely Ms. Fan Man Seung, Vanessa, two independent non-executive Directors, namely Mr. Mak Kam Chiu and Ms. Cheng Ka Yu, a representative from company secretarial function and a representative from finance and accounts function. Ms. Fan Man Seung, Vanessa is the chairperson of the Corporate Governance Committee.

BOARD DIVERSITY POLICY

We have adopted our board diversity policy which aims to achieve diversity on our Board in the broadest sense in order to have a balance of skills, experience and diversity of perspectives to the business nature of our Company. Selection of candidates on our Board is based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. Our Nomination Committee will also assess the merits and contribution of any Director proposed for re-election or any candidate nominated to be appointed as Director that will bring to the Board against the objective criteria, with due regard for the benefits of diversity on our Board that would complement our Company's corporate strategy.

Upon **[REDACTED]**, two out of our six Directors are female. Our Directors obtained professional and academic qualifications including law, business administration, accounting and finance. We are of the view that our Board has a balance mix of gender, experience and perspectives, and satisfies our board diversity policy. Our Board and our Nomination Committee shall assess the composition of our Board regularly.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors (save for Mr. Wong and Ms. Fan during the Track Record Period as mentioned below) and senior management received compensation in the form of salaries and bonuses based on the performance of the individual and our Group. We also reimburse them for expenses which are necessarily and reasonably incurred for providing services to our Group or executing their functions in relation to our operations. We regularly review and determine the remuneration and compensation packages of our Directors and senior management.

As disclosed above, during the Track Record Period, Ms. Fan and Mr. Wong were not involved in the daily operation of our Group, and were participating in the business of our Group on a supervisory level and overseeing the strategic growth of our Group. In view that they were not engaged in the day-to-day operation of our Group during the Track Record Period and that there has been no deliberation by the Board on revamp of the strategies or other corporate matters of our Group during the Track Record Period which entailed substantial time spent by them, no remuneration were paid to them during the Track Record Period.

Mr. Royce Lee, the Chief Executive Officer of our Group, has entered into an employment contract with a subsidiary of the Company. Under the terms of the employment contract during the Track Record Period, Mr. Royce Lee was entitled to a basic salary of HK$176,000.00 per month, as well as (for the year 2020) performance related incentive bonus based on specific percentage of the net profit of the Group, subject to the Company's review from time to time and (from 2021 onwards) discretionary bonus to be determined by the Company from time to time at its sole discretion and may be based on factors such as overall performance of the Group, the individual performance of Mr. Royce Lee and such other factors as the Company considers appropriate. The discretionary bonus of Mr. Royce Lee for the financial year ended 31 December 2021 amounted to approximately HK$4.6 million, which was determined by the Company based on the unaudited net profit before tax (before taking into account any bonus payable to Mr. Royce Lee for the year) of the Group for the financial year ended 31 December 2021, adjusted by adding the **[REDACTED]** expenses incurred and taking into account provision for tax, and applying a flat rate of 10% thereto. Mr. Royce Lee confirmed that he and any entity in which he has interests have not (a) received any remuneration, compensation or benefits in kind or economic benefits (other than those received from the Group) from; or (b) entered into any side agreement or arrangement (other than the employment contract with the Group, those agreements relating to his acquisition of 30% interests in the Group from NMG Investment in December 2017, and the current shareholdings interests in Investco and hence the indirect interest in Feedme, and the agreement related thereto) with, the Controlling Shareholders or their associates.

The remunerations (including fees, salaries, contributions to pensions, bonuses and other allowances) of Directors for the years ended 31 December 2020, 2021 and 2022 were approximately HK$2.1 million, HK$6.7 million and HK$2.1 million respectively, which fluctuation was due to no performance related bonus to Mr. Royce Lee for the financial years ended 31 December 2020 and 2022.

Pursuant to the service agreements entered into between our Company and our executive Directors (which are for an initial term of three years commencing from the **[REDACTED]**), each executive Director is entitled to a fixed annual fee of HK$150,000 for his/her service in the office of executive Director. It was not expected that Mr. Wong and Ms. Fan will receive any renumeration (whether in form of cash or otherwise) in addition to such fixed Directors' fee of HK$150,000 per annum after **[REDACTED]**, as it is not anticipated that there will be a substantial change in their role after **[REDACTED]**. Pursuant to the letters of appointment entered into between our Company and the independent non-executive Directors (which are for an initial term of three years commencing from the **[REDACTED]**), each independent non-executive Director is entitled to a fixed annual fee of HK$180,000.

After **[REDACTED]**, our Remuneration Committee will review and determine the remuneration and compensation packages of our Directors and senior management with reference to salaries paid by comparable companies, time commitment and responsibilities of the relevant Directors and senior management and performance of our Group.

No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. During the Track Record Period, no compensation was paid to, or has been received by, our Directors, former Directors or the five highest paid individuals for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the Track Record Period.

SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme, the purpose of which is to provide incentives to the relevant participants to contribute to our Group and to enable our Group to recruit high-calibre employees and attract human resources that are valuable to our Group. The principal terms of such scheme are summarised in the paragraph headed "Share Option Scheme" in Appendix IV to this document.

COMPLIANCE ADVISER

We have appointed Lego Corporate Finance Limited, one of our Joint Sponsors, as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us in the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated including Share issues and Share repurchases;

(c) where the Company proposes to use the **[REDACTED]** of the **[REDACTED]** in a manner different from that detailed in this document or where the business activities, developments or results of our Company deviate from any forecast, estimate, or other information in this document; and

(d) where the Stock Exchange makes an inquiry of us under Rule 13.10 of the Listing Rules.

In addition, the compliance adviser will also provide, inter alia, the following services to us:

(a) if required by the Stock Exchange, deal with the Stock Exchange in respect of any or all matters listed in paragraphs (a) to (d) above;

(b) provide guidance and assistance with due care and skill to the Company on continuing compliance with the Company's obligations under the Listing Rules, the Hong Kong Codes on Takeovers and Mergers and Share Buy backs as amended from time to time and all other applicable laws, rules, codes and guidelines; and

(c) assess the understanding of all new appointees to the Board regarding the nature of their responsibilities and fiduciary duties as a Director of the Company, and, to the extent the compliance adviser forms an opinion that the new appointees' understanding is inadequate, discuss the inadequacies with the Board and make recommendations to the Board regarding appropriate remedial steps, such as training.

The terms of the appointment shall commence on the **[REDACTED]** and end on the date on which our Company distributes the annual report of our financial results for the first full financial year commencing after the **[REDACTED]** and such appointment may be subject to extension by mutual agreement.

SHARE CAPITAL

The following is a description of the authorised share capital of our Company as of the Latest Practicable Date and the issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately following the completion of the Capitalisation Issue and the **[REDACTED]**:

Authorised share capital

		HK$
1,000,000,000	Shares of HK$0.01 each	10,000,000

Issued and to be issued, fully paid or credited as fully paid upon completion of the Capitalisation Issue and the [REDACTED]

		HK$
20,000	Shares in issue as at the Latest Practicable Date	200
[REDACTED]	Shares to be issued under the Capitalisation Issue	**[REDACTED]**
[REDACTED]	Shares to be issued pursuant to the **[REDACTED]**	**[REDACTED]**
[REDACTED]	Total	**[REDACTED]**

Assumptions

The above table assumes that the Capitalisation Issue and the **[REDACTED]** become unconditional and the issue of **[REDACTED]** and the Shares to be issued under the Capitalisation Issue pursuant thereto is made as described herein. It does not take into account: (i) any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme; (ii) any Shares which may be allotted and issued pursuant to the general mandate as mentioned in "General Mandate to Issue New Shares" in this section below; or (iii) any Shares which may be repurchased by our Company pursuant to the repurchase mandate as mentioned in "General Mandate to Repurchase Shares" in this section below.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1)(a) of the Listing Rules, at least 25% of the issued Shares of our Company must at all times be held by the public. We must therefore maintain the minimum public float of 25% of our Company's issued Shares in the hands of the public upon **[REDACTED]** and at all times thereafter.

RANKING

The **[REDACTED]** will rank *pari passu* in all respects with all Shares in issue on the date of allotment and issue of such Shares, and will qualify for all dividends or other distributions declared, made or paid on the Shares after allotment and issue save for entitlement under the Capitalisation Issue.

SHARE OPTION SCHEME

The Company has conditionally adopted the Share Option Scheme. A summary of the principal terms of the Share Option Scheme is set out in the paragraph headed "Share Option Scheme" in Appendix IV to this document.

GENERAL MANDATE TO ISSUE NEW SHARES

The Directors have been conditionally granted the Issue Mandate being a general unconditional mandate to allot, issue and deal with Shares with a total number of Shares that is not more than the sum of:

1. 20% of the total number of Shares in issue immediately following completion of the Capitalisation Issue and the **[REDACTED]**; and

2. the total number of Shares repurchased by the Company (if any) pursuant to the Repurchase Mandate (as referred to below).

The Directors may, in addition to Shares which they are authorised to issue under the Issue Mandate, allot, issue or deal with Shares under a rights issue, scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of dividend in accordance with the Articles of Association, or on the exercise of options which may be granted under the Share Option Scheme.

This Issue Mandate will expire upon the earliest occurrence of any of the following:

– at the conclusion of the Company's next annual general meeting; or

– at the expiry of the period within which the Company is required by its Articles of Association, the Cayman Companies Act or any other applicable laws to hold its next annual general meeting; or

– when varied or revoked by an ordinary resolution of the Company's shareholders in general meeting.

For further details of this Issue Mandate, please refer to the paragraph headed "Written resolutions of the Shareholders passed on 26 June 2023" in Appendix IV to this document.

GENERAL MANDATE TO REPURCHASE SHARES

The Directors have been conditionally granted the Repurchase Mandate being a general unconditional mandate to exercise all the powers of the Company to repurchase Shares with a total number of Shares not more than 10% of the total number of Shares in issue immediately following completion of the Capitalisation Issue and the **[REDACTED]**.

This Repurchase Mandate only relates to repurchases made on the Stock Exchange, or any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. The information required by the Listing Rules concerning the Repurchase Mandate is set out in the paragraph headed "Repurchases of our own securities" in Appendix IV to this document.

This Repurchase Mandate will expire upon the earliest occurrence of any of the following:

– at the conclusion of our Company's next annual general meeting; or

– at the expiry of the period within which our Company is required by its Articles of Association, the Cayman Companies Act or any other applicable laws to hold its next annual general meeting; or

– when varied or revoked by an ordinary resolution of the Company's shareholders in general meeting.

For further details of this Repurchase Mandate, please see the paragraph headed "Written resolutions of the Shareholders passed on 26 June 2023" in Appendix IV to this document.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of Shares, namely ordinary shares, each of which carries the same rights as the other Shares.

As a matter of the Cayman Companies Act, an exempted company is not required by law to hold any general meeting or class meeting. The holding of general meeting or class meeting is prescribed under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed under the Articles, a summary of which is set out in "Summary of the Constitution of the Company and Cayman Islands Company Law" in Appendix III to this document.

CONTROLLING AND SUBSTANTIAL SHAREHOLDERS

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

Name	Capacity/ Nature of Interest	Number of Shares held as at the Latest Practicable Date	Approximate percentage of shareholding interest as at the Latest Practicable Date *(%)*	Number of Shares or Underlying Shares interested after completion of the [REDACTED] and the Capitalisation Issue *(Note 1)*	Approximate percentage of shareholding interest after completion of the [REDACTED] and the Capitalisation Issue *(%)*
NMLG Holdings	Legal/beneficial owner	14,000	70	**[REDACTED]** (L)	**[REDACTED]**
AY Holdings	Interest in controlled corporation *(Note 2)*	14,000	70	**[REDACTED]** (L)	**[REDACTED]**
First Trust Services AG	Trustee *(Note 3)*	14,000	70	**[REDACTED]** (L)	**[REDACTED]**
Dr. Albert Yeung	Founder of a discretionary trust *(Note 3)*	14,000	70	**[REDACTED]** (L)	**[REDACTED]**
Ms. Luk Siu Man, Semon	Interest of spouse *(Note 4)*	14,000	70	**[REDACTED]** (L)	**[REDACTED]**
Double Blossoms	Legal/beneficial owner	4,000	20	**[REDACTED]** (L)	**[REDACTED]**
Mr. Royce Lee	Interest in controlled corporation *(Note 5)*	4,000	20	**[REDACTED]** (L)	**[REDACTED]**
Double Fantastic	Legal/beneficial owner	2,000	10	**[REDACTED]** (L)	**[REDACTED]**
Ms. Venus Lee	Interest in controlled corporation *(Note 6)*	2,000	10	**[REDACTED]** (L)	**[REDACTED]**
Mr. Yau Yi Ping	Interest of spouse *(note 7)*	2,000	10	**[REDACTED]** (L)	**[REDACTED]**

Notes:

1 The letter "L" denotes long position in the Shares.

2 The entire issued share capital of NMLG Holdings is held by AY Holdings, which in turn is held by First Trust Services AG as trustee of AY Discretionary Trust. AY Holdings is deemed to be interested in the same **[REDACTED]** Shares held by NMLG Holdings.

3 First Trust Services AG is the trustee and Dr. Albert Yeung is the founder and settlor of the AY Discretionary Trust respectively. By virtue of the SFO, each of First Trust Services AG and Dr. Albert Yeung is deemed to be interested in the same **[REDACTED]** Shares held by NMLG Holdings.

4 Ms. Luk Siu Man, Semon is deemed to be interested in the same **[REDACTED]** Shares held by NMLG Holdings by virtue of the deemed interest held by her spouse, Dr. Albert Yeung.

5 Mr. Royce Lee legally and beneficially owns the entire issued share capital of Double Blossoms. Mr. Royce Lee is deemed to be interested in the same **[REDACTED]** Shares held by Double Blossoms.

6 Ms. Venus Lee legally and beneficially owns the entire issued share capital of Double Fantastic. Ms. Venus Lee is deemed to be interested in the same **[REDACTED]** Shares held by Double Fantastic.

7 Mr. Yau Yi Ping is deemed to be interested in the same **[REDACTED]** Shares held by Double Fantastic by virtue of the deemed interest held by his spouse, Ms. Venus Lee.

Except as disclosed above, the Directors are not aware of any person who will, immediately following the allotment and issue of the **[REDACTED]** and the Capitalisation Issue (without taking into account any Shares that may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme), have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

[REDACTED]

[REDACTED]

[REDACTED]

Our Company will inform the Stock Exchange immediately of the aforesaid pledges, charges or the said indications in relation to our Controlling Shareholders and publish an announcement thereof in accordance with the Listing Rules as soon as possible upon receipt of the notification from any of our Controlling Shareholders.

Mr. Royce Lee and Double Blossoms, being substantial Shareholders as at the Latest Practicable Date and immediately after completion of the **[REDACTED]** and the Capitalisation Issue, have undertaken to the Company that they will not at any time:

(a) in the First Six-Month Period dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares in respect of which they are shown by this document to be the beneficial owners; and

(b) during the First Six-Month Period:

    (i) if he/it pledges or charges any securities of our Company beneficially owned by him/it in favour of an authorised institution, he/it shall immediately give written notice to our Company of such pledge or charge together with the number and class of securities so pledged or charged and the purpose for which the pledge or charge is made; and

    (ii) when he/it is aware of or receives indications, either verbal or written, from the pledgee or chargee that any of such pledged or charged securities or interests in the securities of our Company will be disposed of, he/it shall immediately thereafter give written notice to our Company of such indications.

Ms. Venus Lee and Double Fantastic, being substantial Shareholders under the SFO as at the Latest Practicable Date but whose interests in our Shares will be reduced to **[REDACTED]** immediately following completion of the **[REDACTED]** and the Capitalisation Issue, have given the Company the same undertakings as those given by Mr. Royce Lee and Double Blossoms as set out in the above paragraph.

Further details of undertakings given by our Controlling Shareholders are set out under the section headed "**[REDACTED]**" in this document.

CONTROLLING SHAREHOLDERS

Details of the shareholdings of our Controlling Shareholders are set forth in the section headed "Controlling and Substantial Shareholders" above and the section headed "Further Information about Directors and Substantial Shareholders" in Appendix IV to this document.

COMPETING INTEREST

Our Controlling Shareholders do not have any interest in a business apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business, and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

In late March 2019, an investment holding company (the "**Investco**"), which was then held as to 70% by AY Holdings and 30% by Double Blossoms and subsequently became held as to 70% by AY Holdings, 20% by Double Blossoms and 10% by Double Fantastic, invested into certain preference shares in Feedme Limited ("**Feedme**") entitling Investco to exercise approximately 21.7% of the voting rights of Feedme. During the Track Record Period, Feedme engaged mainly in the business of providing food and beverage experience to customers and operated an online reservation platform for booking of dining experiences with its online contents primarily limited to tasting menus offered by restaurants. As such the business model of our Group and that of Feedme were very different and there was a clear delineation between the business of our Group and that of Feedme. Therefore, Investco and Feedme were not included as members of the Group but AY Holdings and Mr. Royce Lee pursued the investment under the said structure due to the fact that (i) the principal business activities of Feedme were different to that of the Group; and (ii) it would be expected that continuous investment was required to sustain and expand the then business of Feedme and such investment was not in line with the business strategies of the Group. So far as our Directors are aware, Feedme had only minimal operation in 2021 and 2022; and Feedme has ceased its business operation since 31 July 2022. Taking into account the business nature and scale of operation of Feedme before it ceased its business operation, our Directors are of the view, and the Joint Sponsors concur, that the business of Feedme was not competing with the business of our Group. During the Track Record Period, our Group has generated revenue from the provision of advertising services to Feedme amounting to approximately HK$438,000, nil and nil, and payment gateway service fee of approximately HK$120,000, HK$174,000 and nil was charged by Feedme to our Group, for the years ended 31 December 2020, 2021 and 2022 respectively. Besides, our Group made a prepayment of HK$600,000 to Feedme during the year ended 31 December 2019 in respect of certain project which was delayed due to the growing social unrest since mid 2019 and was ultimately cancelled due to the outbreak of COVID-19 pandemic and the prepayment was fully returned to the Group during the year ended 31 December 2021.

DEED OF NON-COMPETITION

The DNC Covenantors have entered into the Deed of Non-Competition, pursuant to which each of the DNC Covenantors has irrevocably and unconditionally undertaken to and covenanted with our Company (for itself and for the benefit of the members of our Group) that during the continuation of the Deed of Non-Competition each of the DNC Covenantors shall not, and shall procure each of his/its close associates will not, whether on his/its own account or in conjunction with or on behalf of any person, firm or company and whether directly or indirectly, carry on a business which is, or be interested or involved or engaged in or acquire or hold any rights or interest or otherwise, involved in (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) any business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by our Group (including but not limited to provision of advertising services and businesses ancillary to any of the foregoing) in Hong Kong and any other country or jurisdiction to which our Group markets, sells, distributes, supplies or otherwise provides such services and/or in which any member of our Group carries on business mentioned above from time to time (the "**Restricted Business**") except for the holding of each DNC Covenantor and his/its close associates in aggregate of not more than 5% shareholding interests in any listed company. Each of the DNC Covenantors has represented and warranted to our Company that none of the DNC Covenantors nor his/its close associates (other than any member of our Group) is currently interested, involved or engaging, directly or indirectly, in (whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) any Restricted Business otherwise than through our Group.

Pursuant to the Deed of Non-Competition, each of the DNC Covenantors has also undertaken that if such DNC Covenantor and/or any of his/its close associates (other than any member of our Group) is offered or becomes aware of any project or new business opportunity ("**New Business Opportunity**") that relates to the Restricted Business, whether directly or indirectly, he/it shall (i) promptly in any event within seven (7) Business Days notify our Company in writing of such opportunity and provide such information as is reasonably required by our Company in order to enable our Company to come to an informed assessment of such opportunity; and (ii) use his/its best endeavours to procure that such opportunity is offered to our Company on terms no less favourable than the terms on which such opportunity is offered to him/it and/or his/its close associates (other than any member of our Group).

The Directors (including the independent non-executive Directors) will review the New Business Opportunity and decide whether to invest in the New Business Opportunity. If our Group has not given written notice of our desire to invest in such New Business Opportunity or has given written notice giving up the New Business Opportunity within thirty (30) days of receipt of notice from the relevant DNC Covenantor, such DNC Covenantor and/or his/its close associates (other than any member of our Group) shall be permitted to invest in or participate in the New Business Opportunity on his/its own accord.

In addition, each of the DNC Covenantors has also undertaken, upon **[REDACTED]**:

(i) to provide our Company and our Directors (including our independent non-executive Directors) from time to time with all information necessary for the annual review by our independent non-executive Directors with regard to compliance of the terms of the Deed of Non-Competition and the enforcement of the non-competition undertakings in the Deed of Non-Competition;

(ii) to allow our Directors (including our independent non-executive Directors), their respective representatives and the auditors to have sufficient access (with reasonable prior notice) to the records of the DNC Covenantor and his/its close associates to ensure their compliance with the terms and conditions under the Deed of Non-Competition; and

(iii) to abstain from voting at any general meeting of our Company for consideration and approval of the matters referred to in the Deed of Non-Competition if there is any actual or potential conflict of interests.

Further, each of the DNC Covenantors has undertaken that during the period in which he/it and/or his/its close associates (other than any member of our Group), individually or taken as a whole, remains as a Controlling Shareholder, or remains as a Director:

(i) he/it will not solicit or interfere with or enticing any existing or then existing employee, customers or suppliers of our Group for employment by his/its own business (excluding our Group); and

(ii) he/it will not, without the consent from our Company, make use of any information pertaining to the business of our Group (other than those information that has been published by our Company by way of announcements or public disclosure) which may have come to his/its knowledge in his/its capacity as our Controlling Shareholder for any purposes.

The Deed of Non-Competition will take effect upon **[REDACTED]** and shall:

(i) cease to bind the DNC Covenantors the day on which our Shares cease to be **[REDACTED]** on the Main Board; or

(ii) cease to bind the relevant DNC Covenantor the day on which the relevant DNC Covenantor (a) is not a Director and (b) his/its close associates (other than any member of our Group), individually or taken as a whole, cease to own, in aggregate, 30% or more of the then issued share capital of our Company directly or indirectly or cease to be deemed as controlling Shareholder or cease to have power to control the Board or there is at least one other independent Shareholder other than the relevant DNC Covenantor and his/its close associates (other than any member of our Group) holding more Shares than the relevant DNC Covenantor and his/its close associates (other than any member of our Group) taken together.

In order to strengthen the corporate governance in respect of any existing and potential conflict of interests between our Group and the DNC Covenantors, upon **[REDACTED]**:

(i) our Company shall disclose in the annual reports the compliance and enforcement of the undertakings by the DNC Covenantors under the Deed of Non-Competition and the appropriate action to be taken by our Company;

(ii) our Company shall disclose the details and basis of decisions on matters reviewed by the independent non-executive Directors in relation to the compliance and enforcement of the arrangement in respect of the New Business Opportunity in our annual reports;

(iii) when any of the executive Directors become aware of potential conflict of interests between our Group and the DNC Covenantors relating to the business of our Group, such executive Directors shall alert our Board, including the independent non-executive Directors, to review and evaluate the implications and risk exposures of such event and the compliance of the Listing Rules and to take any necessary actions;

(iv) in the event that any of our Directors and/or his/her close associates has material interest in any matter to be deliberated by our Board in relation to compliance and enforcement of the Deed of Non-Competition or other proposed transactions in which such Director and/or his/her close associates have material interest, such Director would, according to the Articles or the Listing Rules, be required to declare his/her interests and, where required, abstain from participating in the relevant board meeting and voting on the transaction and not count as quorum where required; and

(v) where advice from independent professional, such as that from financial adviser, is reasonably requested by our Directors (including our independent non-executive Directors), the appointment of such independent professional will be made at our Company's expenses.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Prior to **[REDACTED]**, NMLG Holdings is the owner of 70% interests of the issued share capital of our Company. NMLG Holdings is held by AY Holdings, which in turn is held by First Trust Services AG acting as trustee of AY Discretionary Trust. Dr. Albert Yeung is the settlor of AY Discretionary Trust and the eligible beneficiaries of AY Discretionary Trust are family members of Dr. Albert Yeung. Upon **[REDACTED]**, the shareholding of NMLG Holdings in the Company (being **[REDACTED]** Shares) shall represent **[REDACTED]**% of the issued Shares of the Company immediately following the allotment and issue of the **[REDACTED]** and the Capitalisation Issue. As such, AY Holdings and First Trust Services AG are Controlling Shareholders of our Company deemed to be interested in **[REDACTED]** Shares upon **[REDACTED]**.

Having considered the following factors, we believe that our Group is capable of carrying on its business independently of our Controlling Shareholders and their respective close associates after the **[REDACTED]**.

Management Independence

Our Board consists of three executive Directors and three independent non-executive Directors. Mr. Wong Chi Fai and Ms. Fan Man Seung, Vanessa, two of our executive Directors, have common directorships in both our Group and certain companies under the Emperor Group. For information of Mr. Wong and Ms. Fan, please refer to the section headed "Directors, Senior Management and Employees" in this document.

Each of our Directors is aware of his/her fiduciary duties as a director of our Company which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a director of our Company and his/her personal interest. In the event that there is a potential conflict of interest in respect of any matters, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such matters and shall not be counted in the quorum.

Our day-to-day operation will be led by Mr. Royce Lee and our Group's senior management, who have the expertise in the industry with substantial experience and can exercise judgments and decisions independently without being influenced by our Controlling Shareholders.

Operational Independence

During the Track Record Period, some members of the Emperor Group have been our clients and have engaged our services for their marketing campaigns. Services to these companies only amounted to approximately HK$0.4 million, HK$0.2 million and HK$2.2 million during the financial years ended 31 December 2020, 2021 and 2022 respectively. Our Group will continue to offer our services to such companies and do business with them should they demand our services. Our Directors consider that our Group has no reliance on the business from these companies.

Our Group leased offices from Winning Treasure, an indirect wholly-owned subsidiary of Emperor International up to 21 April 2021, in relation to the operation of our business during the Track Record Period. For details, please refer to the section headed "Connected Transactions" in this document. On 21 April 2021, Emperor International disposed of its entire shareholding in Winning Treasure to an Independent Third Party and since then Winning Treasure became an Independent Third Party.

Our Directors confirmed that none of the costs or expenses relating to our Group's operations during the Track Record Period were borne by related parties or connected persons of our Group or any other third parties without being recharged to our Group.

Although we have engaged and will continue to engage EIML for providing back office support services, including human resources, information technology support, legal advising services and other administrative services to our Group, we have our own organisational structure with independent operation and administrative departments and units, each with specific areas of responsibilities and sufficient operating capacity in terms of capital, operating assets and employees to operate our business independently.

Financial Independence

We have sufficient working capital and banking facilities to operate our business independently, and have adequate internal resources to support our daily operations and expansion. Our net cash flows from operating activities was approximately HK$59.5 million for the year ended 31 December 2022. As at the Latest Practicable Date, we have bank facilities amounted to approximately HK$36.0 million, out of which approximately HK$28.0 million remained available for drawing.

We have established our own internal control and accounting systems, and independent treasury function for cash receipts and payments. We have independent bank accounts and business registrations as well as a sufficient number of accounting personnel.

During the Track Record Period, we had shareholder's loans due to NMG Investment, which have been fully repaid during the Track Record Period.

Having considered the above factors, our Directors are satisfied that our Group is able to operate and to sustain without dependence on our Controlling Shareholders.

OVERVIEW

We have entered into certain transactions with the Emperor Group in the ordinary and usual course of business of our Group during the Track Record Period. Some of these transactions have ceased and some of them are expected to continue, details of which are set out below.

SUMMARY OF TRANSACTIONS WITH THE EMPEROR GROUP

The following table sets forth a summary of the transactions with the Emperor Group during the Track Record Period:

	Transactions	Relevant Entities	Historical figures For the year ended 31 December 2020	2021	2022
			HK$'000	*HK$'000*	*HK$'000*
A	**Non-recurring connected transactions**				
1	Sponsor fee and **[REDACTED]** fee in connection with the **[REDACTED]**	Emperor Corporate Finance	–	932	281
	[REDACTED] fee in connection with the **[REDACTED]**	Emperor Securities	–	–	–

	Transactions	Relevant Entities	Historical figures For the year ended 31 December 2020	2021	2022
			HK$'000	*HK$'000*	*HK$'000*
B	**Exempted connected transactions**				
2	The deed of undertaking in relation to a term loan facility	AY Holdings	–	–	–

	Transactions	Relevant Entities	Historical figures For the year ended 31 December 2020	2021	2022
			HK$'000	*HK$'000*	*HK$'000*
C	**Exempted continuing connected transactions**				
3	Reimbursement of administrative expenses	EIML	770	1,793	1,330
4	Corporate finance advisory services	Emperor Corporate Finance	–	–	–
5	Provision of advertising service	various members of the Emperor Group	380	248	2,206
6	Use of modelling services	Emperor Entertainment (Hong Kong) Limited	126	–	185
7	Use of advertising space	Honour Fine Limited	–	–	110

	Transactions	Entities under the Emperor Group	Historical figures For the years ended 31 December 2020	2021	2022
			HK$'000	*HK$'000*	*HK$'000*
C	**Discontinued connected transactions**				
1	Tenancy agreements for our office in Kwun Tong	Winning Treasure	6,330	2,596	–
2	Licence agreements in relation to certain areas in NMG Tower	Winning Treasure	707	222	–

The following sets out details of these transactions.

A. Non-recurring connected transactions

1. *Sponsor fee,* [REDACTED] *fee and* [REDACTED] *fee in connection with the* [REDACTED]

Emperor Corporate Finance has been appointed as one of the Joint Sponsors for the **[REDACTED]** pursuant to an engagement letter dated 23 February 2021 (as supplemented by supplemental engagement letters dated 11 May 2022 and 30 March 2023). Emperor Corporate Finance charges a total fee of HK$**[REDACTED]** million under the engagement letter and all expenses incurred by Emperor Corporate Finance in relation to the performance of service thereunder shall be reimbursed by our Company. Up to the Latest Practicable Date, fee paid to Emperor Corporate Finance amounted to HK$**[REDACTED]** million and the balance of the sponsor fee of HK$**[REDACTED]** million shall be payable in accordance with the terms of the engagement letter.

Emperor Corporate Finance has also been appointed as one of the **[REDACTED]** for the **[REDACTED]** pursuant to an engagement letter dated 8 March 2023. Emperor Corporate Finance Limited will receive a fee for acting as one of the **[REDACTED]** equal to **[REDACTED]**% of the aggregated **[REDACTED]** payable for the **[REDACTED]**. The maximum **[REDACTED]** fee to be received by Emperor Corporate Finance is estimated to be approximately HK$**[REDACTED]** million, based on the **[REDACTED]** of **[REDACTED]** per **[REDACTED]**, being the highest of the range of the **[REDACTED]** of between **[REDACTED]** per Share and **[REDACTED]** per Share.

On 29 June 2023, our Company entered into the **[REDACTED]** with, inter alia, Emperor Securities. Pursuant to the terms of the **[REDACTED]**, the **[REDACTED]** (including Emperor Securities) will receive a commission equal to **[REDACTED]**% of the aggregate **[REDACTED]** payable for the **[REDACTED]**. The maximum **[REDACTED]** fee to be received by Emperor Securities is estimated to be approximately HK$**[REDACTED]** million, based on the **[REDACTED]** of **[REDACTED]** per **[REDACTED]**, being the highest of the range of the **[REDACTED]** of between **[REDACTED]** per Share and **[REDACTED]** per Share and an **[REDACTED]** commitment of not more than **[REDACTED]** Shares pursuant to the terms of the **[REDACTED]**.

Emperor Corporate Finance and Emperor Securities are indirect wholly-owned subsidiaries of Emperor Capital Group, which was in turn owned as to approximately 42.72% by Emperor Capital Group Holdings Limited, a wholly-owned subsidiary of Albert Yeung Capital Holdings Limited ("**AY Capital Holdings**"). AY Capital Holdings was as at the Latest Practicable Date, in turn held by CDM Trust & Board Services AG ("**CDM Trust**") in trust for a private discretionary trust set up by Dr. Albert Yeung.

Our Group has obtained quotations from other licensed corporations for provision of services in connection with the **[REDACTED]**. The Board considers the sponsor fee, **[REDACTED]** fee and **[REDACTED]** commission charged by Emperor Corporate Finance and Emperor Securities are of normal commercial terms or better when compared with fees charged by other providers of similar services. The Directors (including the independent non-executive Directors) are of the view that the sponsor fee and **[REDACTED]** fee payable to Emperor Corporate Finance and **[REDACTED]** commission payable to Emperor Securities and the terms of the agreements are fair and reasonable and are on normal commercial terms or better.

The above engagements of Emperor Corporate Finance and **[REDACTED]** with Emperor Securities are one-off transactions in connection with the **[REDACTED]** and not recurring thereafter.

B. Exempted connected transactions

2. The deed of undertaking in relation to a term loan facility

In November 2022, Media Publishing obtained a term loan facility (the "**Term Loan Facility**") from a bank with a facility limit of HK$6,000,000. The Term Loan Facility is guaranteed by the Company for an unlimited amount. A deed of undertaking was executed by AY Holdings (the "**Deed of Undertaking**"), pursuant to which AY Holdings unconditionally and irrecoverably covenants and undertakes with the bank that if the Company's Shares are not **[REDACTED]** on the Stock Exchange within eleven months from 30 November 2022, i.e. on or before 31 October 2023, AY Holdings shall immediately provide or cause to be provided to Media Publishing with sufficient funding for repaying all outstanding indebtedness under the Term Loan Facility in full. The Deed of Undertaking will therefore be of no further application upon **[REDACTED]**.

No consideration has been paid by us to AY Holdings for the Deed of Undertaking and no counter guarantee, indemnity or security over the assets of our Group has been given by our Group to AY Holdings in this connection.

The Directors, including the independent non-executive Directors, considered that the Deed of Undertaking has been provided on normal commercial terms or better to our Company, and since no counter guarantee, indemnity or security over the assets of our Group have been granted in respect of the Deed of Undertaking, the above transaction will be regarded as exempted connected transaction of our Group under Rule 14A.90 of the Listing Rules, which would be exempt from the reporting, announcement, circular, annual review and independent Shareholders' approval requirements.

C. Exempted continuing connected transactions

3. Reimbursement of administrative expenses

Background:

EIML has been providing administrative and back office support services, including human resources, information technology support, legal advisory services and other administrative services to our Group. The costs of such services provided by EIML were shared among other operations of Emperor Group. For the financial years ended 31 December 2020, 2021 and 2022, the administrative and back office support service fees paid by our Group to EIML amounted to approximately HK$0.8 million, HK$1.8 million and HK$1.3 million respectively.

EIML is a wholly-owned subsidiary of Emperor International, which is controlled by AY Holdings. Accordingly, EIML is a connected person of the Company under the Listing Rules.

Reasons for the transaction:

The Directors consider the administrative and back office support services provided to our Group by EIML enable our Group to cut down administration costs and to operate at a cost-effective manner. Our Group will continue to engage the administrative and back office support services including human resources, information technology support, professional consultancy and legal advisory services and other administrative services from EIML and such services will constitute a continuing connected transaction under Rule 14A.31 of the Listing Rules after **[REDACTED]**.

Pricing:

The administrative and back office support services to be shared by our Group and other operations of the Emperor Group shall be based on actual cost incurred, the actual usage of the services and utilisation of staff time in terms of percentage by each individual operation (including our Group) to calculate the portion of cost to be charged to us. As a result, the price for these administrative and back office support service fees shall be charged on a cost basis. The costs to be shared are mainly salaries, bonus, provident funds and other related expenses of the staff providing the services and the relevant expenses incidental to the provision of such services including telecommunication charges and repair and maintenance expenses. In view that the cost of administrative and back office support services is to be allocated to our Group on cost and actual usage basis, the Directors, including the independent non-executive Directors, consider that the terms of the administrative and back office services are fair and reasonable and on normal commercial terms. The sharing of administrative and back office services on a cost basis fall within the exemption under Rule 14A.73(8) of the Listing Rules.

4. *Corporate finance advisory services*

Background:

Our Company has engaged Emperor Corporate Finance as one of the Joint Sponsors and one of the **[REDACTED]** for the **[REDACTED]**. Upon **[REDACTED]**, our Company will continue to engage Emperor Corporate Finance for the provision of corporate finance advisory services on annual retainer basis and on project basis from time to time. No similar cost was incurred during the Track Record Period.

Emperor Corporate Finance is a corporation licensed under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities. It is an indirect wholly-owned subsidiary of Emperor Capital Group. AY Capital Holdings is the controlling shareholder of Emperor Capital Group. AY Capital Holdings is in turn held by CDM Trust in trust for a private discretionary trust set up by Dr. Albert Yeung. The ongoing provision of corporate financial advisory services by Emperor Corporate Finance will constitute a continuing connected transaction under Rule 14A.31 of the Listing Rules after **[REDACTED]**.

Pricing:

The price for these corporate financial advisory services will be determined with reference to the market price for such corporate finance advisory services in the open market on an arm's length basis. The annual retainer fee payable by our Group to Emperor Corporate Finance shall be HK$20,000 per month and the fees payable for projects shall be determined on a case by case basis on arms-length negotiation with reference to the complexity of the transactions and time requirement at time of the engagement. The fee payable for such services shall be no less favourable to our Group than those offered by other financial advisors who are Independent Third Parties. The Directors, including the independent non-executive Directors, consider that the engagement of such services is in the ordinary course of business of our Group after **[REDACTED]** and on normal commercial terms that are fair and reasonable and is in the interests of our Company and the Shareholders as a whole.

As the annual amount of fee payable by our Group to Emperor Corporate Finance for such services for the financial years ending 31 December 2023, 31 December 2024 and 31 December 2025 (excluding the sponsor fee and **[REDACTED]** fee for the **[REDACTED]**) is expected to be less than 5% of the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules (other than the profit ratio) and the total consideration is less than HK$3,000,000, the engagement shall be exempt from reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

5. Provision of advertising service

A number of connected persons, including the members of the Emperor Group, have been clients of the Group for our diversified advertising products and services. For each of the three years ended 31 December 2022, the aggregate amount received by our Group for these services, including service fee and commission income, was approximately HK$0.4 million, HK$0.2 million and HK$2.2 million respectively.

The prices for these advertising services have been determined by our Group and these connected persons after arm's length negotiation with reference to the market prices and on such terms that are no more favourable to them than those applicable to our clients who are Independent Third Parties.

The Directors, including the independent non-executive Directors, consider that the provision of these advertising services is in the ordinary course of business of our Group and on normal commercial terms that are fair and reasonable and is in the interests of our Company and the Shareholders as a whole.

The Directors believe that these services may recur in the future. However, it cannot be ascertained whether and when any connected persons will require any advertising service from our Group and therefore it is difficult to ascertain a cap for future financial years after **[REDACTED]**. Our Company will comply with relevant requirements of the applicable Listing Rules after **[REDACTED]** as and when appropriate.

6. Use of modelling services

During the Track Record Period, Emperor Entertainment (Hong Kong) Limited provided modelling services to the events and campaigns organised by our Group. For each of the three years ended 31 December 2022, the expenses for modelling services provided by Emperor Entertainment (Hong Kong) Limited amounted to approximately HK$126,000, nil and HK$185,000 respectively.

Emperor Entertainment (Hong Kong) Limited is principally engaged in trading and production of audio-visual products, licensing of musical works, provision of management services to artistes, and concert management and organisation. It is controlled by a private discretionary trust which was set up by Dr. Albert Yeung.

The service fee paid by our Group to Emperor Entertainment (Hong Kong) Limited for these services were based on arm's length negotiation and on such terms that are no less favourable to our Group than those offered by Independent Third Parties.

The Directors, including the independent non-executive Directors, consider that the expenses for the modelling services provided by Emperor Entertainment (Hong Kong) Limited to the Group is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

It is expected that the Group may continue to obtain modelling services from Emperor Entertainment (Hong Kong) Limited following **[REDACTED]**. However, the annual fee payable by our Group to it for such services for the financial years ending 31 December 2023, 31 December 2024 and 31 December 2025 is expected to be less than 5% of the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules (other than the profits ratio) and HK$3,000,000 in total, they shall be fully exempt from reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

7. Use of advertising space

During the year ended 31 December 2022, Honour Fine Limited, a wholly-owned subsidiary of Emperor Capital Group, provided advertising space for a campaign organised by our Group; the amount of licence fee paid by our Group to Honour Fine Limited amounted to HK$110,000.

Honour Fine Limited manages a channel on a social digital media platform which shares financial news with commentary, and live-stream interviews with guests.

The license fees paid by our Group to Honour Fine Limited for the advertising space were based on arm's length negotiation. Our Directors, including the independent non-executive Directors, consider that the expenses for the advertising spaces provided by Honour Fine Limited to our Group is on normal commercial terms, fair and reasonable and in the interests of our Company and the Shareholders as a whole.

It is expected that our Group may continue to obtain advertising space from Honour Fine Limited following **[REDACTED]**. However, the annual fee payable by our Group to it for such space for the financial years ending 31 December 2023, 31 December 2024 and 31 December 2025 is expected to be less than 5% of the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules (other than the profits ratio) and HK$3,000,000 in total, they shall be fully exempt from reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

C. Discontinued connected transactions

1. Tenancy agreements for the Premises

Background:

During the Track Record Period, our Group had the following tenancy agreements with Winning Treasure, a wholly-owned subsidiary of Emperor International during the two financial years ended 31 December 2020 and up to 21 April 2021, in relation to our Group's office in Hong Kong:

	Date of Agreement	Tenant (subsidiary of the Company)	Location	Term	Monthly rental	Other charges payable to landlord
(a)	10 April 2017	NMG Publishing	Whole of 1st Floor, 2nd Floor, 6th Floor, 7th Floor, 8th Floor and 9th Floor, NMG Tower (saleable area: approximately 46,294 square feet)	from 1 April 2017 to 31 March 2020 with an option to renew for a further term of three years	1st Year – HK$750,000 2nd Year – HK$920,000 3rd Year – HK$1,080,000 (all exclusive of rates, management fees and all other outgoings)	management fee and air-conditioning charges of HK$173,037.20 per month

Note: The parties entered into a surrender agreement dated 31 December 2019 terminating the above tenancy with effect from 31 August 2019 and entered into the tenancy agreement dated 31 December 2019 described in (b) below.

	Date of Agreement	Tenant (subsidiary of the Company)	Location	Term	Monthly rental	Other charges payable to landlord
(b)	31 December 2019	Media Publishing	All that Portion of 1st Floor, Whole Floor of 2nd Floor, 6th Floor, 7th Floor, 8th Floor and 9th Floor, NMG Tower, (saleable area: approximately 46,294 square feet)	from 1 September 2019 to 31 August 2022	HK$823,000 (exclusive of management fees and air-conditioning charges, rates and all other outgoings) with six months' rent free period during the term	management fee and air-conditioning charges of HK$156,072.20 per month

Note: The parties entered into a surrender agreement dated 27 November 2020 terminating this tenancy with effect from 31 May 2020 and entered into the tenancy agreement described in (c) below.

	Date of Agreement	Tenant (subsidiary of the Company)	Location	Term	Monthly rental	Other charges payable to landlord
(c)	11 December 2020	Media Publishing	All that Portion of 1st Floor, 6th Floor, 7th Floor, 8th Floor and 9th Floor, NMG Tower (saleable area: approximately 37,336 square feet)	from 1 June 2020 to 31 August 2022	HK$649,000 (exclusive of management fees and air-conditioning charges, rates and all other outgoings) with four months' rent free period during the term	management fee and air-conditioning charges of HK$123,070.20 per month

Note: Winning Treasure served notice of early termination dated 21 April 2021 terminating the tenancies with effect from 31 January 2022.

2. ***Licence agreements in relation to certain areas in NMG Tower***

Background:

During the Track Record Period, our Group had the following licence agreements with Winning Treasure in relation to certain areas in NMG Tower:

	Date of Agreement	Licensee (subsidiary of the Company)	Location	Term	Monthly rental
(a)	nine Licence Agreements all dated 20 April 2017	NMG Publishing	Car Parks Nos. 1 to 9, Ground Floor, NMG Tower	on monthly basis commencing from 1 April 2017	HK$3,200 per car park (inclusive of management fee, government rent and rates)

Note: The licences for Car Parks Nos. 1, 4 to 5 and 8 to 9 were superseded by the Licence Agreements all dated 4 June 2020 described in (b) below while the licences for Car Parks Nos. 2 and 3 were superseded by the Licence Agreements all dated 5 June 2020 described in (c) below.

(b)	five Licence Agreements all dated 4 June 2020	Media Publishing	Car Parks Nos. 1, 4 to 5 and 8 to 9, Ground Floor, NMG Tower	from 1 April 2020 to 31 August 2022	HK$3,200 per car park (inclusive of management fee, government rent and rates)

Note: The licences have been terminated with effect from 31 May 2021.

	Date of Agreement	Licensee (subsidiary of the Company)	Location	Term	Monthly rental
(c)	two Licence Agreements all dated 5 June 2020	Media Publishing	Car Parks Nos.2 and 3, Ground Floor, NMG Tower	from 1 April 2020 to 31 August 2022	HK$3,200 per car park (inclusive of management fee, government rent and rates)

Note: The licences have been terminated with effect from 31 May 2021.

(d)	6 April 2017	NMG Publishing	Area of CRAC Units, Roof Floor, NMG Tower	from 1 April 2017 to 31 March 2020	HK$5,000 (inclusive of management fee, rates and government rent but exclusive of other outgoings)
(e)	30 November 2020	Media Publishing	Area of CRAC Units, Roof Floor, NMG Tower	from 1 April 2020 to 31 August 2022	HK$5,000 (inclusive of management fee, rates and government rent but exclusive of other outgoings)

Note: Winning Treasure served notice of early termination dated 21 April 2021 terminating the licence with effect from 31 January 2022.

(f)	6 April 2017	NMG Publishing	Area of Emergency Generator, Roof Floor, NMG Tower	from 1 April 2017 to 31 March 2020	HK$1,000 (inclusive of management fee, rates and government rent but exclusive of other outgoings)
(g)	30 November 2020	Media Publishing	Area of Emergency Generator, Roof Floor, NMG Tower	from 1 April 2020 to 31 August 2022	HK$1,000 (inclusive of management fee, rates and government rent but exclusive of other outgoings)

Note: The licence has been terminated with effect from 21 April 2021.

(h)	10 April 2017	NMG Publishing	Redemption Centre with a Storeroom, Ground Floor, NMG Tower	from 1 April 2017 to 31 March 2020	1st year – HK$8,049.72 2nd year – HK$9,996 3rd year – HK$11,760 (all inclusive of government rent, rates and management fee but exclusive of all other outgoings)

	Date of Agreement	Licensee (subsidiary of the Company)	Location	Term	Monthly rental
(i)	30 November 2020	Media Publishing	Redemption Centre with a Storeroom, Ground Floor, NMG Tower	from 1 April 2020 to 31 August 2022	HK$8,991 (inclusive of government rent, rates and management fee but exclusive of all other outgoings)

Note: The licence was terminated with effect from 30 April 2021.

(j)	6 April 2017	NMG Publishing	Signage No.1, G/F, NMG Tower	from 1 April 2017 to 31 March 2020	HK$2,000 (inclusive of government rent, rates and management fee but exclusive of all other outgoings)
(k)	30 November 2020	Media Publishing	Signage No.1, G/F, NMG Tower	from 1 April 2020 to 31 August 2022	HK$2,000 (inclusive of government rent, rates and management fee but exclusive of all other outgoings)

Note: The license was terminated with effect from 4 May 2021.

(l)	10 April 2017	NMG Publishing	Signage No.2, R/F , NMG Tower	from 1 April 2017 to 31 March 2020	HK$1,000 (inclusive of government rent, rates and management fee but exclusive of all other outgoings)
(m)	30 November 2020	Media Publishing	Signage No.2, R/F, NMG Tower	from 1 April 2020 to 31 August 2022	HK$1,000 (inclusive of government rent, rates and management fee but exclusive of all other outgoings)

Note: The license was terminated with effect from 4 May 2021.

(n)	6 April 2017	NMG Publishing	Storeroom No. 1, Ground Floor, NMG Tower	from 1 April 2017 to 31 March 2020	1st year – HK$10,924.62 2nd year – HK$13,566 3rd year – HK$15,960 (all inclusive of government rent, rates and management fee but exclusive of all other outgoings)

	Date of Agreement	Licensee (subsidiary of the Company)	Location	Term	Monthly rental
(o)	30 November 2020	Media Publishing	Storeroom No. 1, Ground Floor, NMG Tower	from 1 April 2020 to 31 August 2022	HK$12,201 (inclusive of government rent, rates and management fee but exclusive of all other outgoings)

Note: The licence has been terminated with effect from 30 April 2021.

For the financial years ended 31 December 2020, 2021 and 2022, the aggregate amount of rental, management fee and air-conditioning charges and license fee paid by the Group to Emperor International amounted to approximately HK$7.0 million, HK$2.8 million and nil respectively.

The Directors (including the independent non-executive Directors) are of the view that the rental and licence fee under the said tenancy agreements and licence agreements was at market rental and the terms of the agreements were fair and reasonable and on normal commercial terms and in the interest of our Group. In particular, the management fee and air-conditioning charges were in line with those charged to independent tenants of NMG Tower.

Ravia Global Appraisal Advisory Limited, a professional valuer which is an Independent Third Party, has reviewed the above tenancy agreements and licence agreements and confirmed that the rental and licence fee payable under the tenancy agreements and licence agreements were at the market rental prevailing at the commencement date of the relevant tenancies and licences and that the commercial terms in the agreements were fair and reasonable and on normal commercial terms.

Based on the above, the Joint Sponsors concur with the view of the Directors that the charging bases of the said rental, management fee, air-conditioning charges and license fee paid by our Group to Emperor International were market rates and were fair and reasonable.

Connected person

At the time of entering into these tenancy agreements and licence agreements and during the two financial years ended 31 December 2020 and up to 21 April 2021, Winning Treasure was an indirect wholly-owned subsidiary of Emperor International, whose principal business is the holding and leasing of NMG Tower.

As AY Holdings was the controlling shareholder of Emperor International at the material time, the aforesaid transactions constituted connected transactions of our Company under Chapter 14A of the Listing Rules.

As Emperor International disposed of its entire interest in Winning Treasure on 21 April 2021, Winning Treasure ceased to be a connected person of our Company thereafter. Winning Treasure has served a notice of termination on us terminating the tenancy agreement dated 11 December 2020 and the licence agreement dated 30 November 2020 with effect from 31 January 2022 and we have vacated the Premises before such date.

You should read the following discussion and analysis in conjunction with our consolidated financial information and notes thereto set forth in the Accountants' Report included as Appendix I and our selected historical consolidated financial information as of and for each of the years ended 31 December 2020, 2021 and 2022 and operating data included elsewhere in this document. Our consolidated financial information has been prepared in accordance with Hong Kong Financial Reporting Standards, which may differ in material respects from the generally accepted accounting principles in other jurisdictions.

This discussion and analysis contains forward-looking statements that are based on assumptions and analysis in light of our current conditions. Our actual results may differ significantly from our expectations and predictions and will be affected by a number of risks and uncertainties over which we do not have control. Factors that might cause or contribute to such differences include, without limitation, those discussed in the section headed "Risk Factors" in this document.

OVERVIEW

We are a digital media company, providing integrated advertising solutions to advertisers ranging from multi-national brand owners, advertising agencies to SMEs primarily through our digital media platforms. We produce and distribute contents on diverse areas of interest under our different well-known and popular brands, including "新假期" (Weekend Weekly), "東方新地" (Oriental Sunday), "經濟一週" (Economic Digest) and "新Monday" (New Monday / NM+) which started off as print magazines in the early 2000s and have a strong heritage.

During the Track Record Period, our income is derived principally from the provision of integrated advertising solutions which are primarily distributed on our Digital Media Platforms and, with diminishing proportion, our print publications. For each of the three years ended 31 December 2022, our income derived from (i) the digital business represented approximately 85.2%, 94.6% and 95.2% of our total revenue respectively; (ii) the circulation of our publications represented approximately 8.9%, 1.4% and 1.2% of our total revenue respectively; and (iii) advertising in our print publications represented approximately 5.9%, 4.0% and 3.6% of our total revenue respectively.

BASIS OF PRESENTATION AND PREPARATION

In preparation for the **[REDACTED]**, our Group completed the Reorganisation pursuant to which our Company became the holding company of the companies now comprising our Group on 22 March 2021. Please see "History, Reorganisation and Corporate Structure — Reorganisation" for more information about the Reorganisation. Since our Group was under the common control of our Controlling Shareholders throughout the Track Record Period and prior to and after the Reorganisation, our Group comprising our Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

Our consolidated financial information for the Track Record Period has been prepared in accordance with the HKFRSs and applicable disclosures requirements of the Listing Rules and the Companies Ordinance. Our consolidated financial information for the Track Record Period is presented in HK$, our Company's functional and presentation currency. Details regarding the basis of presentation and basis of preparation of our consolidated financial information for the Track Record Period are set out in notes 2.1 and 2.2, respectively to the Accountants' Report.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITIONS

Our Group's financial results will be affected by a number of factors, some of which may not be within our Group's control. Our Directors believe that major factors affecting our Group's revenue and ability to continue to generate profits include the following:

Changing preferences and tastes of audience

The digital advertising industry is a fast-growing industry that is constantly evolving and is highly fragmented and dependent on audience preference. A predominant portion of our revenue is generated through our digital advertising business. As such, our future success largely depends on our ability to constantly generate engaging digital contents for our audience, thus to attract traffic to our Digital Media Platforms. With loose regulatory requirements, the threshold to enter into the digital advertising market in Hong Kong is relatively low and we face fierce competitions from various types of advertisers including traditional publishers, online content creators or even influencers on various social media platforms.

Economic conditions in Hong Kong

Given the nature of the principal business of our Group as an integrated advertising solutions provider in Hong Kong, our Directors are of the view that the business performance of our Group was and will be highly correlated with the economic conditions and the purchasing power of the consumers in Hong Kong. Our Directors believe that any change in economic conditions in Hong Kong will affect our Group's revenue and future profits.

Brand image and recognition

We believe our strong brand recognition is one of the keys to our success in solidifying the leading position in our viewership and reputation in the digital advertising industry and that the maintenance and enhancement of our brand image is critical to our Group's business growth.

Our brand image may be adversely affected if our reputation is tarnished or defamed by any negative publicity, which in turn may significantly and adversely impact our reputation and popularity and thereby lead to drop in our viewership and market shares.

Ability to retain clients

Our clients generally engage our services on a project-by-project basis and enter into contracts with us for individual campaigns as and when the need arise. Our business prospect depends on our ability to maintain the relationship with our existing clients. There is no guarantee that clients who engage us repeatedly before will engage us in the future and our revenue may fluctuate depending on the engagements that we are able to secure for the relevant period.

We believe our ability to maintain constant engagement from our clients is mostly dependent on our business relationships with them via providing a wide range of advertising solutions that can achieve their business objectives. If our advertising solutions fail to achieve our clients' objectives or deviate from their expectations, they may lose trust in us, which in turn may deter them from engaging with us again and opt for our competitors instead.

SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Our consolidated financial information has been prepared in accordance with HKFRSs. We have identified certain accounting policies that are significant to the preparation of our consolidated financial information. These accounting policies are important for an understanding of our financial position and results of operations and are set forth in note 2.4 of Section II of the Accountants' Report set forth in Appendix I to this document.

In the process of applying the Group's accounting policies, we have to make judgements, estimates and assumptions that affected the reported amounts and the disclosure of our consolidated financial information, at the end of each of the three years ended 31 December 2020, 2021 and 2022. However, uncertainties about these assumptions, estimates and judgements could result in outcomes that require a material adjustment to the carrying amounts of the assets and liabilities in the future. These key assumptions and estimates are subject to change in the future, as necessary, and are set forth in note 3 of Section II of the Accountants' Report set forth in Appendix I to this document. We continually evaluate our judgements and estimates based on various factors, including, but not limited to, historical experience and expectation of future events/outcomes that are believed to be reasonable under the circumstances. As a result, actual outcomes might differ from these estimates.

RESULTS OF OPERATIONS

The following is a summary of the audited consolidated statements of profit or loss and other comprehensive income of our Group for the three years ended 31 December 2020, 2021 and the 2022 which are extracted from, and should be read in conjunction with, the Accountants' Report set out in Appendix I to this document.

	Year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	211,589	245,199	240,678
Other income and gains	17,421	4,437	7,311
Employee benefit expense	(99,474)	(104,622)	(94,684)
Production costs	(47,250)	(53,893)	(59,522)
Printing costs	(8,430)	(2,884)	(2,982)
Depreciation and amortisation	(11,346)	(14,015)	(17,079)
Other expense, net	(13,997)	(28,943)	(21,252)
Finance costs	(1,817)	(3,159)	(5,626)
Profit before tax	46,696	42,120	46,844
Income tax expense	(5,528)	(9,071)	(7,413)
Profit for the year	41,168	33,049	39,431
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	100	(8)	32
Total comprehensive income for the year	41,268	33,041	39,463

Non-HKFRS Measure

Non-HKFRS measure is not a standard measure under HKFRSs. We believe the non-HKFRS measure set out below provides useful information to investors about our operating performance, and enhances the overall understanding of our past performance and future prospects in the same manner as our management.

We define adjusted net profit (non-HKFRS measure) as profit for the year adjusted by expenses for the **[REDACTED]**. Given that **[REDACTED]** expenses were incurred for the purpose of the **[REDACTED]**, the adjustment has been consistently made during the Track Record Period.

The non-HKFRS measure shall not be considered in isolation from, or as substitute for analysis of, our consolidated statement of profit or loss or financial condition as reported under HKFRSs. In addition, the non-HKFRS measure may be defined separately from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

The table below sets forth our adjusted net profit (Non-HKFRS measure) for each respective years during the Track Record Period:

	Year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Profit for the year	41,168	33,049	39,431
Adjustment for:			
[REDACTED] expenses	–	9,356	4,125
Adjusted net profit (Non-HKFRS measure) for the year	**41,168**	**42,405**	**43,556**
Adjusted net profit margin (Non-HKFRS measure) for the year	**19.5%**	**17.3%**	**18.1%**

Our adjusted net profit (Non-HKFRS measure) increased by approximately 3.0% from approximately HK$41.2 million for the year ended 31 December 2020 to approximately HK$42.4 million for the year ended 31 December 2021, which was mainly attributable to the combined effect of (i) the increase in our revenue of approximately HK$33.6 million as businesses and the general public being adapted to the COVID-19 pandemic and, in particular, our digital advertising income increased by approximately HK$51.6 million for the year ended 31 December 2021; (ii) the increase in our production costs due to the increase in our boosting costs and was partly offset by the decrease in our printing costs due to the cessation of the publication of the weekly 3-in-1 Oriental Sunday Magazine with the last issue in December 2020; and (iii) the decrease in our other income and gains of approximately HK$13.0 million, which was mainly attributable to no government subsidy was received for the year ended 31 December 2021.

Our adjusted net profit (Non-HKFRS measure) increased by approximately HK$1.2 million from approximately HK$42.4 million for the year ended 31 December 2021 to approximately HK$43.6 million for the year ended 31 December 2022, which was principally attributable to the combined effect of (i) the decrease in our revenue by approximately HK$4.5 million for the year ended 31 December 2022; and (ii) the increase in our production costs, depreciation and amortisation and finance costs of approximately HK$5.6 million, HK$3.1 million and HK$2.5 million, respectively, which was partly offset by (i) the decrease in our employee benefit expense of approximately HK$9.9 million for the year ended 31 December 2022; and (ii) the increase in our other income and gains of approximately HK$2.9 million, which was partly due to the government subsidies received for the year ended 31 December 2022.

DISCUSSION AND ANALYSIS ON PRINCIPAL ITEMS IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

During the Track Record Period, we derived our revenue from (i) the provision of integrated advertising solutions which are principally distributed on our Digital Media Platforms and print publications; and (ii) the circulation of our publications.

The following table sets forth the breakdown of our revenue during the Track Record Period:

	Year ended 31 December					
	2020		2021		2022	
	HK$'000	*% of revenue*	*HK$'000*	*% of revenue*	*HK$'000*	*% of revenue*
Advertising						
Digital advertising						
– Online advertising income	157,401	74.4	195,071	79.6	188,090	78.1
– Programmatic advertising income	22,851	10.8	36,787	15.0	41,079	17.1
	180,252	85.2	231,858	94.6	229,169	95.2
Print advertising	12,608	5.9	9,849	4.0	8,608	3.6
Subtotal	192,860	91.1	241,707	98.6	237,777	98.8
Circulation	18,729	8.9	3,492	1.4	2,901	1.2
Total	211,589	100.0	245,199	100.0	240,678	100.0

Advertising

During the Track Record Period, the majority of our revenue is derived from the provision of online advertising solutions on our media platforms, which amounted to approximately HK$157.4 million, HK$195.1 million and HK$188.1 million, and accounted for approximately 74.4%, 79.6% and 78.1% of our total revenue for the years ended 31 December 2020, 2021 and 2022, respectively.

For the year ended 31 December 2021, our advertising revenue increased by approximately 25.3% from approximately HK$192.9 million for the year ended 31 December 2020 to approximately HK$241.7 million, which our Directors believe was primarily due to the gradual recovery of consumer spending power in Hong Kong as consumers have adapted to the COVID-19 pandemic environment, which drove the advertising spending of brand owners particularly during the last quarter of 2021.

For the year ended 31 December 2022, our advertising revenue slightly decreased by approximately 1.6% from approximately HK$241.7 million for the year ended 31 December 2021 to approximately HK$237.8 million, which was primarily attributable to the decrease in the advertising spending of advertisers impacted by the fifth wave of COVID-19 pandemic during the first quarter of 2022 in Hong Kong and the gradual easing of the fifth wave of the pandemic from April 2022 and the relaxation of social distancing measures, quarantine measures and travel-related measures in the last quarter of 2022.

For details of the impact of COVID-19 on our business and financial performance, please refer to "Business – Impact of COVID-19" in this document.

During the Track Record Period, clients of our advertising solutions generally consisted of advertising agencies and brand owners through direct contracts, and we also generated revenue from programmatic advertising through platforms of the SSPs. The following table sets forth the breakdown of such advertising revenue by type of clients during the Track Record Period:

	Year ended 31 December					
Category	**2020**		**2021**		**2022**	
	HK$'000	*% of total advertising revenue*	*HK$'000*	*% of total advertising revenue*	*HK$'000*	*% of total advertising revenue*
Non-programmatic						
Advertising agencies	105,785	54.9	114,152	47.2	101,152	42.5
Brand owners and others	64,224	33.3	90,768	37.6	95,546	40.2
Subtotal	170,009	88.2	204,920	84.8	196,698	82.7
Programmatic						
SSPs	22,851	11.8	36,787	15.2	41,079	17.3
Total	192,860	100.0	241,707	100.0	237,777	100.0

During the Track Record Period, we derived advertising revenue from a large number of clients ranging from multinational and local brand owners to SMEs across a variety of industries as well as advertising agencies operating in Hong Kong. The following table shows a breakdown of our Group's non-programmatic advertising revenue by industry sectors for the Track Record Period:

	Year ended 31 December					
Business sector	**2020**		**2021**		**2022**	
	HK$'000	*% of total non-programmatic advertising revenue*	*HK$'000*	*% of total non-programmatic advertising revenue*	*HK$'000*	*% of total non-programmatic advertising revenue*
Cosmetics and skincare, toiletries and household, pharmaceuticals	55,221	32.5	71,950	35.1	50,440	25.6
Banking, insurance and investment services	24,163	14.2	36,647	17.9	35,978	18.3
Jewellery and watches and fashion and luxury products	20,844	12.3	19,504	9.5	28,368	14.4
Retail and online shop, electronic appliances	19,249	11.3	28,243	13.8	30,765	15.6
Food and beverage, restaurant and food delivery	23,940	14.1	23,635	11.5	26,291	13.4
Government, non-profit organisations and public services	4,462	2.6	6,476	3.2	9,549	4.9
Hotel, travel and tourism services	5,010	2.9	6,945	3.4	5,190	2.6
Telecommunication, mobile phones and services	2,352	1.4	2,886	1.4	2,980	1.5
Properties and real estate	2,078	1.2	1,384	0.7	1,064	0.6
Others	12,690	7.5	7,250	3.5	6,073	3.1
Total	170,009	100.0	204,920	100.0	196,698	100.0

For the year ended 31 December 2021, we recorded an increase in advertising revenue from majority of the industry sectors due to business being gradually adapted to the COVID-19 pandemic environment. The increase was significant in the (i) banking, insurance and investment services; (ii) retail and online shop, electronic appliances and (iii) cosmetic and skincare, toiletries and household, pharmaceuticals sector. Our Directors consider the increases in revenue from these sectors were mainly due to (i) general adaptation of living under the COVID-19 pandemic by the public and hence businesses from these sectors relaunched their advertising campaigns; and (ii) people pay more attention to financial management due to more spare time and direct some travel spending to local market as a result of travelling restriction and social distancing measures.

For the year ended 31 December 2022, we recorded mixed performance from different industry sectors as compared to the year ended 31 December 2021. There were significant drop in the cosmetics and skin care, toiletries and household, pharmaceuticals sectors. With the outbreak of the fifth wave of the COVID-19 pandemic in Hong Kong since January 2022, stringent social distancing measures have been imposed in the first quarter of 2022, and these measures were only relaxed from the last quarter of 2022. Our Directors believe that the cosmetics and skin care and toiletries businesses were highly susceptible to the impact of these social distancing measures which led to reduced demand for such products, and businesses from these sectors therefore tended to be more cautious on their advertising campaigns during the first quarter of 2022. On the other hand, there was a significant increase in the jewellery and watches and fashion and luxury products sector while the banking, insurance and investment services sector remained stable, with both the food and beverage, restaurant and food delivery sector and retail and online shop, electronic appliances sector recording a marked increase. As the increases in these various sectors have to a large extent compensated the drop in the cosmetics and skin care, toiletries and household, pharmaceuticals sectors, and the banking, insurance and investment services sectors have remained stable, therefore despite the drop in the cosmetics and skin care, toiletries and household, pharmaceuticals sectors, the overall non-programmatic advertising revenue of the Group for the financial year ended 31 December 2022 had only dropped by approximately 4.0% as compared with that for the year ended 31 December 2021. For these reasons, the Directors are of the view, and the Joint Sponsors concur, that there is no material reliance by the Group on a particular business sector.

During Track Record Period, we generated programmatic advertising revenue through platforms of SSPs. The programmatic advertising revenue we receive as publisher is typically calculated by CPM. For illustrative purpose only, the following table sets forth our average programmatic advertising revenue per CPM (" **Average CPM**").

	Year ended 31 December		
	2020	**2021**	**2022**
	(approx.)	*(approx.)*	*(approx.)*
Programmatic advertising income ***(HK$'000)***	**22,851**	**36,787**	**41,079**
Impressions ***('000)***			
– Web impressions	2,322,768	2,609,158	4,267,451
– App impressions	51,439	222,531	405,501
Total	**2,374,207**	**2,831,689**	**4,672,952**
Average CPM ***(HK$) (Note)***	**9.6**	**13.0**	**8.8**

Note: Average CPM is calculated by dividing the programmatic advertising income by the total impressions on our Digital Media Platforms as discussed in the section headed "Business – Our Products and Services – Advertising Solutions"

The Average CPM went up from HK$9.6 in 2020 to HK$13.0 in 2021, and dropped to HK$8.8 in 2022. We believe that since the final price of our programmatic inventory is determined by automatic bidding on SSPs, the fluctuation in the Average CPM was mainly as a result of demand and supply of the overall advertisement inventories market. Accordingly, the fluctuation in the Average CPM generally reflected the overall advertising market sentiment throughout the Track Record Period which lied squarely from the onset of the COVID-19 pandemic in 2020 to a gradual easing and adaptation by the market in 2021, followed by the fifth wave in 2022 with a relatively intense and adverse effect to the market. The Industry Consultant expressed that average CPM can vary greatly depending on the products or services being advertised and advertising format. For instance, advertisers of products or services with narrower market may offer higher bids for advertisement inventory against other advertisers with less niche preference as there is less specific inventory targeting their desired audience. Therefore, a direct comparison of average CPM across different publishers could be constrained. Nevertheless, the Industry Consultant, having conducted trade interview with industry experts, is of the view that the fluctuation of the Group's Average CPM have remained largely in line with industry overall trend. In light of above, the Industry Consultant considered the fluctuation of the Group's Average CPM shared the similar growth and decline with the market trend during the Track Record Period.

Circulation

Our Group's revenue in publication circulation is primarily attributed to our printed magazines and books. During the Track Record Period, revenue derived from circulation of our publication amounted to approximately HK$18.7 million, HK$3.5 million and HK$2.9 million, and accounted for approximately 8.9%, 1.4% and 1.2% of our total revenue for the years ended 31 December 2020, 2021 and 2022, respectively. The following table shows a breakdown of such revenue by principal publication categories during the Track Record Period:

	Year ended 31 December					
	2020		**2021**		**2022**	
	HK$'000	*% of total circulation revenue*	*HK$'000*	*% of total circulation revenue*	*HK$'000*	*% of total circulation revenue*
3-in-1 Oriental Sunday Magazine	15,365	82.1	–	–	–	–
Weekend Weekly x GOtrip	–	–	266	7.6	–	–
Economic Digest	2,399	12.8	2,506	71.8	2,008	69.2
Madame Figaro	99	0.5	475	13.6	801	27.6
Travel guidebooks	677	3.6	170	4.9	43	1.5
Others	189	1.0	75	2.1	49	1.7
Total	18,729	100.0	3,492	100.0	2,901	100.0

Due to the structural shift in media platforms from traditional ones such as television, print and radio to online ones, our revenue generated from circulation recorded a decreasing trend during the Track Record Period. In view of the continuous shrank of the print media industry and the decrease in circulation and advertising revenue generated from the 3-in-1 Oriental Sunday Magazine, we ceased its publication after the last issue in December 2020 and launched the Weekend Weekly X GOtrip Magazine, which is a quarterly magazine, in 2021. Hence, our circulation revenue substantially decreased from approximately HK$18.7 million for the year ended 31 December 2020 to approximately HK$3.5 million for the year ended 31 December 2021. For the year ended 31 December 2022, as the issues of the Weekend Weekly x GOtrip Magazine were cancelled, the majority of revenue generated from circulation was attributable to Economic Digest Magazine and Madame Figaro Magazine which accounted for approximately HK$2.0 million and HK$0.8 million, respectively.

Other income and gains

Other income and gains of our Group amounted to approximately HK$17.4 million, HK$4.4 million and HK$7.3 million for the years ended 31 December 2020, 2021 and 2022 respectively, which mainly comprised of income from licensing of content, gain on lease modification, commission income, income from sales of scrap, the government subsidies for the years ended 31 December 2020 and 2022, gain on reversal of provisions for reinstatement costs for the year ended 31 December 2021 and subscribers fee to the Patreon page of Economic Digest. Income from sales of content represented the licensing fee received by our Group for granting of rights to third parties to use our digital contents outside of Hong Kong. The table below sets forth the breakdown of our Group's other income and gains for the Track Record Period:

	Year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Bank interest income	23	5	8
Accretion of interest on rental deposit paid	–	42	85
Government subsidies	15,959	–	5,680
Gain on lease modification	354	1,193	–
Gain on reversal of provisions for reinstatement costs	–	2,415	–
Commission income	496	191	145
Licensing of content	318	283	107
Sales of scrap	17	61	44
Covid-19-related rent concession from a lessor	–	29	–
Others	254	218	1,242
Total	17,421	4,437	7,311

Government Subsidies

During the year ended 31 December 2020, we received government subsidies of approximately HK$16.0 million under the Employment Support Scheme launched by the HKSAR Government. Such income represented approximately 7.5% and 38.8% of our revenue and profit for the year ended 31 December 2020, respectively.

During the year ended 31 December 2022, we received government subsidies of approximately HK$5.7 million under the Employment Support Scheme. Such income represented approximately 2.4% and 14.4% of our revenue and profit for and the year ended 31 December 2022, respectively.

Expenses

Employee benefit expense

Our business is highly people-oriented and relied on the retention of talented staff. During the Track Record Period, employee benefit expense represented the largest component of our Group's operating expenses. Employee benefit expense of our Group (including chief executive's remuneration) amounted to approximately HK$99.5 million, HK$104.6 million and HK$94.7 million for the years ended 31 December 2020, 2021 and 2022 respectively, representing approximately 47.0%, 42.7% and 39.3% of our total revenue for the corresponding periods. The employee benefits expense consisted of salaries and allowances, sales commission and bonuses and pension scheme contributions. The following table below sets forth the breakdown of our employee benefit expense for the Track Record Period:

	Year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Salaries, wages and allowances	89,539	84,058	84,087
Sales commission and bonuses	6,006	17,148	7,172
Pension scheme contributions	3,929	3,416	3,425
Total	99,474	104,622	94,684

For the years ended 31 December 2020, 2021 and 2022, salaries, wages and allowances amounted to approximately HK$89.5 million, HK$84.1 million and HK$84.1 million, respectively. The comparatively higher amount for salaries, wages and allowances incurred for the year ended 31 December 2020 was mainly attributable to the higher number of employees prior to the restructuring of our print business towards the end of 2020.

Our sales commission is determined in accordance with our Group's sales commission scheme, where sales staff are entitled to commissions aligned with key performance indicators of each individual at pre-defined and incremental commission rates depending on the level of achievement on the pre-set revenue targets. For the years ended 31 December 2020, 2021 and 2022, we incurred sales commission of approximately HK$4.5 million, HK$7.7 million and HK$5.8 million, respectively, which were generally in line with the trend of our advertising revenue during the Track Record Period. The higher sales commission for the year ended 31 December 2021 was mainly attributable to the increase of the Group's advertising revenue resulting from the resumption of advertising spending by advertisers. The decrease in our sales commission for the year ended 31 December 2022 as compared with that for the year ended 31 December 2021 was due to the sales revenue achieved by most sales staff falling into a lower band of the revenue targets primarily due to the outbreak of the fifth wave of the COVID-19 pandemic and the consequential stringent social distancing measures imposed in the first quarter of 2022 which were only relaxed from the last quarter of 2022 and has weighed heavily on a wide range of economic activities as well as economic sentiment in Hong Kong which in turn lowered the advertising spending of advertisers, which resulted in commission at the lower rate applicable to most of the advertising revenue for 2022.

With respect to the bonuses, approximately HK$1.5 million, HK$9.4 million and HK$1.4 million were incurred for the years ended 31 December 2020, 2021 and 2022, respectively. These were discretionary bonuses determined mainly with reference to the financial performance of the Group, among which performance related bonus to Mr. Royce Lee, being the Chief Executive Office of our Group, amounted to nil, approximately HK$4.6 million and nil for the years ended 31 December 2020, 2021 and 2022, respectively. For the year ended 31 December 2020, Mr. Royce Lee's entitlement to bonuses under his employment contract with the Group was to be determined based on agreed percentage of the net profit of the Group, and since the threshold set was not reached Mr. Royce Lee did not receive any bonus for that year. The higher bonuses for the year ended 31 December 2021 was determined by the Company with reference to the increase in the adjusted net profit (non-HKFRS measure) of approximately HK$1.2 million and the government subsidies of approximately HK$16.0 million and nil received for the years ended 31 December 2020 and 2021 respectively. For the financial year ended 31 December 2022, notwithstanding that the Group's adjusted net profit (non-HKFRS measure) increased slightly by approximately HK$1.2 million, the Group recorded minor decline in revenue of approximately 1.8% and received the government subsidies of approximately HK$5.7 million (nil for the year ended 31 December 2021), and in view that there was a spike in the COVID-19 pandemic cases in Mainland China in late 2022, a conservative approach was adopted in bonus payment for the year. As a result, the amount of bonuses for the financial year ended 31 December 2022 reduced to approximately HK$1.4 million.

The following table sets forth the number of full-time employees of our Group as at the end of, and the average monthly salary per employee for, the respective year stated below.

	As at 31 December		
	2020	**2021**	**2022**
Number of full-time employees	267	263	240

	For the year ended 31 December		
	2020	**2021**	**2022**
	HK$	*HK$*	*HK$*
	(approximately)	*(approximately)*	*(approximately)*
Average monthly salary per employee *(Note)*	25,300	26,400	27,900

Notes: Average monthly salary per employee is calculated by dividing the amount of salaries, wages and allowances by the average number of full-time employees of the Group (being the average head count of our full-time employees at the beginning and closing of the relevant year).

The average monthly salary per employee amounted to approximately HK$25,300, HK$26,400 and HK$27,900 for the three years ended 31 December 2020, 2021 and 2022, representing a year-on-year increase of approximately 4.7% and 5.4% for the years ended 31 December 2021 and 2022, respectively.

Production costs

During the Track Record Period, production costs comprised of boosting costs and other production costs which mainly represented payments to photographers, writers, freelancers and production houses for production of content and advertisements. The following table sets out the breakdown of our Group's production costs during the Track Record Period:

	Year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Boosting costs	29,246	35,547	31,723
Other production costs	18,004	18,346	27,799
Total	47,250	53,893	59,522

Boosting costs primarily represent costs paid to the social media platforms for gaining exposures of our contents among targeted audience of our social media platforms. In formulating the advertising solution campaign, our clients generally agree to a budget on boosting and we generally charge our clients the boosting costs on a cost-plus basis based on the boosting costs charged by the social media platforms plus a fixed percentage, which our Directors consider being generally in line with the market practice. The boosting costs charged by the social media platforms may vary due to a number of factors, including, among others, time and duration of the advertising campaigns, and the different pricing policies of social media platforms. As we publish the clients' advertisement on the social media platforms, we will set the boosting budget and ad space bidding strategy to cater our clients' needs and budget, and the social media platforms will utilise such budgets in accordance with its automatic algorithm until the entire budget is utilised. Our Directors consider that the boosting costs we charge is generally in line with the market practice. Such boosting costs accounted for a majority of our production costs and generally reflects our online advertising revenue during the Track Record Period. Other production costs were stable for the years ended 31 December 2020 and 2021. The increase in our other production costs for year ended 31 December 2022 of approximately HK$9.5 million was mainly attributable to (i) increase in freelancing expense of approximately HK$4.9 million primarily for generating more branded content with a view to increasing viewership and traffics on our Digital Media Platforms; and (ii) the involvement of celebrities in an advertising project during 2022, amounting to approximately HK$2.8 million, which was absent in the previous year.

Printing costs

Printing costs of our Group amounted to approximately HK$8.4 million, HK$2.9 million and HK$3.0 million for the years ended 31 December 2020, 2021 and 2022 respectively. Our printing costs for the year ended 31 December 2021 decreased significantly by approximately 65.8% from the year ended 31 December 2020 due to the reduction in number of copies printed as a result of the continuous shrank of the print media industry and particularly the cessation of publication of the 3-in-1 Oriental Sunday Magazine in 2021.

During the year ended 31 December 2022, the printing costs increased slightly by 3.4% from approximately HK$2.9 million for the year ended 31 December 2021 to approximately HK$3.0 million, which was mainly due to the combined effect of the increase of print amount of Madame Figaro Magazine during the year and the cancellation of the 2022 issues of the Weekend Weekly x GOtrip Magazine.

Depreciation and amortisation

Depreciation represents the depreciation charge on right-of-use assets, property, plant and equipment, including, among others, leasehold improvements, furniture, fixtures and equipment. Amortisation represents amortisation expense on intangible assets, namely the mobile applications of our media brands developed externally during the year ended 31 December 2020. Depreciation and amortisation of our Group amounted to approximately, HK$11.3 million, HK$14.0 million and HK$17.1 million for the years ended 31 December 2020, 2021 and 2022 respectively. The increase of depreciation of right-of-use assets for the years ended 31 December 2021 and 2022 was mainly due to the entering into of new tenancy agreement in relation to our current offices. The following table sets out the breakdown of our Group's depreciation and amortisation during the Track Record Period:

	Year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Depreciation of right-of-use assets	9,411	12,347	12,620
Depreciation of property, plant and equipment	1,747	1,251	3,989
Amortisation of intangible assets	188	417	470
Total	11,346	14,015	17,079

Other expenses, net

Other expenses primarily comprised of information technology expenses, rental and management fees, impairment of trade receivables, net of reversal, corporate charges payable to the Emperor Group for legal and administrative services, repair and maintenance, utilities expenses, insurance, legal and professional fees, recruitment expenses paid to agents, storage fee and bank charges and, for the years ended 31 December 2021 and 2022, **[REDACTED]** expenses. These expenses amounted to approximately HK$14.0 million, HK$28.9 million and HK$21.3 million for the years ended 31 December 2020, 2021 and 2022, respectively. The following table sets out the breakdown of the other expenses for the Track Record Period:

	Year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Information technology expenses	5,916	6,662	8,320
Rental and management fees	2,563	3,426	3,487
Impairment/(reversal of impairment) of trade receivables, net of reversal	74	2,107	(360)
Corporate charges	770	1,793	1,330
Office and utilities expenses	1,135	1,446	1,010
Repair and maintenance	637	547	186
Recruitment expenses	274	324	198
Insurance	944	810	949
Staff messing and welfare expenses	187	423	504
Legal and professional fees	572	1,066	710
Bank charges	218	283	624
[REDACTED] expenses	–	9,356	4,125
Others	707	700	169
	13,997	28,943	21,252

Finance costs

Finance costs comprised of interest on bank borrowings, interest on other borrowing and interest of lease liabilities. The following table sets out the breakdown of our Group's finance costs during the Track Record Period:

	Year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Interest on bank borrowings	199	935	1,932
Interest on other borrowing	162	–	–
Interest on lease liabilities	1,456	2,224	3,694
Total	1,817	3,159	5,626

The major component of finance costs was interest on lease liabilities, which were approximately HK$1.5 million, HK$2.2 million and HK$3.7 million, accounting for approximately 80.1%, 70.4% and 65.7% of our total finance costs for the years ended 31 December 2020, 2021 and 2022 respectively. The increase in the interest on lease liabilities for the year ended 31 December 2021 and 2022 was mainly due to the relocation of our headquarter to our current office. The other borrowing represented the loan from NMG Investment which has been fully repaid by 31 December 2020. The decrease in finance costs on other borrowing was because of the repayment of loan provided by NMG Investment.

Income tax expense

Our Group is subject to Hong Kong Profits Tax which is calculated based on the applicable tax rates and the assessable profits of our Company and its subsidiaries. Our applicable tax rate in Hong Kong for the years ended 31 December 2020, 2021 and 2022 was 16.5%. Our Directors confirm that our Group has made all required tax filings and paid all outstanding tax liabilities with the relevant tax authorities, and has not been subject to any dispute or potential dispute with any tax authorities during the Track Record Period and up to the Latest Practicable Date.

For the three years ended 31 December 2020, 2021 and 2022, the effective tax rates of our Group were approximately 11.8%, 21.5% and 15.8%, respectively. The comparatively lower effective tax rate for the year ended 31 December 2020 and 2022 were mainly due to the government subsidies received by our Group under the Employment Support Scheme not being subject to tax. The increase in effective tax rate for the year ended 31 December 2021 was mainly due to the increase in expenses that were not deductible for tax purpose, in particular the **[REDACTED]** expenses.

DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

Year ended 31 December 2022 compared to year ended 31 December 2021

Revenue

Our revenue for the year ended 31 December 2022 decreased by approximately 1.8% from approximately HK$245.2 million for the year ended 31 December 2021 to approximately HK$240.7 million. The drop in revenue was mainly attributable to the slight decrease in both (i) digital advertising income of the Group by approximately HK$2.7 million from approximately HK$231.9 million for the year ended 31 December 2021 to approximately HK$229.2 million for the year ended 31 December 2022; and (ii) print advertising income of the Group by approximately HK$1.2 million from approximately HK$9.8 million for the year ended 31 December 2021 to approximately HK$8.6 million for 31 December 2022. Such decrease was attributable to the outbreak of the fifth wave of the COVID-19 pandemic in Hong Kong in January 2022. Stringent social distancing measures have been imposed in the first quarter of 2022, which weighed heavily on a wide range of economic activities as well as economic sentiment in Hong Kong, with Hong Kong's real GDP for the first quarter of 2022 contracting by 4.0% year-on-year. In line with the contraction of the real GDP during this period, our Group experienced an approximately 6% drop in revenue for the first four months when compared with the corresponding period in 2021, with our business recovering following the gradual easing of the fifth wave of the pandemic and the relaxation of social distancing measures, quarantine measures and travel-related measures in the last quarter of 2022.

Other income and gains

Other income and gains of our Group for the year ended 31 December 2022 amounted to approximately HK$7.3 million, which increased by approximately 64.8% as compared to approximately HK$4.4 million for the year ended 31 December 2021. Such increase was mainly attributable to the government subsidies of approximately HK$5.7 million received under the Employment Support Scheme in relation to the fifth wave of the COVID-19 pandemic in 2022.

Employee benefit expense

Our employee benefit expense decreased by approximately 9.5% from approximately HK$104.6 million for the year ended 31 December 2021 to approximately HK$94.7 million for the year ended 31 December 2022. Such decrease was mainly attributable to the decrease in sales commission and bonuses paid to employees of the Group as the sales revenue achieved by most sales staff falling into a lower band of the revenue target and the Company adopted a conservative approach in bonus payment.

Production costs

Our production costs increased by approximately 10.4%, from approximately HK$53.9 million, for the year ended 31 December 2021 to approximately HK$59.5 million for the year ended 31 December 2022. The increase was mainly attributable to the combine effect of increase in the engagements of third party freelancers and celebrities for our content creation and production work, mitigated by the decrease in boosting costs.

Printing costs

Our printing costs for the year ended 31 December 2022 amounted to approximately HK$3.0 million, representing an increase of approximately 3.4% from approximately HK$2.9 million for the year ended 31 December 2021, which was mainly due to the combined effect of the increase of print amount of Madame Figaro Magazine in the year ended 31 December 2022 and the cancellation of the 2022 issues of the Weekend Weekly x GOtrip Magazine.

Depreciation and amortisation

Depreciation and amortisation increased by approximately 21.9% from approximately HK$14.0 million for the year ended 31 December 2021 to approximately HK$17.1 million for the year ended 31 December 2022, which was mainly attributable to the increase in depreciation of right-of-use assets and depreciation of property, plant and equipment as a result of the relocation to our current office in November 2021.

Other expense net

Net other expense decreased by approximately HK$7.7 million, or by approximately 26.6%, from approximately HK$28.9 million for the year ended 31 December 2021 to approximately HK$21.3 million for the year ended 31 December 2022. The decrease was mainly attributable to the combined effect of (i) the decreased in the **[REDACTED]** expenses by approximately HK$5.2 million; and (ii) less impairment was made on expected credit loss as compared to that for the year ended 31 December 2021.

Finance costs

Our finance cost increased by approximately HK$2.5 million from approximately HK$3.2 million for the year ended 31 December 2021 to approximately HK$5.6 million for the year ended 31 December 2022, which was primarily attributable to the increase in interest payment on bank borrowings and increase on lease liabilities arising from the relocation of our headquarter.

Profit before tax

Our profit before tax increased by approximately HK$4.7 million, or approximately 11.2%, from approximately HK$42.1 million for the year ended 31 December 2021 to approximately HK$46.8 million for the year ended 31 December 2022. Our profit margin before tax increased from approximately 17.2% for the year ended 31 December 2021 to approximately 19.5% for the year ended 31 December 2022, which was mainly attributable to the combined effect of (i) increase of other income and gains on government subsidies; (ii) decrease in **[REDACTED]** expenses incurred for the year ended 31 December 2022; (iii) decrease in employment benefit expense; and (iv) mitigated by the increase in production costs as explained above.

Income tax expense

Our income tax expenses decreased from approximately HK$9.1 million for the year ended 31 December 2021 to HK$7.4 million for the year ended 31 December 2022. The decrease was mainly due to (i) increase in amount of income not subject to tax for the year ended 31 December 2022, being government subsidies received by our Group under the Employment Support Scheme; and (ii) the **[REDACTED]** expenses, which was non tax-deductible, incurred decreased from approximately HK$9.4 million for the year ended 31 December 2021 to approximately HK$4.1 million for the year ended 31 December 2022.

Profit for the year

As a result of the foregoing, our net profit increased by approximately 19.3% from approximately HK$33.0 million for the year ended 31 December 2021 to approximately HK$39.4 million for the year ended 31 December 2022 and our net profit margin increased from approximately 13.5% for the year ended 31 December 2021 to approximately 16.4% for the year ended 31 December 2022.

Year ended 31 December 2021 compared to year ended 31 December 2020

Revenue

Our revenue increased by approximately HK$33.6 million, or approximately 15.9%, from approximately HK$211.6 million for the year ended 31 December 2020 to approximately HK$245.2 million for the year ended 31 December 2021.

The increase in revenue was mainly attributable to the increase in our digital advertising income by approximately HK$51.6 million from approximately HK$180.3 million for the year ended 31 December 2020 to approximately HK$231.9 million for the year ended 31 December 2021. Our Directors believe that the increase was primarily attributable to businesses and the general public being adapted to the COVID-19 pandemic, and hence businesses resumed their advertising spending during the latter half of 2021 that were delayed due to the pandemic to promote business momentum. Businesses that were more adapted to pandemic environment and with targeted consumers being local general publics, including the banking, insurance and investment services, retail and online stores, electronic appliances, cosmetic and skincare, toiletries and household, pharmaceuticals sectors drove the increase in our digital advertising income.

On the other hand, we recorded decrease in both print advertising income and circulation income, as we ceased publication of the 3-in-1 Oriental Sunday Magazine with the last issue in December 2020 and instead launched the Weekend Weekly x GOtrip Magazine as a quarterly magazine, the first issue of which was released in March 2021.

Other income and gains

Other income and gains of our Group for the year ended 31 December 2021 amounted to approximately HK$4.4 million, which decreased by approximately 74.5% as compared to approximately HK$17.4 million for the year ended 31 December 2020. The decrease was mainly attributable to the government subsidies of approximately HK$16.0 million for the year ended 31 December 2020.

Employee benefit expense

Our employee benefit expense slightly increased to approximately HK$104.6 million for the year ended 31 December 2021 as compared to approximately HK$99.5 million for the year ended 31 December 2020, which was mainly because of the increase in sales commission and bonuses from HK$6.0 million for the year ended 31 December 2020 to HK$17.1 million for the year ended 31 December 2021. Such increase was mainly attributable to the increase in the bonuses of approximately HK$7.9 million due to the increase in the adjusted net profit (non-HKFRS measure) of approximately HK$1.2 million despite the Group received no government subsidies for the year ended 31 December 2021 as compared to approximately HK$16.0 million for the year ended 31 December 2020.

Production costs

Our production costs increased by approximately HK$6.6 million, or approximately 14.1%, from approximately HK$47.3 million for the year ended 31 December 2020 to approximately HK$53.9 million for the year ended 31 December 2021. The increase was mainly attributable to the increase in our boosting costs as we continued to shift our business focus to digital advertising from the print business.

Printing costs

Our printing costs decreased by approximately HK$5.5 million, or approximately 65.8%, from approximately HK$8.4 million for the year ended 31 December 2020 to approximately HK$2.9 million for the year ended 31 December 2021. The decrease was mainly attributable to the cessation of publication of the weekly 3-in-1 Oriental Sunday Magazine with the last issue in December 2020 and instead launched the Weekend Weekly x GOtrip Magazine as a quarterly magazine, the first issue of which was released in March 2021.

Depreciation and amortisation

Depreciation and amortisation increased by approximately HK$2.7 million, or approximately 23.5%, from approximately HK$11.3 million for the year ended 31 December 2020 to approximately HK$14.0 million for the year ended 31 December 2021.

Other expenses, net

Net other expenses increased by approximately HK$14.9 million, or approximately 106.8%, from approximately HK$14.0 million for the year ended 31 December 2020 to approximately HK$28.9 million for the year ended 31 December 2021. The increase was mainly attributable to (i) the **[REDACTED]** expenses, which amounted to approximately HK$9.4 million for the year ended 31 December 2021; and (ii) the increase in impairment of trade receivables of approximately HK$2.0 million, corporate charges of approximately HK$1.0 million, rental and management fees of approximately HK$0.8 million and information technology expenses of approximately HK$0.7 million.

Finance costs

Our finance costs increased by approximately HK$1.3 million, being approximately 73.8%, from approximately HK$1.8 million for the year ended 31 December 2020 to approximately HK$3.2 million for the year ended 31 December 2021, which was mainly because of the decrease in interest on other borrowing after repayment of loan to NMG Investment by 31 December 2020, the increase in interest on bank borrowing and interest on lease liabilities.

Profit before tax

Our profit before tax decreased by approximately HK$4.6 million, or approximately 9.8%, from approximately HK$46.7 million for the year ended 31 December 2020 to approximately HK$42.1 million for the year ended 31 December 2021. Our profit margin before tax decreased from approximately 22.1% for the year ended 31 December 2020 to approximately 17.2% for the year ended 31 December 2021 which was due to the combined effect of the increase of revenue and net other expense and reduction in other income and gains recorded as explained above.

Income tax expense

Our income tax expense increased from approximately HK$5.5 million for the year ended 31 December 2020 to approximately HK$9.1 million for the year ended 31 December 2021. This increase was mainly due to the increase in expense that were not deductible for tax purpose, in particular the **[REDACTED]** expenses.

Profit for the year

As a result of the foregoing, our net profit decreased by approximately 19.7% from approximately HK$41.2 million for the year ended 31 December 2020 to approximately HK$33.0 million for the year ended 31 December 2021 and our net profit margin decreased from approximately 19.5% for the year ended 31 December 2020 to approximately 13.5% for the year ended 31 December 2021. The decrease in net profit was mainly attributable to the **[REDACTED]** expenses of approximately HK$9.4 million incurred during the year and absence of the government subsidies received during the year ended 31 December 2020 of approximately HK$16.0 million.

[REDACTED] EXPENSES

[REDACTED] expenses mainly comprise of legal and other professional fees in connection with the **[REDACTED]**. **[REDACTED]** expenses, including **[REDACTED]** fee for the **[REDACTED]**, are estimated to be approximately HK$**[REDACTED]** million (comprising (i) **[REDACTED]** fee of approximately HK$**[REDACTED]** million, and (ii) **[REDACTED]** related expenses of approximately HK$**[REDACTED]** million, which consist of fees and expenses of legal advisors and Reporting Accountant of approximately HK$**[REDACTED]** million and other fees and expenses of approximately HK$**[REDACTED]** million), representing approximately **[REDACTED]**% of the gross **[REDACTED]** from the **[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per Share, being the mid-point of our indicative **[REDACTED]** range of HK$**[REDACTED]** to HK$**[REDACTED]**), among which approximately HK$**[REDACTED]** million relating to the **[REDACTED]** is expected to be recognised as a deduction from equity upon the issuance of the **[REDACTED]**, and approximately HK$**[REDACTED]** million is expected to be reflected in our consolidated statements of profit or loss of which (i) approximately HK$**[REDACTED]** million have been recognised for the year ended 31 December 2021; and (ii) approximately HK$**[REDACTED]** million have been recognised for year ended 31 December 2022, and the balance of approximately HK$**[REDACTED]** million is expected to be recognised subsequent to the Track Record Period. Our Group's financial performance and results of operations for the year ending 31 December 2023 will be significantly and adversely affected by the **[REDACTED]** expenses.

Our Directors would like to emphasise that the aforesaid **[REDACTED]** expenses are the current estimate for reference only and the actual amount to be recognised is subject to adjustment based on audit and the changes in variables and assumptions.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our liquidity and capital requirements primarily from cash inflows from our operating activities, short-term bank borrowings and unsecured interest-bearing loan from NMG Investment. We had net cash inflows from operating activities of approximately HK$41.0 million, HK$30.0 million and HK$59.5 million for the years ended 31 December 2020, 2021 and 2022 respectively.

In general, we have the ability to generate adequate cash from our operations to fund our ongoing operating cash needs and the general expansion of our business. We have not experienced and do not expect to experience any difficulties in meeting our financial obligations as they become due.

Going forward, we believe our funding requirements will be satisfied through a combination of the **[REDACTED]** from the **[REDACTED]**, cash generated from our operating activities and borrowings from banks.

The following table sets out selected cash flow data from the consolidated statements of cash flows for the Track Record Period.

	Year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Net cash flows from operating activities	40,981	29,989	59,526
Net cash flows used in investing activities	(1,316)	(5,119)	(21,774)
Net cash flows used in financing activities	(25,344)	(32,803)	(41,379)
Net increase/(decrease) in cash and cash equivalents	14,321	(7,933)	(3,627)
Cash and cash equivalents at beginning of year	17,052	31,466	23,525
Effect of foreign exchange rate changes, net	93	(8)	32
Cash and cash equivalents at end of year represented by cash and bank balances	31,466	23,525	19,930

Cash flows from operating activities

Cash flows from operating activities are principally related to receipt of payment from provision of digital and print advertising solutions and sale of print circulation. Cash used in operating activities is mainly related to payment for production costs, employee benefit expense and other costs relating to operating our business. Our net cash flows from operating activities reflects the profit before tax for the year adjusted for non-cash items such as depreciation of property, plant and equipment and changes in working capital.

Our net cash flows from operating activities was approximately HK$41.0 million for the year ended 31 December 2020, primarily reflecting cash inflow from operations before working capital changes of approximately HK$59.8 million, as adjusted by movements in working capital which comprised (i) decrease in trade receivables of approximately HK$8.9 million as a result of decrease in revenue during the year; (ii) decrease in prepayments, deposits and other receivables of HK$1.1 million due to less deposit required under the tenancy agreement for our office premises as we surrendered part of the spaces during the year; (iii) decrease in trade payables of approximately HK$0.2 million; and (iv) decrease in other payables and accruals of approximately HK$8.0 million mainly because of the decrease in payables and accruals for employee benefit expense.

Our net cash flows from operating activities was approximately HK$30.0 million for the year ended 31 December 2021, primarily reflecting cash inflow from operations before working capital changes of approximately HK$57.7 million, as adjusted by movements in working capital which comprised (i) increase in trade receivables of approximately HK$17.5 million; (ii) increase in prepayments, deposits and other receivables of approximately HK$7.1 million; (iii) decrease in trade payables of approximately HK$2.6 million; and (iv) increase in other payables and accruals of approximately HK$10.1 million.

Our net cash flows from operating activities was approximately HK$59.5 million for the year ended 31 December 2022, primarily reflecting cash inflow from operations before working capital changes of approximately HK$69.1 million, as adjusted by movements in working capital which mainly comprised (i) decrease in trade receivables of approximately HK$7.7 million; (ii) increase in prepayments, deposits and other receivables of approximately HK$0.6 million; (iii) increase in trade payables of approximately HK$0.7 million; and (iv) decrease in other payables and accruals of HK$12.9 million in relation to operating activities.

Cash flows used in investing activities

Cash flows used in investing activities mainly consist of purchases of items of property, plant and equipment and additions to intangible assets.

Our net cash flows used in investing activities was approximately HK$1.3 million for the year ended 31 December 2020, primarily reflecting the additions to intangible assets in respect of the mobile applications of our media brands developed externally during the year of approximately HK$1.2 million.

Our net cash flows used in investing activities was approximately HK$5.1 million for the year ended 31 December 2021, primarily reflecting the purchase of items of property, plant and equipment in relation to the relocation of our headquarter to our current office.

Our net cash flows used in investing activities was approximately HK$21.8 million for the year ended 31 December 2022, primarily reflecting the purchase of property, plant and equipment in relation to the relocation of our headquarter to our current office.

Net cash flows used in financing activities

Cash flows used in financing activities mainly consisted of repayment of bank borrowings and other borrowing, interest paid for these borrowings, dividend paid and payment for lease liabilities and the interest thereon.

Our net cash flows used in financing activities was approximately HK$25.3 million for the year ended 31 December 2020, which mainly represented (i) repayments of other borrowing of approximately HK$36.5 million; (ii) payment of dividends by a company now comprising our Group to its then shareholders of HK$21.0 million; (iii) payments of lease liabilities and the interests thereon of approximately HK$10.3 million; and (iv) repayments of bank borrowings of approximately HK$5.2 million, which were partially offset by (i) new other borrowing drawdown of HK$32.5 million; and (ii) new bank loan drawdown of approximately HK$15.5 million.

Our net cash flows used in financing activities was approximately HK$32.8 million for the year ended 31 December 2021, which mainly represented (i) payment of dividend of HK$44.0 million; (ii) payments of lease liabilities and the interests thereon of approximately HK$12.6 million; (iii) repayments of bank borrowings of approximately HK$10.3 million; and (iv) new bank loan drawdown of HK$35.0 million.

Our net cash flows used in financing activities was approximately HK$41.4 million for the year ended 31 December 2022, which mainly represented (i) repayments of bank borrowings of approximately HK$60.7 million; and (ii) payments of lease liabilities and the interests thereon of approximately HK$13.4 million, offset by new bank loan drawdown of approximately HK$46.7 million.

WORKING CAPITAL

Our Directors are of the opinion that, after taking into consideration of the financial resources available to our Group, including (i) our Group's available banking facilities; (ii) the amounts of net cash generated from our operating activities during the Track Record Period; (iii) our cash and cash equivalents of approximately HK$19.9 million as at 31 December 2022 and approximately HK$16.2 million as at 30 April 2023; and (iv) the estimated **[REDACTED]** from the **[REDACTED]** of approximately HK$**[REDACTED]** million (assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, being the mid-point of the indicative **[REDACTED]** range) to be received by us, our Group has sufficient working capital for our present working capital requirements for at least the next 12 months from the date of this document.

DISCUSSION ON MAJOR ITEMS OF THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Statement of financial position

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	907	24,971	22,610
Right-of-use assets	17,683	74,714	62,789
Intangible assets	1,016	725	408
Prepayments, deposits and other receivables	2,652	3,027	2,960
Deferred tax assets	1,202	351	508
Total non-current assets	23,460	103,788	89,275
CURRENT ASSETS			
Trade receivables	63,417	78,814	71,470
Prepayments, deposits and other receivables	3,273	8,384	9,144
Tax recoverable	–	905	–
Pledged bank deposit	800	800	800
Cash and cash equivalents	31,466	23,525	19,930
Total current assets	98,956	112,428	101,344
CURRENT LIABILITIES			
Trade payables	8,037	5,439	6,107
Other payables and accruals	20,849	51,272	18,371
Interest-bearing bank and other borrowings	10,318	35,000	21,000
Lease liabilities	10,460	9,858	10,536
Tax payable	2,860	1,363	3,594
Total current liabilities	52,524	102,932	59,608
NET CURRENT ASSETS	46,432	9,496	41,736
TOTAL ASSETS LESS CURRENT LIABILITIES	69,892	113,284	131,011
NON-CURRENT LIABILITIES			
Lease liabilities	12,483	62,692	52,956
Provisions	2,415	6,557	6,557
Total non-current liabilities	14,898	69,249	59,513
Net assets	54,994	44,035	71,498
EQUITY			
Equity attributable to owners of the parent			
Issued capital	–	–	–
Reserves	54,994	44,035	71,498
Total equity	54,994	44,035	71,498

Non-current assets

Our non-current assets mainly consisted of property, plant and equipment, right-of-use assets, intangible assets, prepayments, deposits and other receivables and deferred tax assets.

Our total non-current assets increased from approximately HK$23.5 million as at 31 December 2020 to approximately HK$103.8 million as at 31 December 2021, representing an increase of approximately HK$80.3 million or 342.4%. The increase was mainly attributable to the increase in right-of-use assets and plant and equipment arising from the re-location of our headquarter.

Our total non-current assets decreased from approximately HK$103.8 million as at 31 December 2021 to approximately HK$89.3 million as at 31 December 2022, representing a decrease of approximately HK$14.5 million or 14.0%. The decrease was mainly attributable to the decrease in right-of-use assets which was recognised under the tenancy agreement of our current offices.

Current assets

Our current assets mainly consisted of trade receivables, prepayments, deposits and other receivables, tax recoverable, pledged bank deposit and cash and cash equivalents.

Our trade receivables increased by approximately 24.3%, from approximately HK$63.4 million as at 31 December 2020 to approximately HK$78.8 million as at 31 December 2021. As at 31 December 2022, our trade receivables decreased to approximately HK$71.5 million. Such balances were generally in line with the revenue of the Group for the corresponding financial year.

Our prepayments, deposits and other receivables increased by approximately 156.2% from approximately HK$3.3 million as at 31 December 2020 to approximately HK$8.4 million as at 31 December 2021, which was mainly attributable to the prepayment for **[REDACTED]** expenses and the increase in deposit for the new tenancy of our current headquarter. As at 31 December 2022, our prepayments, deposit and other receivables increased to approximately HK$9.1 million, or by 9.1%, from approximately HK$8.4 million as at 31 December 2021. Such increase was mainly attributable to the additional prepayment for **[REDACTED]** expenses.

Our tax recoverable amounted to nil, approximately HK$0.9 million and nil as at 31 December 2020, 2021 and 2022, respectively.

Our pledged bank deposit remained stable at HK$0.8 million as at 31 December 2020, 2021 and 2022.

Our cash and cash equivalents decreased by approximately 25.2%, from approximately HK$31.5 million as at 31 December 2020 to approximately HK$23.5 million as at 31 December 2021, which was mainly attributable to the incurrence of **[REDACTED]** expenses. As at 31 December 2022, our cash and cash equivalents further decreased to approximately HK$19.9 million, or approximately 15.3%, mainly due to incurrence of **[REDACTED]** expenses.

Current liabilities

Our current liabilities mainly consisted of trade payables, other payables and accruals, interest-bearing bank and other borrowings, lease liabilities and tax payable.

Our trade payables decreased by approximately 32.3%, from approximately HK$8.0 million as at 31 December 2020 to approximately HK$5.4 million as at 31 December 2021, which was mainly due to cessation of publication of the 3-in-1 Oriental Sunday Magazine which reduced the printing costs. As at 31 December 2022, our trade payables increased to approximately HK$6.1 million which was in line with the increase in our other production costs during the year ended 31 December 2022.

Our other payables and accruals increased by approximately 145.9%, from approximately HK$20.8 million as at 31 December 2020 to approximately HK$51.3 million as at 31 December 2021, which was mainly because of the accruals for leasehold improvements for new lease for our current headquarter. As at 31 December 2022, our other payables and accruals decreased to approximately HK$18.4 million, which was mainly attributable to settlement of the accruals for leasehold improvements and decrease in accrued staff costs during the year ended 31 December 2022.

Our interest-bearing bank and other borrowings substantially increased by approximately 3.4 times, from approximately HK$10.3 million as at 31 December 2020 to approximately HK$35.0 million as at 31 December 2021, which was principally due to drawdown of loan from a bank during the year. As at 31 December 2022, the balance decreased to approximately HK$21.0 million, which was mainly due to repayment of part of the said bank loan in the sum of HK$20.0 million and new bank loan drawdown of HK$6.0 million.

Our current lease liabilities decreased by approximately 5.8%, from approximately HK$10.5 million as at 31 December 2020 to approximately HK$9.9 million as at 31 December 2021 which was a result of early termination of the tenancy agreement at NMG Tower and the entering into of new tenancy agreement in relation to our current headquarter. As at 31 December 2022, our current lease liabilities remained relatively stable at approximately HK$10.5 million.

Our tax payable decreased by approximately 52.3%, from approximately HK$2.9 million as at 31 December 2020 to approximately HK$1.4 million as at 31 December 2021. Our tax payable increased by approximately HK$2.2 million, or 163.7%, from approximately HK$1.4 million as at 31 December 2021 to approximately HK$3.6 million as at 31 December 2022 which was mainly attributable to the accrual of income tax expense of approximately HK$7.4 million and the Hong Kong profits tax paid of approximately HK$4.4 million.

Net current assets

Our net current assets decreased from approximately HK$46.4 million as at 31 December 2020 to approximately HK$9.5 million as at 31 December 2021 which was mainly due to increase in interest-bearing bank and other borrowings and increase in other payables and accruals arising from the new lease for our new headquarter. Our net current assets increased from approximately HK$9.5 million as at 31 December 2021 to approximately HK$41.7 million as at 31 December 2022 which was mainly due to the decrease in other payables and accruals.

DISCUSSION ON SELECTED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ITEMS

Trade receivables

Trade receivables represented account receivables from our clients for advertising services and circulation income. Our Group's trading terms/settlement arrangements with clients are generally based on specific contractual terms or in accordance with industry practice with reference to their historical payment records and/or business relationships, which might include payment in advance, payment upon delivery/service rendered or with credit period extending up to 90 days or more. Settlements of circulation income from sales of magazine are generally made by respective distributors to our Group around 10 days after the verification of the quantity of magazines sold. Our Group seeks to maintain strict control over our outstanding receivables. Overdue balances are reviewed by management. Our Group does not hold any collateral or other credit enhancements over our trade receivable balances. Trade receivables are non-interest-bearing.

Our Group's trade receivables amounted to approximately HK$63.4 million, HK$78.8 million and HK$71.5 million as at 31 December 2020, 2021 and 2022 respectively, which mainly represented the unsettled amount under invoices for digital advertising services. The following table sets forth a breakdown of our trade receivables as at the dates indicated:

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	67,387	84,891	76,570
Impairment	(3,970)	(6,077)	(5,100)
	63,417	78,814	71,470

The following table sets forth the ageing of our Group's trade receivables based on the invoice date and net of loss allowance:

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Within 1 month	23,792	26,676	27,116
1 to 3 months	22,475	26,990	22,988
3 to 6 months	14,108	18,524	13,886
6 to 12 months	2,298	5,297	6,573
1 year to 2 years	688	964	862
Over 2 years	56	363	45
	63,417	78,814	71,470

Our trade receivables increased from approximately HK$63.4 million as at 31 December 2020 to approximately HK$78.8 million as at 31 December 2021 and decreased to approximately HK$71.5 million as at 31 December 2022. The increase in trade receivables as at 31 December 2021 were the combined effect of increase in revenue and our clients required longer time to settle payment as their operations affected by the fourth wave of COVID-19 pandemic respectively.

The following table sets out our trade receivables turnover days during the Track Record Period:

	Year ended 31 December		
	2020	**2021**	**2022**
	days	*days*	*days*
Trade receivables turnover days *(Note)*	124.3	113.3	122.4

Note: *Trade receivable turnover days are calculated by dividing the average gross trade receivables balance (without net of loss allowance) by the revenue for the relevant year multiplied by the number of days during the year (i.e. 365 days for the years ended 31 December 2021 and 2022, 366 days for the year ended 31 December 2020). Average trade receivables balance is the average of the beginning and ending gross trade receivables balances (without net of loss allowance) for the relevant year.*

Our trade receivables turnover days of were around 124.3 days, 113.3 and 122.4 days for the years ended 31 December 2020, 2021 and 2022 respectively. Our trade receivables turnovers were relatively long since our major clients, which were primarily advertising agencies, generally require longer period of time to settle invoices which our Directors consider is in line with industry norm. Our higher average turnover days of trade receivables were primarily due to our clients requiring longer time to settle payment as their operations affected by the COVID-19 pandemic.

Nevertheless, our Directors are of the view that there are no material collectability issues with the outstanding trade receivables, in particular for those aged over 90 days, as at each period end during the Track Record Period and as at the Latest Practicable Date, considering (i) the trade receivables balances were generally due from clients with ongoing and/or potential future business relationship with our Group including 4A's advertising agencies which are top customers of the Group during the Track Record Period with over 10 years business relationship with our Group and which generally take relatively longer time to settle the trade receivables; (ii) there were no material disagreement or disputes with our clients on trade receivables; and (iii) these clients had been making continuous payments of the outstanding invoices to our Group during the Track Record Period. The Directors consider that our Group made sufficient provision on trade receivables based on expected credit losses model for each respective year during the Track Record Period in accordance with relevant accounting principles.

As at the Latest Practicable Date, approximately HK$64.4 million or 84.2% of our gross trade receivables as at 31 December 2022 have been subsequently settled out of which (i) approximately HK$34.3 million, representing approximately 93.0% of the gross trade receivables past due less than 1 month, have been subsequently settled; (ii) approximately HK$16.4 million, representing approximately 86.2% of the gross trade receivables past due 1 month to 3 months, have been subsequently settled; (iii) approximately HK$7.6 million, representing approximately 75.9% of the gross trade receivables past due 3 months to 6 months, have been subsequently settled; (iv) approximately HK$4.9 million, representing approximately 60.6% of the gross trade receivables past due 6 months to 12 months, have been subsequently settled; and (v) approximately HK$1.3 million, representing approximately 49.2% of the gross trade receivables past due over 1 year, have been subsequently settled.

Based on the due diligence works performed, the Joint Sponsors are of the view that nothing has come to their attention in relation to the recoverability issue of the trade receivables of the Group during the Track Record Period.

Prepayments, deposits and other receivables

The table below sets forth, as of the dates indicated, our prepayments, deposits and other receivables:

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Prepayments	2,854	6,031	6,727
Deposits and other receivables	3,071	5,380	5,377
	5,925	11,411	12,104
Less: non-current portion	(2,652)	(3,027)	(2,960)
Current portion	3,273	8,384	9,144

Our prepayments mainly include prepayments for information technology services such as data analytic tools, cloud storage services, prepayment for insurance and production costs. Deposits and other receivables primarily comprised rental deposits for our office premises and ancillary facilities such as storeroom and carparks, deposits for utilities and receivables of other income. The total balance increased from approximately HK$5.9 million as at 31 December 2020 to approximately HK$11.4 million as at 31 December 2021, which was mainly due to the prepayment for **[REDACTED]** expenses of approximately HK$2.8 million and the increase in the rental deposit for the new tenancy of our current headquarter of approximately HK$3.5 million. The total balance slightly increased to approximately HK$12.1 million as at 31 December 2022, which was mainly due to (i) the increase in the prepayment for **[REDACTED]** expenses of approximately HK$1.2 million; and (ii) approximately HK$1.9 million government subsidies under the Employment Support Scheme yet to be received as at 31 December 2022, offset by the refund of deposit on termination of the tenancy for NMG Tower of approximately HK$1.5 million.

As at the Latest Practicable Date, approximately 98.4%, 40.7% and 36.1% of deposits and other receivables as at 31 December 2020, 2021 and 2022 have been subsequently refunded and settled. The remaining portion of the deposits and other receivables as at 31 December 2021 and 2022 consists of rental deposit and deposits for office utilities and equipment held by licensors.

Trade payables

Our trade payables primarily consist of outstanding payables for boosting costs on social media platforms, other production costs and printing costs. In general, our Group is granted by our suppliers credit period up to 90 days.

As at 31 December 2020, 2021 and 2022, our Group's trade payables amounted to approximately HK$8.0 million, HK$5.4 million and HK$6.1 million respectively. The decrease in our trade payables balance as at 31 December 2021 was mainly due to cessation of publication of the weekly 3-in-1 Oriental Sunday Magazine while the newly launched Weekend Weekly x GOtrip Magazine is a quarterly magazine which reduced the printing cost. The increase in our trade payables as at 31 December 2022 was in line with the increase in our production costs for the year ended 31 December 2022.

The following table sets forth the ageing of our Group's trade payables, based on the invoice date, as at 31 December 2020, 2021 and 2022:

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Less than 30 days	5,840	5,052	5,350
30 to 90 days	1,846	321	436
More than 90 days	351	66	321
	8,037	5,439	6,107

The following table sets out our trade payables turnover days during the Track Record Period:

	Year ended 31 December		
	2020	**2021**	**2022**
	days	*days*	*days*
Trade payable turnover days *(Note)*	53.6	43.3	33.7

Note: *Trade payable turnover days are calculated by dividing the average trade payable balance by the aggregate of production costs and printing costs for the relevant year and multiply by the number of days during the year (i.e. 365 days for the years ended 31 December 2021 and 2022, 366 days for the year ended 31 December 2020). Average trade payable balance is the average of the beginning and ending balance of trade payables of the relevant year.*

Our trade payable turnover days decreased from approximately 53.6 days for the year ended 31 December 2020 to approximately 43.3 days for the year ended 31 December 2021, and further decreased to approximately 33.7 days for the year ended 31 December 2022. The decreasing trade payable turnover days were primarily due to the decreasing printing costs as a result of the restructuring of our print business which costs generally bear longer credit period when compared to that of our production costs. Our trade payable turnover days were generally within the credit terms granted by our suppliers.

As at the Latest Practicable Date, approximately HK$6.1 million, or 99.4%, of our trade payables as at 31 December 2022 was subsequently settled. Our Directors confirmed that our Group did not have any material default in payment of trade payables during the Track Record Period and up to the Latest Practicable Date.

Other payables and accruals

The table below sets forth, as of the dates indicated, our other payables and accruals:

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Contract liabilities	2,510	1,506	1,510
Other payables and accruals	18,339	49,766	16,861
	20,849	51,272	18,371

Our Group's other payables and accruals primarily comprised of payables and accruals for employee benefit expense, payment in advance received from our clients, accrued production costs, payables and accruals for information technology expenses and administrative expenses, charges payable to Emperor Group for corporate services, deposits received from the Distributors, provision of audit fees and sales incentives payables and accrual for leasehold improvement as at 31 December 2021. Our contract liabilities represented advances received relating to digital advertising and circulation income. The decrease in contract liabilities as at 31 December 2021 was mainly because of the decrease in short-term advances received from customers in relation to the sales/subscription of magazines and books and digital advertising. Our contract liabilities remain relatively stable as at 31 December 2022.

Our other payables and accruals increased from approximately HK$18.3 million as at 31 December 2020 to approximately HK$49.8 million as at 31 December 2021, which was mainly resulted from other payables and accrual for leasehold improvement of approximately HK$20.8 million for the new lease of our new headquarter and staff costs payable and accruals of approximately HK$15.3 million.

Our other payables and accruals decreased to approximately HK$16.9 million as at 31 December 2022, which was mainly resulted from (i) decrease in staff costs payable and accruals to approximately HK$4.5 million as at 31 December 2022 from approximately HK$15.3 million as at 31 December 2021 and (ii) the settlement of leasehold improvement of approximately HK$20.8 million which incurred during the year ended 31 December 2021.

NET CURRENT ASSETS

The following table sets out our current assets and liabilities as at the date indicated:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)
CURRENT ASSETS				
Trade receivables	63,417	78,814	71,470	55,472
Prepayment, deposits and other receivables	3,273	8,384	9,144	7,747
Tax recoverable	–	905	–	–
Pledged bank deposit	800	800	800	800
Cash and cash equivalents	31,466	23,525	19,930	16,207
Total current assets	98,956	112,428	101,344	80,226
CURRENT LIABILITIES				
Trade payables	8,037	5,439	6,107	4,530
Other payables and accruals	20,849	51,272	18,371	18,938
Interest-bearing bank and other borrowings	10,318	35,000	21,000	13,000
Lease liabilities	10,460	9,858	10,536	9,653
Tax payable	2,860	1,363	3,594	2,379
Total current liabilities	52,524	102,932	59,608	48,500
Net current assets	46,432	9,496	41,736	31,726

We had net current assets of approximately HK$46.4 million, HK$9.5 million, HK$41.7 million and HK$40.8 million as at 31 December 2020, 2021 and 2022, and 30 April 2023, respectively.

The explanations of fluctuation of the major items of current assets and current liabilities for the Track Record Period are set out in the paragraph headed "Discussion on major items of the consolidated statements of financial position" in this section.

MAJOR FINANCIAL RATIOS

The following table sets forth certain key financial ratios of our Group during the Track Record Period:

	Year ended/As at 31 December		
	2020	**2021**	**2022**
Net profit margin (%)(1)	19.5	13.5	16.4
Return on equity (%)(2)	74.9	75.1	55.1
Return on total assets (%)(3)	33.6	15.3	20.7
Current ratio (times)(4)	1.9	1.1	1.7
Quick ratio (times)(5)	1.9	1.1	1.7
Interest coverage (times)(6)	26.7	14.3	9.3
Gearing ratio (%)(7)	21.5	82.7	31.1
Debt-to-equity ratio (%)(8)	N/A	27.5	2.1

Notes:

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

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

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

(4) Current ratio is calculated based on the total current assets at the end of the year divided by the total current liabilities at the end of the year.

(5) Quick ratio is calculated based on the total current assets (excluding inventories) at the end of the year divided by the total current liabilities at the end of the year.

(6) Interest coverage is calculated based on the profit before interest and tax for the year divided by finance costs for the year.

(7) Gearing ratio is calculated based on total debt at the end of the year divided by total equity at the end of the year and multiplied by 100%. Total debt includes interest-bearing bank and other borrowings, amounts due to related parties.

(8) Debt-to-equity ratio is calculated based on net debt at the end of the year divided by total equity at the end of the year and multiplied by 100%. Net debt is defined to include total debt net of cash and cash equivalents and pledged bank deposit.

Return on equity

Return on equity of our Group maintained at a stable level of approximately 74.9% and 75.1% for year ended 31 December 2020 and 2021 respectively. The return on equity of our Group decreased to approximately 55.1% for the year ended 31 December 2022, which was mainly attributable to (i) the decrease in interest-bearing bank and other borrowings by approximately HK$14.0 million, (ii) decrease in staff costs payable and accruals to approximately HK$4.5 million as at 31 December 2022 from approximately HK$15.3 million as at 31 December 2021, and (iii) the settlement of leasehold improvement of approximately HK$20.8 million which was incurred during the year ended 31 December 2021 leading to increase in equity.

Return on total assets

Our return on total assets decreased from approximately 33.6% for the year ended 31 December 2020 to approximately 15.3% for the year ended 31 December 2021, which was principally due to the combined effect of the decrease in net profit and the increase in total assets. Our return on total assets increased to approximately 20.7% for the year ended 31 December 2022, which was mainly attributable to the combined effect of the increase in net profit and the decrease in total assets as discussed.

Current ratio and quick ratio

The current ratio of our Group decreased from approximately 1.9 times as at 31 December 2020 to approximately 1.1 times as at 31 December 2021. The current ratio of our Group increased to approximately 1.7 times as at 31 December 2022. The decrease in current ratio as at 31 December 2021 was mainly attributable to the increase in interest-bearing bank and other borrowings. The increase in current ratio as at 31 December 2022 was mainly attributable to the significant decrease in other payables and accruals and the decrease in interest-bearing bank and other borrowings. As we do not have inventory, the quick ratios were the same as the current ratios.

Interest coverage

Our interest coverage decreased from approximately 26.7 times for the year ended 31 December 2020 to approximately 14.3 times for the year ended 31 December 2021, which was primarily due to the **[REDACTED]** expenses incurred in 2021 and increase in finance cost for 2021. Our interest coverage further decreased to approximately 9.3 times for the year ended 31 December 2022, which was mainly due to increase in finance cost due to increase in interest amount on interest-bearing bank borrowings during the year.

Gearing ratio

Our gearing ratio increased from approximately 21.5% as at 31 December 2020 to approximately 82.7% as at 31 December 2021, which was primarily due to the increase in interest-bearing bank borrowings details of which can be found in the paragraph headed "Bank borrowings" below. Our gearing ratio decreased to approximately 31.1% as at 31 December 2022, which was mainly attributable to the combined effect of the decrease in interest-bearing bank borrowings and the significant decrease in other payables and accruals as at 31 December 2022, which resulted in increase in total equity of the Group as at 31 December 2022.

Debt-to-equity ratio

Debt-to-equity ratio was not applicable to our Group as we had net cash position as at 31 December 2020. As at 31 December 2021, debt-to-equity ratio of approximately 27.5% was primarily attributable to the drawdown of HK$35.0 million from a revolving banking facility during the year. As at 31 December 2022, the debt-to-equity ratio of approximately 2.1% was primarily attributable to the decrease in interest-bearing bank and other borrowings by approximately HK$14.0 million as discussed above, which in turn reduced the net debt of the Group.

INDEBTEDNESS

The table below sets forth, as of the dates indicated, our indebtedness:

	As at 31 December			As at 30 April
	2020	**2021**	**2022**	**2023**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)
Bank borrowings repayable within one year or on demand*				
– secured	–	35,000	15,000	7,000
– unsecured	10,318	–	6,000	6,000
Amounts due to related companies – unsecured	1,485	1,431	1,234	870
	11,803	36,431	22,234	13,870
Lease liabilities	22,943	72,550	63,492	59,812
Total	34,746	108,981	85,726	73,682

* The relevant agreements contain repayment on demand clauses giving the respective lenders the unconditional rights to call in the respective borrowings at any time and, therefore, for the purpose of the above analysis, the total amount is classified as "on demand".

Bank borrowings

During the Track Record Period, we obtained certain short-term bank borrowing facilities from certain banks in Hong Kong. As at 31 December 2020, the Group's bank borrowings bore interest at 1.45% per annum over HIBOR. The short-term bank borrowing facilities were secured by corporate guarantees provided by NMG.

As at 31 December 2020, the Group had aggregate bank borrowing facilities amounting to approximately HK$15.5 million, of which an aggregate amount of approximately HK$10.3 million was utilised as at 31 December 2020. During the year ended 31 December 2021, the Group's bank borrowings drawn under the short-term bank borrowing facilities were fully repaid.

In June 2021, we obtained an uncommitted revolving bank loan facility with a facility limit of HK$35.0 million from a bank (the "Bank") in Hong Kong for working capital purposes, which was secured by a corporate guarantee of our Company and certain trade receivables of our Group. As at 31 December 2021, the bank loans drawdown under the revolving bank loan facility carried an interest rate at the higher of the Bank's Hong Kong dollar best lending rate or its cost of funds. During the year ended 31 December 2022, the Group's bank borrowings drawn under the revolving bank loan facility were fully repaid.

Upon the expiry of the above revolving bank loan facility, we obtained another uncommitted revolving loan facility from the Bank in December 2022 with a facility limit of HK$30.0 million, of which the amount utilised was HK$15.0 million and HK$7.0 million as at 31 December 2022 and 30 April 2023 respectively. The revolving loan facility is secured by a corporate guarantee of our Company and certain trade receivables of the Group. The loan drawdown under this revolving bank loan facility bears interest at 4.5% per annum over 1-month HIBOR or 4.5% per annum over the Bank's cost of funds, whichever is higher. Further details of this uncommitted revolving bank loan facility are set forth in note 22 of Section II of the Accountants' Report set forth in Appendix I to this document. As at the Latest Practicable Date, principal amount outstanding under this facility was HK$2.0 million, and, subject to the Bank's customary overriding right of withdrawal, the maximum amount of this uncommitted revolving bank loan facility remained available for drawing amounted to HK$28.0 million.

In the last quarter of 2022, we obtained a term loan facility (the "Facility") from a bank with a facility limit of HK$6.0 million, the whole of which was utilised as at 31 December 2022. The Facility is guaranteed by the Company for an unlimited amount, and a deed of undertaking was executed by AY Holdings that in the event the Company does not become **[REDACTED]** on the Stock Exchange within eleven months of the acceptance of the Facility by the Group, AY Holdings shall provide or procure sufficient fund to the Group for repayment of all outstanding amount under the facility in full. The loan drawdown under the Facility bears interest at 2.75% per annum over HIBOR and is repayable in November 2023. Further details of this term loan facility are set forth in note 22 of Section II of the Accountants' Report set forth in Appendix I to this document.

Amounts due to related companies

Amounts due to related companies amounted to approximately HK$1.5 million, HK$1.4 million, HK$1.2 million and HK$0.9 million as at 31 December 2020, 2021, 2022, and 30 April 2023, respectively. The amounts due to related companies are non-trade related, unsecured, non-interest bearing and repayable on demand. Such amounts will be settled prior to the **[REDACTED]**.

Lease liabilities

Our lease liabilities represented the present value of the lease payments to be made over the lease terms of our respective tenancy agreements for our office premises and certain equipment, which were discounted using our Group's incremental borrowing rate at the lease commencement date.

In April 2021, Winning Treasure served on us an early termination notice pursuant to the terms of the corresponding tenancy agreement terminating the tenancy on 31 January 2022. The increase in lease liabilities of our Group in 2021 was mainly attributable to the combined effect of the commencement of new lease in relation to the relocation of our headquarter and the modification and payments of lease liabilities in respect of existing leases.

Our Directors confirm that there had been no material delay or default in the repayment of our borrowings or material non-compliance with the terms and provisions contained in our Group's bank and other borrowing facilities throughout the Track Record Period and up to the Latest Practicable Date.

Contingent liabilities

As at 31 December 2020, 2021, 2022, and 30 April 2023, our Group did not have any significant contingent liabilities.

Disclaimer

Save as otherwise disclosed under section headed "INDEBTEDNESS" and apart from intra-group liabilities and normal trade payables, our Group did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, lease liabilities, guarantees or other material contingent liabilities as at 30 April 2023, being the latest practicable date for the preparation of the indebtedness statement in this document.

Material indebtedness change

Our Directors have confirmed that there was no material adverse change in our indebtedness, capital commitment and contingent liabilities since 30 April 2023, being the latest practicable date for determining our indebtedness, and up to the date of this document. Our Directors have confirmed that as at the Latest Practicable Date, our Group did not have any plans to raise any material debt financing shortly after **[REDACTED]**.

DIVIDENDS

Dividends of approximately HK$20.8 million, HK$34.0 million and HK$12.0 million were declared by our Group for the years ended 31 December 2020, 2021 and 2022 respectively, which had been fully settled. Dividends of approximately HK$10.0 million was also declared by our Group in March 2023, which had also been fully settled.

The declaration and payment of dividends during the Track Record Period and prior to the **[REDACTED]** should not be considered as a guarantee or indication that we will declare and pay dividends in such manner in the future, or will declare and pay any dividends in the future at all. Currently, our Board has absolute discretion as to whether to recommend any dividend payment for any financial year end and if any, the amount of dividend and the means of payment, and we do not have a predetermined dividend distribution ratio. Such discretion is subject to the applicable laws and regulations including the Cayman Companies Act and the Articles which also requires the approval of our Shareholders. The amount of any dividends to be declared and paid in the future will depend on, amongst other things, (i) general financial conditions; (ii) actual and future operations and liquidity positions; (iii) future cash requirements and availability; (iv) restrictions on payment of dividends that may be imposed by our Group' s lenders; (v) general market conditions; and (vi) any other factors which our Board may deem appropriate at such time.

DISTRIBUTABLE RESERVE

The Cayman Companies Act provides that share premium account of an exempted company incorporated in the Cayman Islands, such as our Company, may be applied in such manner as it may from time to time determine, subject to the provisions, if any, of its Memorandum and Articles of Association, provided that no distribution or dividend may be paid to its members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, such company shall be able to pay its debt as they fall due in the ordinary course of business.

CAPITAL COMMITMENTS

Our Group did not have any material capital commitment as at 31 December 2020, 2021 and 2022, and as at the Latest Practicable Date.

CAPITAL EXPENDITURE

Historical capital expenditures

During the Track Record Period, our capital expenditure mainly related to leasehold improvements, furniture, fixtures and equipment acquired for our offices. For the years ended 31 December 2020, 2021 and 2022, our total capital expenditures in relation to addition of leasehold improvements, furniture, fixtures and equipment amounted to approximately HK$0.2 million, HK$25.3 million and HK$1.6 million, respectively. The capital expenditure of the HK$25.3 million incurred for the year ended 31 December 2021 was for our office relocation and enhancing our information technology system. We principally funded our capital expenditures through internally generated funds and bank borrowings during the Track Record Period.

Planned capital expenditures

We intend to apply part of the **[REDACTED]** from the **[REDACTED]** to, among others, (i) develop the new platforms, including the APS Platform, PSS Platform and the E-Commerce Solution Platform; and (ii) construct an in-house media content management platform, with estimated capital expenditures of approximately HK$**[REDACTED]** million and HK$**[REDACTED]** million, respectively.

Save for the planned capital expenditures as disclosed above and in "Future Plans and **[REDACTED]**" in this document, the remaining capital expenditure for our office relocation and enhancing our information technology system of approximately HK$2.3 million and the additions of leasehold improvements, furniture, fixtures and equipment and intangible assets necessary for our business operations which will be made by our Group from time to time, our Group had no material planned capital expenditures as at the Latest Practicable Date.

PROPERTY INTERESTS

As at the Latest Practicable Date, we did not own any property and all of our places of operations are leased properties. For details of our leased properties, please refer to "Business — Properties Leased by Our Group" in this document.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had entered into certain related party transactions, details of which are set out in note 28 to the Accountants' Report. Our Directors confirmed that during the Track Record Period, these related party transactions were conducted on arm's length basis, normal commercial terms and were no less favourable to our Group than terms available from Independent Third Parties which are considered fair and reasonable.

Having considered that the amounts of these related party transactions as compared to the revenue generated by our Group, our Directors are of the view that the aforesaid related party transactions did not distort our financial results during the Track Record Period or cause our Track Record Period results to be unreflective of our future performance. For details of related party transactions that will continue after **[REDACTED]**, please refer to "Connected Transactions" in this document.

OFF-BALANCE SHEET TRANSACTIONS

Our Directors confirmed that our Group did not have any material off-balance sheet transactions as at 31 December 2020, 2021 and 2022.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISKS

Liquidity risk

Our Group recorded net cash inflows from its operating activities during the Track Record Period which is mainly because our Group was able to maintain a positive profit before tax level. Our Directors will closely monitor current and expected liquidity requirements to enable our Group with sufficient cash resources to meet its short and long term requirements associated with its financial liabilities.

Credit risk

The credit risk of our Group's financial assets, which comprises trade receivables, financial assets included in prepayments, deposits and other receivables, and cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Fluctuation in production costs and employee benefit expenses

The following sensitivity analysis illustrates the impact of hypothetical fluctuations of our production costs and printing costs and employee benefit expense (being the major components of our financial statements) on our profit before tax during the Track Record Period.

The table below sets forth the sensitivity analysis on the impact of hypothetical fluctuations in production costs and printing costs on our profit before tax if our production costs and printing costs had been 5%, 10%, 15% higher or lower for the Track Record Period, assuming all other variables remained constant:

	Year ended 31 December					
	2020		2021		2022	
	Profit before tax	Change in profit before tax	Profit before tax	Change in profit before tax	Profit before tax	Change in profit before tax
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Change in production costs and printing costs						
15%	38,344	(17.9)	33,603	(20.2)	37,468	(20.0)
10%	41,128	(11.9)	36,442	(13.5)	40,594	(13.3)
5%	43,912	(6.0)	39,281	(6.7)	43,719	(6.7)
0%	46,696	–	42,120	–	46,844	–
-5%	49,480	6.0	44,959	6.7	49,969	6.7
-10%	52,264	11.9	47,798	13.5	53,094	13.3
-15%	55,048	17.9	50,637	20.2	56,220	20.0

The table below sets forth the sensitivity analysis on the impact of hypothetical fluctuations in employee benefit expenses on our profit before tax if our employee benefit expenses had been 5%, 10%, 15% higher or lower for the Track Record Period, assuming all other variables remained constant:

	Year ended 31 December					
	2020		2021		2022	
	Profit before tax	**Change in profit before tax**	**Profit before tax**	**Change in profit before tax**	**Profit before tax**	**Change in profit before tax**
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
Change in employee benefit expense						
15%	31,775	(32.0)	26,427	(37.3)	32,641	(30.3)
10%	36,749	(21.3)	31,658	(24.8)	37,376	(20.2)
5%	41,722	(10.7)	36,889	(12.4)	42,110	(10.1)
0%	46,696	–	42,120	–	46,844	–
-5%	51,670	10.7	47,351	12.4	51,578	10.1
-10%	56,643	21.3	52,582	24.8	56,312	20.2
-15%	61,617	32.0	57,813	37.3	61,047	30.3

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2022 (being the date to which the latest audited consolidated financial statements of our Group were made up) and up to the date of this document, and there had been no event which would materially affect the information shown in the Accountants' Report as set out in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there is no circumstance that would give rise to a disclosure requirement under Rule 13.13 to 13.19 of the Listing Rules.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

Please see "A. Unaudited pro forma statement of adjusted consolidated net tangible assets" in Appendix II to this document for further details.

LATEST DEVELOPMENT SUBSEQUENT TO TRACK RECORD PERIOD

Please see "Summary — Latest development subsequent to the Track Record Period" in this document for details.

FUTURE PLANS

Please refer to the section headed "Business – Our Strategies" in this document for a detailed description of our business strategies and future plans.

REASONS FOR THE [REDACTED]

Our Directors believe that the **[REDACTED]** will provide our Group with financial resources for the execution of our business strategies and future plans as stated in the section headed "Business – Our Strategies" and strengthen our competitiveness in the market.

As disclosed in the section headed "Business" of this document, our Group has now fully transformed into a leading player in the digital media landscape ranking, according to the Euromonitor Report, second amongst online advertising companies in Hong Kong in terms of revenue for three consecutive years of 2020, 2021 and 2022. When NMG and its subsidiaries first became listed on the Stock Exchange in 2008 under New Media Group Holdings Limited, they were engaged in the traditional print media business. Even by the time CEG disposed of its entire interest of the media segment under NMG and its then subsidiaries to AY Discretionary Trust in September 2017, details of which are set out in the section headed "History and Development – Our history" of this document, revenue from digital business only comprised less than 50% of total revenue.

The digital advertising market is a fast-changing market with fierce competition. Our business model thrives on our ability to attract audience to our media platforms, thereby enabling us to monetise the traffic and viewership generated therefrom by offering advertising solutions through our media platforms. We believe that being able to identify and capture rising trends in a timely manner would solidify and expand our market share. According to the Euromonitor Report, the total revenue of the e-Commerce market of Hong Kong has increased from HK$85.4 billion in 2018 to HK$183.6 billion in 2022, with a CAGR of 21.1% and that in view of the rapid growth in the e-commerce market, advertising industry players have allocated more resources on their online advertising solutions and capability, in order to help their client companies better reach their targeted consumers through online and social media marketing campaigns. The total spending on advertisements, as a result, has moved towards online advertising away from traditional media advertising. In comparison to online media, traditional media such as television and radio are expected to recorded a negative CAGR of 0.1%, and print media is expected to record a negative CAGR of 5.0% over the forecast period. It is expected that the forecasted 7.3% CAGR of the advertising industry is driven by the demand shift from traditional media to online media. The Company is well aware of this development and intends to ride on the trend and capture such growth by expanding the Group's capabilities through development of new platforms and acquisition of related platforms. Our Directors are of the view that such expansion should be executed in a timely manner due to the dynamic nature of the advertising industry and that the earlier the Group makes the initiative, the more likely it is able to capture the most market opportunities by harnessing the network effect with the Group's existing platforms. Our Directors believe that the **[REDACTED]** will be the most effective way to strengthen the liquidity level of our Group, thus enabling our Group to promptly execute its expansion plan and maintain the Group's frontrunner advantage and scale our Group's business.

Some market players of smaller size have innovative ideas yet lack the resources to materialise their ideas, sustain or expand their operations to maximise the revenue which may be generated through their ideas. We believe that acquiring or establishing strategic alliances with these market players will generate synergistic effect and expand our media network and potential for monetisation. The acquisition of dedicated platforms specifically developed for particular purposes and/or markets would enable us to gain deeper insights into certain consumer segments not currently covered by our platforms and hence enhance our advertising solutions and services.

On the other hand, in light of the trend of digitalisation across different industries, our Group also intends to invest further in our technology infrastructure to increase our productivity and capture further market opportunities. Our Group intends to develop three new platforms, one of which will feature an automated advertisement placement system to streamline our production flow; whereas the other two will be incorporating machine learning models to enhance our data analytic capacity, thereby gather further market information and utilise the data available to us to enhance our segment marketing capabilities and effectiveness of our advertising solutions. To support the development of our new platforms, we would need to have new project teams with relevant skill sets for their development.

Our Directors consider a higher liquidity level will enable our Group to swiftly implement such strategy and capture the potential market ahead of our competitors, thereby maintaining our frontrunner advantage which is of paramount importance in our industry. We have historically funded our liquidity and capital requirements primarily from cash inflows from our operating activities, short-term bank borrowings and unsecured interest bearing loan from NMG Investment. All loans from NMG Investment have been fully repaid during the year ended 31 December 2020. In June 2021, we obtained a revolving banking facility with a facility limit of HK$35.0 million from a bank in Hong Kong for working capital purpose, which have to be secured by all accounts receivables of the principal operating subsidiary of our Group in addition to a corporate guarantee of our Company. Upon renewal of such facility in December 2022 the facility amount was reduced to HK$30.0 million and the interest rate has been increased. This facility is to expire in December 2023 and HK$28.0 million remained available for drawing as at the Latest Practicable Date. In January 2022 we obtained from another bank aggregate facilities of HK$15.7 million, capped at 150% of tax payable amount as shown in the respective tax demand notes of three of our subsidiaries, which have a maturity period of one year only and have been fully repaid by November 2022. Although we were able to obtain general banking facilities of HK$6.0 million from another bank in November 2022, secured by the corporate guarantee of our Company, it is a condition of such facilities that it must be fully repaid immediately if our Company does not become **[REDACTED]** on the Stock Exchange within a certain period. As at the Latest Practicable Date, such general banking facilities have been fully utilised. Our Directors believe that without a **[REDACTED]** status, it would be difficult for us to obtain additional debt financing of significant amount without assets security and/or support provided by our Controlling Shareholders. In view of the nature of our Group's business which is light in assets, our Directors believe that debt financing in the amount sufficient to finance our business strategies and future plans as envisaged in the section headed "Business – Our Strategies" in this document would be infeasible as we do not have material fixed assets or other current assets which we can provide as security for such debt financing. Furthermore, if the Company is to raise additional funds by way of debt financing, the Group will have to incur interest and other finance costs such as commitment fee and front end fee for raising and maintaining the loan and also be subject to various covenants and limitations under the debt instruments. Debt financing in the amount of the **[REDACTED]** of the **[REDACTED]** will also expose the Group to high gearing ratio, and the Group's financial performance and liquidity will be negatively affected due to principal and finance costs payment. We therefore believe the **[REDACTED]** will serve as an opportunity to strengthen our ability to capture business opportunity for our expansion. The **[REDACTED]** will strengthen our Group's financial position such that we have resources to sustain our Group's organic growth, improve our product offerings, thereby retain existing clients and attract new clients.

Furthermore, the **[REDACTED]** will provide us with a platform to raise funds in future for our further expansion as and when suitable opportunities arise.

In addition, our Directors believe that a **[REDACTED]** on the Stock Exchange will enhance our corporate image and raise brand awareness, thereby increasing our market competitiveness. We believe that the public **[REDACTED]** status will further enhance our corporate profile and will be a complimentary advertising for our Group to potential clients on both local and international level. We believe that the **[REDACTED]** will strengthen our internal control and corporate governance practices, which in turn would increase our clients' and suppliers' confidence in us.

The Directors have considered that the cost effectiveness of equity financing by way of the **[REDACTED]** as compared to debt financing in light of the amount of **[REDACTED]** expenses to be incurred. The Directors are of the view that the **[REDACTED]** expenses to be incurred for the **[REDACTED]** is one-off in nature, but the Group can utilise the **[REDACTED]** platform from time to time for equity fund raising and mergers and acquisitions by the issue of equities in future, together with all other benefits inherent for a **[REDACTED]** platform as mentioned above. The Directors therefore consider, and the Joint Sponsors agree, that the cost effectiveness of the **[REDACTED]** should not be assessed only by comparing the **[REDACTED]** expenses with the size of the **[REDACTED]** to be raised initially.

[REDACTED]

The **[REDACTED]** from the **[REDACTED]** (after deducting **[REDACTED]** fees and other estimated related costs payable by us for the purposes of the **[REDACTED]** and assuming an **[REDACTED]** of **[REDACTED]** per Share, being mid-point of the indicative **[REDACTED]** range) are estimated to be approximately HK$**[REDACTED]** million. Our Group currently intends to apply the **[REDACTED]** as follows:–

– approximately HK$**[REDACTED]** million, representing approximately **[REDACTED]**%, of the **[REDACTED]** is expected to be to be applied for future mergers and acquisitions and/or strategic alliances with other media or e-Commerce market players to accelerate our Group's growth beyond organic.

  As mentioned in the paragraph headed "Reasons for the **[REDACTED]**" of this section, given the dynamics and competitiveness of the digital advertising market, in order to stay relevant, expand our digital presence swiftly and enhance the effectiveness of our advertising solutions, thereby solidifying our market position, we intend to acquire and/or enter into strategic alliance with small to medium sized platforms, which are dedicated platforms specifically developed for particular purposes as mentioned below, with good traffics, strong market presence and usage. Some market players of smaller size have innovative ideas yet lack the resources to materialise their ideas, sustain or expand their operations to maximise the revenue which may be generated through their ideas. We believe that acquiring or establishing strategic alliances with these market players will generate synergistic effect and expand our media network and potential for monetisation. We have not identified specific targets as at the Latest Practicable Date but we are of the view that the fields of job searching and posting, product and service listing and price comparison, and businesses related to purchasing and ordering facilitating platforms offer the most potential for our horizontal growth. For example, product and service listing and price comparison platforms and purchasing and ordering facilitating platforms strive to provide information for audience to make better transactions online such as product listing and knowledge, price comparisons and special offers. Audience looking for specific products and services when visiting these platforms usually has high intent to make purchases. These platforms would therefore enable us to gain deeper insights into certain consumer segments and their behaviour, thereby enhancing content creation and our ability to provide effective advertising solutions and would provide great value for our segment marketing, not only within that particular platform, but through our whole media network. On the other hand, currently our Group's media platforms offer contents mostly concerning lifestyles and economics and finance. The addition of job searching and posting platforms would represent horizontal expansion of our media platforms as it covers an additional area of interest with distinct content pillars and expand the diversity of potential advertisers. Accordingly, our Directors believe that our initiatives in the acquisitions of and/or alliances with these platforms would enhance our Group's business in the near term and provide great value for our Group.

Euromonitor has conducted custom research and identified over 20 potential merger and acquisition targets as described above available in the Hong Kong market in 2022, and the numbers of these platforms are expected to grow alongside the rapid-growth in the e-Commerce market which would drive the demand for these platforms over the forecast period, resulting in more potential targets being available.

We intend to acquire majority interest in two to three companies located in Hong Kong and targeting audience in Hong Kong, which have already attained breakeven or generated small profit with the valuation of the target business ranging between HK$**[REDACTED]** million to HK$**[REDACTED]** million. We believe that it would be optimal to acquire two to three such platforms to enable the Group to quickly assimilate them to capture in the near term the forecast growth in the digital advertising industry, and the budget allocated for this purpose is based on the estimated initial costs needed for establishing platforms of similar maturity. We expect to invest between HK$**[REDACTED]** million to HK$**[REDACTED]** million for each acquisition depending on the valuation of the actual target and the percentage of the stake to be acquired, and as such we intend to allocate approximately HK$**[REDACTED]** million for such acquisitions, and we intend to achieve an investment payback period of three to five years and a rate of return of twenty percent (20%) on average. We intend to complete the acquisitions within 2 years from the **[REDACTED]**. The actual timing of the use of the **[REDACTED]** will depend on the availability of suitable targets and progress of the relevant negotiations.

– as to approximately HK$**[REDACTED]** million, representing approximately **[REDACTED]**%, of the **[REDACTED]** is expected to be used for expanding and enhancing our product lines and enhancing our data collection and analytical capabilities which we believe will enable us to deepen our penetration into our existing clientele and expanding our clientele, through launching of the three platforms as detailed below:

(i) APS Platform

The APS platform is proposed to be launched as an advertisement placement platform designed for SMEs featuring self-service direct booking interfaces enabling SMEs to make reservation of advertisement slots and inventories among our Digital Media Platforms, primarily accessible through its website and app with different user interfaces for advertisers and audience. Furthermore, by adopting automation, where sale of advertisement inventories will be driven automatically from the platform, our production flow will be streamlined thereby not only saving our Group inordinate human resources from manual advertisement placement activities but also better prepare our Group for expanding business volume.

Benefit of the APS Platform

According to the statistics of the Trade and Industry Department of the Hong Kong Government, as of December 2021, there were over 340,000 SMEs in Hong Kong which number rose to 350,000 in November 2022, which accounted for more than 98% of the total number of enterprises. We see the opportunities to serve this segment, as we discern SME owners' advertising needs and their concern over the lack of financial resources for advertising campaigns. With the technology-driven automation in advertisement placement through our APS Platform, advertisers will be able to utilise our products and services at more affordable prices. According to the Euromonitor Report, expanding ownership in platforms that cater to SMEs advertising needs would help acquirers to strengthen their business reach to the vast number of enterprises locally, hence drive further growth opportunities and retain market share in the dynamic market of Hong Kong, and that with the latest trend of online advertising and technology-driven automation function, a digital advertising placement platform would also enable a cost-effective way to drive the sales of advertisement inventories online.

Planned use of* [REDACTED] *for the APS Platform

It is expected that as to approximately HK$**[REDACTED]** million, representing approximately **[REDACTED]**%, of the **[REDACTED]** will be applied for the development and initial marketing of the APS Platform, currently planned to be utilised within 18 months of **[REDACTED]**, where:

- as to approximately HK$**[REDACTED]** million is intended to be applied as capital expenditure for engaging third party vendor to develop the information technology infrastructure required for the APS platform, including a web base system with app audience interface;

- as to approximately HK$**[REDACTED]** million is intended to be applied for staff expenses for the initial development and marketing of the APS Platform including a team leader managing daily operation, driving product development, revenue growth and delivering the profit and loss; a product team to develop product features and programmes to drive audience engagement and sales opportunities comprising a team head, an app manager and an UX designer; as well as a sales team to deliver the revenue target, explore new business opportunities and provide client services to advertisers comprising a team manager and three telesales; and

- as to approximately HK$**[REDACTED]** million is intended to be applied for marketing expenses for the promotion of the APS Platform;

Implementation timeline, marketing plan and expected revenue generation

We will enter into contract with third party vendor for setting up the information technology infrastructure required for the APS Platform as soon as practicable after **[REDACTED]**, which set up is expected to be completed in the fourth quarter of 2023. We planned to commence marketing of the platform to SMEs in the fourth quarter of 2023 after the hiring of the sales manager and one or more telesales in the fourth quarter of 2023, and the APS Platform is expected to commence operation in the first quarter of 2024.

We planned to market the APS Platform initially to SMEs who are our existing clients or engaged our services before. To drive awareness of the platform, we will promote it on our own Digital Media Platforms, and other promotion plans for 2024 and 2025 include industry seminars and placing advertisements on Google Display Network. We also plan to place advertisement on app stores to promote the app. We target to acquire 6,500 SMEs, representing approximately 1.9% of total number of SMEs in Hong Kong, as users of the APS Platform by 2025. As we have not introduced the APS Platform to our existing clients or market this platform yet, we have not received any secured order, quotation request or indication of interest for services on this platform. Nevertheless, our SME clients have expressed the need for more affordable advertising solutions for SMEs to suit their financial resources, we believe that the APS Platform would be able to capture the opportunities from this segment of potential advertisers.

We expect to generate revenue from the APS Platform through digital advertising service fees from display advertisement inventories on the APS Platform, and to generate revenue from the SMEs listed on the platform by way of fixed fee on directory listing and commission based revenue on purchases, leads or clicks driven from the APS Platform to the platforms of the SMEs listed.

(ii) PSS Platform

Our Group discerns the market opportunity for a platform providing updated information on finance and banking information. In mid-2020 we set up the structure for a new platform under the name of "Jetsobee" with Facebook page, official website and mobile app, but so far with minimal content. We plan to dedicate resources to develop the digital media platforms of Jetsobee positioning as a personal smart spending platform providing updated information and recommendations on financial tools and choices.

Benefit of the PSS Platform

As disclosed in the section headed "Business – Suppliers and Clients – Clients", our Group has existing clients engaging in banking, insurance and investment services accounting for 14.2%, 17.9% and 18.3% of our total non-programmatic advertising revenue for the financial years ended 31 December, 2020, 2021 and 2022 respectively. On the other hand, our Group has been providing vast content to audience on smart spending over a wide spectrum of products and services through our different media brands. We see a huge demand for reliable recommendation on how to spend wisely. According to the Euromonitor Report, the ongoing boom in the new economies and digital payment capabilities as well as the e-commerce market fuels the demand for such platforms. Given the rapid growth in e-Commerce players and therefore the number of products and services available online, the amount of time a consumer needs to allocate to research the best-fit products and services can be disproportionally high compared to the value of the goods and services itself. Platforms that provide updated information and recommendations on products and services of specific industry segments with review consolidation functions would be useful to consumers in helping them to make better purchasing decisions and, according to the Euromonitor Report, would be in demand especially given the busy lifestyle of people in Hong Kong. The establishment of the PSS Platform would enable us to provide more focused and dedicated content pillars for this area, under which we will be able to offer customised recommendations to our audience, offer them with tailor-made contents and thus increase user engagement; on the other hand, we will also be able to increase the conversion rate of our clients' advertisements by enhancing precision in identifying the potential customers for advertisers in this area. Our Group believes that the "Jetsobee" platform will help deepen our penetration in such sectors.

Planned use of* [REDACTED] *for the PSS Platform

It is expected that as to HK$**[REDACTED]** million, representing **[REDACTED]**%, of the **[REDACTED]** will be applied for the development and initial marketing of the PSS Platform, currently planned to be utilised within 18 month of **[REDACTED]**, where:

- as to approximately HK$**[REDACTED]** million is intended to be applied as capital expenditure for engaging third party vendor to enhancement of the information technology infrastructure for the PSS Platform;

- as to approximately HK$**[REDACTED]** million is intended to be applied for staff expenses for development and marketing of the PSS Platform including a team leader for managing daily operation, driving product development, revenue growth and delivering the profit and loss; a product team to develop product features and programmes to drive audience engagement and sales opportunities comprising a team head, an app manager, an UX designer, a product executive and a data analyst; a content manager and a content executive to be responsible for content direction, creation and adaptation on the platform, such as to drive downloads, traffic and audience engagement; as well as a business development manager being responsible for delivering the revenue target, driving revenue growth and exploring new business opportunities through partnering up with our Group's existing sales team; and

- as to approximately HK$**[REDACTED]** million is intended to be applied for the marketing expenses for the promotion of the PSS Platform.

Implementation timeline, marketing plan and expected revenue generation

We will enter into contract with third party vendor for setting up the information technology infrastructure required for the PSS Platform as soon as practicable after **[REDACTED]**, which set up is expected to be completed in the fourth quarter of 2023. We planned to commence marketing of the platform in the fourth quarter of 2023 after the hiring of the business development manager in the fourth quarter of 2023, and the PSS Platform is expected to commence operation in the first quarter of 2024.

We planned to market the PSS Platform to advertisers leveraging on our existing sales and clients networks, and to drive awareness of the platform in 2024 and 2025 mainly through our own Digital Media Platforms, hosting roadshows and placing advertisements on Google Display Network. As we have not introduced the PSS Platform to our existing clients or market this platform yet, we have not received any secured order, quotation request or indication of interest for services on this platform. Our key advertisers included licenced banks, credit card companies and insurance companies. As mentioned in the section "Business – Suppliers and Clients" above, our Business Development team maintains contacts with key clients to understand their needs, and we are confident that a focused platform such as the PSS Platform would be well-received by advertisers in the financial and investment services segments. We also plan to promote the app by placing advertisements on app stores and target to acquire approximately 455,000 downloads of the app by 2025.

We expect to generate revenue from the PSS Platform through digital advertising service fees from both display advertisement inventories on the PSS Platform and integrated digital advertising services on the platform.

(iii) E-Commerce Solution Platform

In light of the increasing reliance on technologies, our Group believes that data analytics would become a cornerstone of our business infrastructure. According to the Euromonitor Report, the rise of the e-commerce market and social media networks in Hong Kong resulted in a growing number of internet users from 2018 to 2022 at a CAGR of 1.6% and is expected to grow at a CAGR of 1.0% from 2023 to 2027. The growing number of internet users means that the potential and target customers for advertisers to reach over online advertising will also continue to grow, which also increases the overall difficulty of analysing consumer behaviour. We therefore propose to launch the E-Commerce Solution Platform in order to enhance our capabilities in collecting data with respect to consumer spending on e-commerce, increasing the varieties and dimensions of the relevant data we can collect, to store and to analyse these data. The E-Commerce Solution Platform will be under one of our existing media brands, incorporating a front-end mobile app with implementation of a loyalty programme for its subscribers which will encourage them to record their spending on e-commerce through incentives such as bonus points, gift redemption and other promotions, the creation of a back-end data lake on such data collected and machine learning data modelling.

Benefit of the E-Commerce Solution Platform

According to the Euromonitor Report, e-commerce solutions platforms providing data collection and analytic solutions for e-commerce players to understand their current performance and targeted audience's behaviour will enhance strategic marketing decision-making process. With the data collected on the E-Commerce Solution Platform, we will be able to gather current information on consumer's actual spending on e-commerce, such that we can better understand consumer's spending behavior and consumption pattern, thus improve the accuracy of our strategic marketing solutions by having a better grasp of consumer preference are on e-commerce spending. In light of the swift development of the e-commerce market in Hong Kong driven by both digitalisation and the COVID-19 pandemic, introduction of an e-commerce solutions platform would help us ride on both the swift growth of the online advertising industry propelled by the growth of the e-commerce market in Hong Kong. The data collected through the E-Commerce Solution Platform will offer great value to the Group by enhancing the performance of our segment marketing solutions and create complimentary and synergistic effect with our existing advertising business.

Planned use of* [REDACTED] *for the E-Commerce Solution Platform

It is expected that as to approximately HK$**[REDACTED]** million, representing approximately **[REDACTED]**%, of the **[REDACTED]** will be applied for the development and initial marketing of the E-Commerce Solution Platform, currently planned to be utilised within 18 months of **[REDACTED]**, where:

- as to approximately HK$**[REDACTED]** million is intended to be applied for capital expenditure for engaging third party vendor to develop the information technology infrastructure of the platform;

- as to approximately HK$**[REDACTED]** million is intended to be applied for staff expenses for the initial development and marketing of the E-Commerce Solution Platform including a team leader for managing daily operation, driving product development, revenue growth and delivering the profit and loss; a product team to develop product features and programmes to drive audience engagement and sales opportunities comprising a team head, an app manager, an UX designer, a product executive and a data analyst; a content manager and a content executive to be responsible for content direction, creation and adaptation on the platform, such as to drive downloads, traffic and audience engagement; as well as a business development manager being responsible for delivering the revenue target, driving revenue growth and exploring new business opportunities through cooperating with our Group's existing sales team; and

- as to approximately HK$**[REDACTED]** million is intended to be applied for marketing expenses for the promotion of the E-Commerce Solution Platform.

Implementation timeline, marketing plan and expected revenue generation

We will enter into contract with third party vendor for setting up the information technology infrastructure required for the E-Commerce Solution Platform as soon as practicable after **[REDACTED]**, which set up is expected to be completed in the fourth quarter of 2023. We planned to commence marketing of the platform in the fourth quarter of 2023 after the hiring of the business development manager in the fourth quarter of 2023, and the E-Commerce Solution Platform is expected to commence operation in the first quarter of 2024.

As the E-Commerce Solution Platform will be under one of our existing media brands, incorporating a front-end mobile app with implementation of a loyalty programme for subscribers, we planned to market the E-Commerce Solution Platform to advertisers leveraging on our existing sales and clients networks, to seek partnerships with shopping malls for subscribers to the loyalty programme and to drive awareness of the platform in 2024 and 2025 mainly through our own Digital Media Platforms and placing advertisements on Google Display Network. Again, as we have not introduced the E-Commerce Solution Platform to our existing clients or market this platform yet, we have not received any secured order, quotation request or indication of interest for services on this platform. Based on our understanding of the advertising needs of our existing key clients who are engaged in e-commerce or retails, we believe that the E-Commerce Solution Platform would increase the effectiveness and enable an increase in conversion rate of our clients' advertising campaigns on our Digital Media Platforms, thereby leading to an increase in our commission-based digital advertising revenue. We also plan to promote the app by placing advertisements on app stores and target to acquire approximately 455,000 downloads by 2025.

We expect to generate revenue from the E-Commerce Solution Platform through integrated digital advertising services to advertisers on e-commerce promotions and campaigns.

– approximately HK$**[REDACTED]** million, representing approximately **[REDACTED]**%, of the **[REDACTED]** is expected to be used for capital expenditure for engaging third party vendor constructing our in-house media content management platform and is currently planned to be used within 30 months of the **[REDACTED]**. As a digital media company, creating contents that are in trend and interest our audience is the key to ensure viewership and internet traffics, thereby generates revenue for our Group. To ensure our content stays on top of trend, it is proposed that a media content management platform be set up to provide end-to-end digital media content management for our Group. This platform features functions such as maintaining a content contributors network assisting our Group's editors to research and to build content efficiently and effectively, measuring and monitoring market trend and building a centralised dashboard for monitoring and measuring the key performance indicators of articles published by different editors and/or content contributors. We believe the implementation of such platform will help to enhance the efficiency and productivity of our content creation process which is crucial as it would provide us with a cornerstone infrastructure enabling us to be prepared for handling increasing volume of data along with the expansion of our business which may not be coped with manually in an efficient manner;

– approximately HK$**[REDACTED]** million, representing approximately **[REDACTED]**%, of the **[REDACTED]** is expected to be used for repayment of bank borrowings, which is currently expected to be utilised within 3 months of the **[REDACTED]**. As at the Latest Practicable Date we have bank borrowings of approximately HK$8.0 million, all of which are repayable within one year or on demand. In view of the increasing borrowing costs and likelihood of banks in Hong Kong having to further increase loan interest rates to move in lockstep with potential further interest rate hikes by the US Federal Reserve, our Directors are of the view that it would be in the interest of our Group to reduce finance costs by applying part of the **[REDACTED]** to pay down part of the bank borrowings instead of seeking extension of the relevant facilities or alternative bank financing.

– approximately HK$**[REDACTED]** million, representing approximately **[REDACTED]**%, of the **[REDACTED]** is expected to be used to fund our working capital and for general corporate purposes.

As the APS Platform, the PSS Platform and the E-Commerce Solution Platform are all new product lines of our Group, new headcounts are needed for the development of the respective platforms. In addition to a team leader, recruitment for product manager, data analysts, UX designers and app managers are essential and dedicated sales staff would also be needed to introduce and market the new platforms and products to clients. The new staff to be recruited for these new platforms should possess the relevant skill sets for their development, which are quite distinct from the reduced headcounts of the Group during the Track Record Period who were mainly staff engaged in print media content production. Set out below is a brief description of the expected experience and qualifications of the new hiring for each of the APS Platform, the PSS Platform and the E-Commerce Solution Platform:

	Job duties	Expected minimum year(s) of experience	Qualifications	Expected time of hire
APS Platform				
One team leader	Managing daily operation, driving product development and revenue growth and delivering the profit and loss	At least eight years of experience in digital marketing and e-Commerce	Bachelor degree or above in marketing, communications or e-Commerce or related disciplines	2023 Q3
One product manager	Strategic planning for product development and programme management to drive audience engagement and sales opportunities	Five to six years experience in digital content, social media platforms and digital marketing and has knowledge in relation to SEO and web and social media platform analytics tools	Bachelor degree or above in marketing or communications or related disciplines	2023 Q3

	Job duties	Expected minimum year(s) of experience	Qualifications	Expected time of hire
One sales manager	Exploring new business opportunities and provide customer services to the advertisers, supervising the work of telesales	Four to five years experience in telesales and team management	Bachelor degree or above in business administration or related disciplines	2023 Q4
One app manager	Analysing apps figures about trends, social phenomenon and user habits Product development and managing advertisement inventories on app	Three to four years experience in app or digital platform operation	Bachelor degree holder, preferably in communications	2023 Q4
One UX designer	Conducting user research and survey, and translating feedbacks into wireframes and prototypes to provide insights on future trends and assist in the Group's product development; defining and implementing design parameters, style guideline, UX documentation, interface design for both our Group's online platforms (web/mobile) and internal system development	Three to four years experience in user experience design	Bachelor degree or above in user experience design or related disciplines	2023 Q3
Three telesales	Pitching for business opportunities through telephone coverage and managing client relationship	Two to three years experience in telesales relating to online advertising business	Bachelor degree or above in business administration or related disciplines	2023 Q4 to 2024 Q1
PSS Platform				
One team leader	Managing daily operation, drive product development and revenue growth and deliver the profit and loss	At least eight years of experience in digital marketing and e-Commerce	Bachelor degree or above in marketing, communications or e-Commerce or related disciplines	2023 Q3

	Job duties	Expected minimum year(s) of experience	Qualifications	Expected time of hire
One product manager	Strategic planning for product development and programme management to drive audience engagement and sales opportunities	Five to six year experience in digital content, social media platforms and digital marketing and has knowledge in relation to SEO and web and social media platform analytics tools	Bachelor degree or above in marketing or communications or related disciplines	2023 Q3
One business development manager	Responsible for driving the business growth, developing new business opportunities, driving sales revenue, approaching potential clients and maintaining business relationships with existing client of our Group	Five to six year experience in client/business development, digital content platform, client side and/or client servicing	Bachelor degree or above in business administration or related disciplines	2023 Q3
One content manager	Responsible for content direction and execution plan, ensure traffic and viewership targets are achieved	Three to four years experience in journalism and editorial experience, with experience in finance / investment / property / insurance / management & leadership	Bachelor degree or above in communications or related disciplines	2023 Q4
One app manager	Analysing apps figures about trends, phenomenon and user habit; product development and managing advertisement inventories on app	Three to four years experience in app or digital platform operation	Bachelor degree holder, preferably in communications	2023 Q4

	Job duties	Expected minimum year(s) of experience	Qualifications	Expected time of hire
One UX designer	Conducting user research and survey, and translate feedbacks into wireframes and prototypes to provide insights on future trends and assist in the Group's product development; define and implement design parameters, style guideline, UX documentation , interface design for both our Group's online platforms (web / mobile) and internal system development	Three to four years experience in UX/UI design and multiple digital platforms	Bachelor degree or above in UX design or related disciplines	2023 Q3
One data analyst	Conducting researches, analyse data collected by our Group in daily course of business, compiling data and deriving insights therefrom for formulation of media and business strategies	Two to three years experience in research methodology, and data analyses, preferably with at least one year research experience	A research degree (MPhil, PhD) in Social Science, Computers or Statistics	2023 Q4
One product executive	Execution of product development plan and achieve programme or sales project objectives	Two to three years experience in digital content, social media platforms and digital marketing	Bachelor degree or above in marketing or communications or related disciplines	2023 Q4
Two content executives	Daily content creation or adaption, achieve traffic and viewership targets	One to two years of experience in editorial in finance/investment/ property/ insurance	Bachelor degree or above in communications or related disciplines	2023 Q3 to Q4
E-Commerce Solution Platform				
One team leader	Managing daily operation, drive product development and revenue growth and deliver the profit and loss	At least eight years of experience in digital marketing and e-Commerce	Bachelor degree or above in marketing, communications or e-Commerce or related disciplines	2023 Q3

	Job duties	**Expected minimum year(s) of experience**	**Qualifications**	**Expected time of hire**
One product manager	Strategic planning for product development and programme management to drive audience engagement and sales opportunities	Five to six year experience in digital content, social media platforms and digital marketing and has knowledge in relation to SEO and web and social media platform analytics tools	Bachelor degree or above in marketing or communications or related disciplines	2023 Q3
One business development manager	Responsible for driving the business growth, developing new business opportunities, driving sales revenue, approaching potential clients and maintaining business relationships with existing client of our Group	Five to six year experience in client/business development, digital content platform, client side and/or client servicing	Bachelor degree or above in business administration or related disciplines	2023 Q3
One content manager	Responsible for content direction and execution plan, ensure traffic and viewership targets are achieved	Three to four years experience in journalism and editorial experience, with experience in beauty and health care	Bachelor degree or above in communications or related disciplines	2023 Q4
One app manager	Analyse apps figures about trends, phenomenon and user habit; product development and managing advertisement inventories on app	Three to four years experience in app or digital operation	Bachelor degree holder, preferably in communications	2023 Q4

	Job duties	Expected minimum year(s) of experience	Qualifications	Expected time of hire
One UX designer	Conduct user research and survey, and translate feedbacks into wireframes and prototypes to provide insights on future trends and assist in the Group's product development; define and implement design parameters, style guideline, UX documentation , interface design for both our Group's online platforms (web / mobile) and internal system development	Three to four years experience in UX/UI design and multiple digital platforms	Bachelor degree or above in UX design or related disciplines	2023 Q3
One data analyst	Conducting researches, analyse data collected by our Group in daily course of business, compiling data and deriving insights therefrom for formulation of media and business strategies	Two to three years experience in research methodology, and data analyses, preferably with at least one year research experience	A research degree (MPhil, PhD) in Social Science, Computers or Statistics	2023 Q4
One product executive	Execution of product development plan and achieve programme or sale project objectives	Two to three years experience in digital content, social media platforms and digital marketing	Bachelor degree or above in marketing and communications or related disciplines	2023 Q4
Two content executives	Daily content creation or adaption, achieve traffic and viewership targets	One to two years of experience in editorial in finance/investment/ property/insurance	Bachelor degree or above in communications or related disciplines	2023 Q3 to Q4

The following table sets forth the expected implementation timetable of our planned use of the **[REDACTED]** from the **[REDACTED]**:

	By the year ending 31 December			Total
	2023	2024	2025	
	(HK$ million)	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*
APS Platform				
Upgrading information technology infrastructure	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Staff costs	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Marketing expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal:	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
PSS Platform				
Upgrading information technology infrastructure	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Staff costs	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Marketing expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal:	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
E-Commerce Solution Platform				
Upgrading information technology infrastructure	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Staff costs	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Marketing expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal:	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Development of the in-house media content management platform	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Repayment of bank borrowings	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mergers and acquisitions	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Working capital and general corporate purpose	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

In the event that the **[REDACTED]** is determined at a price other than **[REDACTED]**, we will apply the net **[REDACTED]** in the proportion as shown above. To the extent that the net **[REDACTED]** are not immediately required for the above purposes, the Company may hold such funds in deposits with licensed banks and/or authorised financial institutions (as defined under the Securities and Future Ordinance) for so long as it is in the best interest of our Group.

The Company will issue an announcement in case there is any material change in the **[REDACTED]** described above.

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[REDACTED]

The following is the text of a report, prepared for the purpose of incorporation in this document, received from our Company's Reporting Accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道 979 號
太古坊一座 27 樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF NEW MEDIA LAB LIMITED, EMPEROR CORPORATE FINANCE LIMITED AND LEGO CORPORATE FINANCE LIMITED

Introduction

We report on the historical financial information of New Media Lab Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-61, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2020, 2021 and 2022 (the "Relevant Periods"), and the consolidated statements of financial position of the Group as at 31 December 2020, 2021 and 2022, and the statements of financial position of the Company as at 31 December 2021 and 2022 and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-61 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the "Document") in connection with the **[REDACTED]** of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group as at 31 December 2020, 2021 and 2022 and of the Company as at 31 December 2021 and 2022, and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Ernst & Young
Certified Public Accountants
Hong Kong
[Date]

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended 31 December		
		2020	**2021**	**2022**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE	*5*	211,589	245,199	240,678
Other income and gains	*5*	17,421	4,437	7,311
Employee benefit expense		(99,474)	(104,622)	(94,684)
Production costs		(47,250)	(53,893)	(59,522)
Printing costs		(8,430)	(2,884)	(2,982)
Depreciation and amortisation		(11,346)	(14,015)	(17,079)
Other expenses, net		(13,997)	(28,943)	(21,252)
Finance costs	*7*	(1,817)	(3,159)	(5,626)
PROFIT BEFORE TAX	*6*	46,696	42,120	46,844
Income tax expense	*10*	(5,528)	(9,071)	(7,413)
PROFIT FOR THE YEAR		41,168	33,049	39,431
Attributable to:				
Owners of the parent		41,168	33,049	39,431
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*12*			
Basic and diluted		N/A	N/A	N/A

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
PROFIT FOR THE YEAR	41,168	33,049	39,431
OTHER COMPREHENSIVE INCOME/ (LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	100	(8)	32
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	41,268	33,041	39,463
Attributable to:			
Owners of the parent	41,268	33,041	39,463

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
		2020	**2021**	**2022**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*14*	907	24,971	22,610
Right-of-use assets	*15*	17,683	74,714	62,789
Intangible assets	*16*	1,016	725	408
Prepayments, deposits and other receivables	*18*	2,652	3,027	2,960
Deferred tax assets	*24*	1,202	351	508
Total non-current assets		23,460	103,788	89,275
CURRENT ASSETS				
Trade receivables	*17*	63,417	78,814	71,470
Prepayments, deposits and other receivables	*18*	3,273	8,384	9,144
Tax recoverable		–	905	–
Pledged bank deposit	*19*	800	800	800
Cash and cash equivalents	*19*	31,466	23,525	19,930
Total current assets		98,956	112,428	101,344
CURRENT LIABILITIES				
Trade payables	*20*	8,037	5,439	6,107
Other payables and accruals	*21*	20,849	51,272	18,371
Interest-bearing bank borrowings	*22*	10,318	35,000	21,000
Lease liabilities	*15*	10,460	9,858	10,536
Tax payable		2,860	1,363	3,594
Total current liabilities		52,524	102,932	59,608
NET CURRENT ASSETS		46,432	9,496	41,736
TOTAL ASSETS LESS CURRENT LIABILITIES		69,892	113,284	131,011
NON-CURRENT LIABILITIES				
Lease liabilities	*15*	12,483	62,692	52,956
Provisions	*23*	2,415	6,557	6,557
Total non-current liabilities		14,898	69,249	59,513
Net assets		54,994	44,035	71,498
EQUITY				
Equity attributable to owners of the parent				
Issued capital	*25*	–	–	–
Reserves	*26*	54,994	44,035	71,498
Total equity		54,994	44,035	71,498

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Attributable to owners of the parent				
		Issued capital	**Exchange fluctuation reserve**	**Other reserves**	**Accumulated losses**	**Total equity**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(note 25)		*(note 26)*		
At 1 January 2020		–	(76)	93,407	(53,845)	39,486
Profit for the year		–	–	–	41,168	41,168
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations		–	100	–	–	100
Total comprehensive income for the year		–	100	–	41,168	41,268
Dividends	*11*	–	–	–	(25,760)	(25,760)
At 31 December 2020		–	24*	93,407*	(38,437)*	54,994
At 1 January 2021		–	24	93,407	(38,437)	54,994
Profit for the year		–	–	–	33,049	33,049
Other comprehensive loss for the year:						
Exchange differences on translation of foreign operations		–	(8)	–	–	(8)
Total comprehensive income for the year		–	(8)	–	33,049	33,041
Issue of shares	*25*	–#	–	–	–	–
Dividends	*11*	–	–	–	(44,000)	(44,000)
At 31 December 2021		–	16*	93,407*	(49,388)*	44,035

		Attributable to owners of the parent				
	Notes	**Issued capital** *HK$'000* *(note 25)*	**Exchange fluctuation reserve** *HK$'000*	**Other reserves** *HK$'000* *(note 26)*	**Accumulated losses** *HK$'000*	**Total equity** *HK$'000*
At 1 January 2022		–	16	93,407	(49,388)	44,035
Profit for the year		–	–	–	39,431	39,431
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations		–	32	–	–	32
Total comprehensive income for the year		–	32	–	39,431	39,463
Dividend	*11*	–	–	–	(12,000)	(12,000)
At 31 December 2022		–	48*	93,407*	(21,957)*	71,498

\# *Amount less than HK$1,000*

* *These reserve accounts comprise the consolidated reserves of approximately HK$54,994,000, HK$44,035,000 and HK$71,498,000 in the consolidated statements of financial position as at 31 December 2020, 2021 and 2022, respectively.*

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
		2020	2021	2022
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		46,696	42,120	46,844
Adjustments for:				
Finance costs	*7*	1,817	3,159	5,626
Interest income	*5*	(23)	(47)	(93)
Depreciation of property, plant and equipment	*6*	1,747	1,251	3,989
Depreciation of right-of-use assets	*6*	9,411	12,347	12,620
Amortisation of intangible assets	*6*	188	417	470
Loss on disposal/write-off of property, plant and equipment, net	*6*	260	29	–
Gain on lease modification	*5*	(354)	(1,193)	–
Gain on reversal of provisions for reinstatement costs	*5*	–	(2,415)	–
Covid-19-related rent concession from a lessor	*5*	–	(29)	–
Impairment/(reversal of impairment) of trade receivables, net	*6*	74	2,107	(360)
		59,816	57,746	69,096
Decrease/(increase) in trade receivables		8,890	(17,504)	7,704
Decrease/(increase) in prepayments, deposits and other receivables		1,071	(7,113)	(608)
Increase/(decrease) in trade payables		(240)	(2,598)	668
Increase/(decrease) in other payables and accruals		(8,011)	10,080	(12,900)
Cash generated from operations		61,526	40,611	63,960
Hong Kong profits tax paid		(20,545)	(10,622)	(4,434)
Net cash flows from operating activities		40,981	29,989	59,526
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received		23	5	8
Purchases of items of property, plant and equipment		(184)	(4,998)	(21,629)
Proceeds from disposals of items of property, plant and equipment		49	–	–
Additions to intangible assets		(1,204)	(126)	(153)
Net cash flows used in investing activities		(1,316)	(5,119)	(21,774)

	Year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	(361)	(935)	(1,932)
Dividends paid	(21,000)	(44,000)	(12,000)
New bank borrowings	15,477	35,000	46,686
New other borrowings	32,500	–	–
Repayment of bank borrowings	(5,159)	(10,318)	(60,686)
Repayment of other borrowings	(36,484)	–	–
Principal portion of lease payments	(8,861)	(10,326)	(9,753)
Interest portion of lease payments	(1,456)	(2,224)	(3,694)
Net cash flows used in financing activities	(25,344)	(32,803)	(41,379)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	14,321	(7,933)	(3,627)
Cash and cash equivalents at beginning of year	17,052	31,466	23,525
Effect of foreign exchange rate changes, net	93	(8)	32
CASH AND CASH EQUIVALENTS AT END OF YEAR	31,466	23,525	19,930
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	31,466	23,525	19,930

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December	
		2021	**2022**
	Notes	*HK$'000*	*HK$'000*
NON-CURRENT ASSET			
Investment in a subsidiary	*13*	14,229	14,229
CURRENT ASSETS			
Due from a subsidiary	*13*	51,000	66,000
Prepayments		2,761	4,050
Total current assets		53,761	70,050
CURRENT LIABILITY			
Due to a subsidiary	*13*	46,226	63,653
NET CURRENT ASSETS		7,535	6,397
Net assets		21,764	20,626
EQUITY			
Issued capital	*25*	–*	–*
Reserves	*26*	21,764	20,626
Total equity		21,764	20,626

* Amount less than HK$1,000.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

New Media Lab Limited is a limited liability company incorporated in the Cayman Islands on 22 March 2021. The address of the registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. During the Relevant Periods, the principal place of business of the Company was located at 9th Floor, Store Friendly Tower (formerly known as New Media Tower), 82 Hung To Road, Kwun Tong, Kowloon, Hong Kong. Starting from the end of November 2021, the principal place of business of the Company has been relocated to 8th Floor, Tower 1, The Quayside, 77 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.

The Company is an investment holding company. During the Relevant Periods, the Company's subsidiaries were involved in the following principal activities:

- provision of digital and print advertising products and services, and related businesses (collectively, "digital and print media businesses"); and

- magazine and book publishing

In the opinion of the directors of the Company, the immediate holding company and the ultimate holding company of the Company are New Media Lab Group Holdings Limited and Albert Yeung Holdings Limited ("AY Holdings"), respectively, both are incorporated in the British Virgin Islands, and AY Holdings is legally wholly-owned by First Trust Services AG acting as the trustee of The Albert Yeung Discretionary Trust, a private discretionary trust set up by Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung").

For the purposes of this report, all companies (including their respective "associates" (for this particular sentence and in this specific context, have the meaning as defined under Rule 14A.12-15 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited)) directly or indirectly controlled by respective private discretionary trusts set up by Dr. Albert Yeung other than the Group are collectively referred to as the "Emperor Group".

The Company and its subsidiaries now comprising the Group underwent the Reorganisation as set out in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" in the Document. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the end of the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
New Media Group Limited *(note (a))*	British Virgin Islands 15 August 2007	HK$78,000	100	–	Investment holding
New Media Group Publishing Limited *(note (b))*	Hong Kong 14 July 1981	HK$800,000	–	100	Provision of group equipment services and digital and print media businesses

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
New Media Group Digital Services Limited *(note (b))*	Hong Kong 4 July 1997	HK$2	–	100	Investment holding and digital media business
Weekend Weekly Publishing Limited *(note (b))*	Hong Kong 7 May 1999	HK$100	–	100	Registered publisher
New Monday Publishing Limited *(note (b))*	Hong Kong 17 December 1999	HK$2	-	100	Registered publisher
Media Publishing Limited *(note (b))*	Hong Kong 18 February 2000	HK$2	–	100	Magazine and book publishing, digital and print media businesses and copyright holding
New Media Services Consultant Company Limited *(note (b))*	Hong Kong 14 April 2000	HK$2	–	100	Provision of group administrative services
Time Year Limited *(note (b))*	Hong Kong 3 November 2000	HK$2	–	100	Trademark holding and licensing
廣東薪傳網絡科技有限公司 Guangdong Xinchuan Network Technology Company Limited *(note (c))**	The People's Republic of China (the "PRC")/ Mainland China 10 September 2008	HK$7,600,000	–	100	Provision of group information technology support services
Reach Gain Limited *(note (b))*	Hong Kong 26 May 2010	HK$1	–	100	Digital media business
Fast Fame Limited *(note (b))*	Hong Kong 1 June 2018	HK$1	–	100	Digital media business
NMG (Hong Kong) Company Limited *(note (b))*	Hong Kong 5 June 2019	HK$1	–	100	Magazine publishing and digital and print media businesses

* *The English name of this entity registered in the PRC represents the best efforts made by the management of the Company to directly translate its Chinese name as it does not register any official English name.*

Notes:

(a) No audited financial statements have been prepared for this entity for the years ended 31 December 2020, 2021 and 2022, as this entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

(b) The statutory financial statements of these entities for the years ended 31 December 2020, 2021 and 2022 prepared under Hong Kong Financial Reporting Standards ("HKFRSs") were audited by Ernst & Young, Hong Kong.

(c) 廣東薪傳網絡科技有限公司 is registered as a wholly-foreign-owned enterprise under PRC law. The statutory financial statements of the entity for the years ended 31 December 2020, 2021 and 2022 prepared under PRC GAAP were audited by Guangdong Shu Cheng Certified Public Accountants Company Limited (廣東數誠會計師事務所有限公司), certified public accountants registered in the PRC.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation, as more fully explained in the paragraphs headed "Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" in the Document, the Company became the holding company of the companies now comprising the Group on 22 March 2021. The Reorganisation mainly involved the incorporation of the Company, inserting the Company at the top of an existing group and the transfer of equity interests in New Media Group Limited from certain then shareholders of New Media Group Limited to the Company. The Reorganisation has not resulted in any changes of economic substance of the businesses of New Media Group Limited and its subsidiaries before and after the Reorganisation. Accordingly, for the purpose of this report, the Historical Financial Information has been presented as a continuation of New Media Group Limited and its subsidiaries as if the Reorganisation had been completed at the beginning of the Relevant Periods.

Accordingly, the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the Relevant Periods are prepared as if the current group structure had been in existence throughout the Relevant Periods. The consolidated statements of financial position of the Group as at 31 December 2020, 2021 and 2022 have been prepared to present the assets and liabilities of the companies now comprising the Group, as if the current group structure had been in existence at those dates. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated on consolidation.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 January 2022, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Historical Financial Information:

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2, 4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 Effective for annual periods beginning on or after 1 January 2023

2 Effective for annual periods beginning on or after 1 January 2024

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

The Group is in the process of making a detailed assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs may result in changes in certain accounting policies and are unlikely to have a significant impact on the Group's financial performance and financial position in the period of initial application.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Business combinations other than those under common control

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate* or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate* of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

* Has the meaning as defined in HKAS 28 *Investments in Associates and Joint Ventures.*

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write-off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of property, plant and equipment are as follows:

Leasehold improvements	Over the lease terms
Furniture, fixtures and equipment	3 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Mobile applications are amortised on the straight-line basis over their estimated useful lives of 3 years.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Properties	2 to 8 years
Equipment	80 months

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of office premises and car parks (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Financial assets

Initial recognition and measurement

Financial assets of the Group are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset (debt instrument) to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group generally considers a financial asset in default when contractual payments are 90 days past due, while for certain debtors/under certain circumstances, the Group may assess whether there is reasonable and supportable information, including the Group's credit risk control practices and the historical recovery rate of financial assets over 90 days past due, to demonstrate that a more lagging default criterion is more appropriate. However, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

The Group uses a provision matrix, or other applicable approaches, to calculate ECLs for trade receivables and contract assets that is generally based on its historical loss experience, supplemented/substituted by relevant external information as appropriate, especially when there is insufficient sources of appropriate entity-specific data, and adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities of the Group are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is recognised in profit or loss.

A provision for reinstatement costs is recognised when a contractual obligation under the terms of a lease arrangement has arisen to reinstate a leased property at the end of the lease. Reinstatement costs are provided at the value of the expected costs to settle the obligation at the end of the reporting period using estimated cash flows and an equivalent asset is recognised and depreciated over the term of the lease arrangement. The estimated future costs of reinstatement are reviewed, and adjusted if appropriate, at least at each financial year end.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the countries/jurisdictions in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) Advertising revenues

Revenue from print advertising is generally recognised at the point in time when the print advertisement is published. For programmatic advertising, revenues are generally recognised as impressions are delivered. Revenues from non-programmatic digital advertising are generally recognised over the period that the related products or services are delivered/rendered, as the customer simultaneously received and consumes the benefits provided by the Group, or upon complete satisfaction the related performance obligation, such as, at the point in time when the related product(s) are published/delivered, based on the nature of the products or services provided. Advertising revenues are recognised net of provisions for estimated sales incentives, including rebates, rate adjustments or discounts, as appropriate.

Incentive arrangements

Specific incentives may be offered to certain customers once certain advertising spending amount for the relevant period exceeds particular threshold specified in the contract. To estimate the expected amount of incentives to be offered, which in turn will affect the net consideration that the Group will be entitled under the arrangement, the Group applies the method that it expects to better predict the amount. The requirements on constraining estimates of variable consideration are applied and a liability relating to the expected incentives is recognised as a reduction of revenues (i.e., the amount not included in the transaction price), based on the total amount of estimated expected incentives related to the underlying revenue transactions during the relevant period. Measurement of such expected incentives is estimated mainly based on historical experience, current economic trends and accumulated advertising spending to date.

(b) Circulation revenues

Circulation revenues mainly include revenues from sales/subscriptions of magazines and books. Circulation revenue is based on the number of copies of magazines and books and/or digital subscriptions sold, and the associated rates charged to the respective customers, net of provisions for related returns. Circulation revenue is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the magazines or books. Revenue from subscriptions (including digital subscriptions) is recognised over the subscription term, generally as the printed or digital publication is delivered.

Returns of unsold copies of publications

Some contracts with distributors include provisions for returns of unsold copies of magazines and books within certain period. The Group generally uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. The Group records the estimated impact of such returns as a reduction of revenue (i.e., the amount not included in the transaction price). To estimate publications that will be returned, the Group considers historical returns, current economic trends and changes in end customers' demand and acceptance of the Group's publications.

Other income

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

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") in Hong Kong under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiary which operates in Mainland China is required to participate in a central pension scheme operated by the local municipal government. The subsidiary is required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Dividends

For certain entities of the Group, interim dividends are simultaneously proposed and declared because the respective entities' memorandum and articles of association grant the directors of the respective entities the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared by the directors of the respective entities.

Foreign currencies

The Historical Financial Information is presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currency of an overseas subsidiary is currency other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of this entity are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and its statement of profit or loss is translated into Hong Kong dollars at the exchange rates that approximate the foreign exchange rates ruling at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statements of cash flows, the cash flows of an overseas subsidiary are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiary which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rate for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Identification of a customer and gross versus net revenue recognition

In the normal course of the Group's businesses, an intermediary may be involved. When the intermediary is determined to be the Group's customer, the Group records revenue based on the amount it expects to receive from the intermediary.

In other circumstances, the determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Group is acting as the principal or an agent in the transaction. If the Group is acting as a principal in a transaction, the Group reports revenue on a gross basis. If the Group is acting as an agent in a transaction, the Group reports revenue on a net basis. The determination of whether the Group is acting as a principal or an agent in a transaction involves judgment and is based on an evaluation of the terms of the arrangement. The Group is considered a principal if it controls a promised good or service before transferring that good or service to the customer. The Group considers several factors to determine if it controls the good or service and therefore is the principal. These factors include: (a) if the Group has primary responsibility for fulfilling the promise; (b) if the Group has inventory risk before the good or service is transferred to the customer or after the transfer of control to the customer; and (c) if the Group has discretion in establishing price for the specified good or service.

Significant judgement in determining the lease term of a contract with a renewal option

The Group has a lease contract that includes an extension option. At the commencement date of the lease, the Group applied judgement in evaluating whether or not to exercise the option to renew the lease. That is, it considered all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew the lease.

The Group includes the renewal period as part of the lease term for a lease of its office premises due to the significance of the office premises to its operations and the significant leasehold improvements undertaken (or expected to be undertaken) over the term of the relevant lease contract that are expected to have significant economic benefit for the Group when the option to extend that lease becomes exercisable.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Revenue recognition-estimating variable consideration for expected returns and incentives

The Group estimates variable consideration to be included in the transaction price for certain transactions, including the sales of magazines and books subject to returns of unsold copies and certain advertising arrangements subject to incentives to customers. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price.

When estimating returns, the Group may use the historical data of each product to come up with expected return percentages. These percentages and other relevant information including current economic trends, changes in end customers demand and acceptance of the Group's publications are considered to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

Determining whether a customer will likely be entitled to an incentive depends on the customer's historical net advertising spending pattern and incentive entitlements, current economic trends, and accumulated net advertising spending to date. Any significant changes as compared to historical net advertising spending patterns and rebate entitlements of customers will impact the expected incentive percentages estimated by the Group.

The Group updates its assessment of expected returns and incentives at the end of each reporting period and the obligations for returns and incentives are adjusted accordingly. Estimates of expected returns and incentives are sensitive to changes in circumstances and the Group's past experience regarding returns and incentives entitlements may not be representative of customers' actual returns and incentives entitlements in the future.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets with finite useful lives are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Provision for reinstatement costs

The Group makes provision for reinstatement costs associated with certain lease properties under operating leases attributable to the Group based on the estimates of the expected costs to be incurred to settle the relevant contractual obligations under the terms of the leases at the end of the reporting period, which are subject to uncertainties and might differ from the actual costs to be incurred. Significant judgements and estimates are required, including, inter alia, making various assumptions with reference to past experience and available information to determine the expected costs to be incurred. Further details are included in note 23 to the Historical Financial Information.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix, or other applicable approaches, to calculate ECLs for trade receivables. Generally, the provision matrix may initially be based on the Group's historical observed default rates, supplemented/substituted by relevant external information as appropriate, especially when there is insufficient sources of appropriate entity-specific data. The Group will calibrate the matrix to adjust the historical credit loss experience/relevant external information with forward-looking information. At each reporting date, the historical observed default rates/relevant external information are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates/relevant external information, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience/relevant external information and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 17 to the Historical Financial Information.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group 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 IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

4. OPERATING SEGMENT INFORMATION

The Group principally focuses on digital and print media businesses and magazine and book publishing. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

Substantially all of the Group's revenues from external customers during each of the Relevant Periods were attributed to Hong Kong based on the location in which the relevant Group's activities which generated such revenues were carried out.

(b) Non-current assets

Substantially all of the Group's non-current assets as at the end of each of the Relevant Periods were located in Hong Kong based on the location of the assets.

Information about major customers

Revenues from external customers derived from digital and print media businesses and magazine and book publishing contributing over 10% of the total revenue of the Group for the years ended 31 December 2020, 2021 and 2022 are as follows:

	Year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Customer A	28,954	34,790	24,168
Customer B	27,313	N/A*	N/A*

Revenues from these customers include revenue from a group of entities which are known to be under common control of these customers.

* Less than 10% of the total revenue of the Group in the respective years.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Revenue from contracts with customers			
(i) Disaggregated revenue information			
Types of goods or services			
Digital advertising (other than programmatic advertising)	157,401*	195,071	188,090
Programmatic advertising	22,851	36,787	41,079
	180,252	231,858	229,169
Print advertising	12,608	9,849	8,608
Circulation	18,729	3,492	2,901
Total revenue from contracts with customers	211,589	245,199	240,678
Timing of revenue recognition			
At a point in time	151,852	176,526	167,722
Over time	59,737	68,673	72,956
Total revenue from contracts with customers	211,589	245,199	240,678

* Including project management fees charged under various print advertising contracts of approximately HK$0.4 million for the year ended 31 December 2020.

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant Periods and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Revenue recognised that was included in contract liabilities at the beginning of each of the Relevant Periods:			
Circulation	467	263	255
Digital advertising	853	2,187	1,226
	1,320	2,450	1,481

	Year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Revenue recognised from performance obligations satisfied in previous periods:			
Sale of goods not previously recognised due to constraints on variable consideration	637	198	37

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Digital advertising (including programmatic advertising)

The performance obligation is generally satisfied upon the related services are performed or products are delivered/published, or over time as services are rendered, and payment is normally due upon delivery or within 90 days from the date of billing.

Print advertising

The performance obligation is generally satisfied upon the print advertisement is published and payment is generally due within 90 days from the date of billing.

Circulation

The performance obligation is generally satisfied upon delivery of the magazines or books and payment is generally based on terms agreed by the relevant parties as set out in respective agreements. For subscription revenue, payment in advance or at the beginning of each relevant period is normally required.

Practical expedient

As a practical expedient, the transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are not disclosed because all the remaining performance obligations are part of respective contracts that have an original expected duration of one year or less.

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Other income and gains			
Bank interest income	23	5	8
Accretion of interest on rental deposit paid	–	42	85
Government subsidies*	15,959	–	5,680
Gain on lease modification	354	1,193	–
Gain on reversal of provisions for reinstatement costs	–	2,415	–
Commission income	496	191	145
Licensing of content	318	283	107
Sales of scrap	17	61	44
Covid-19-related rent concession from a lessor	–	29	–
Others	254	218	1,242
	17,421	4,437	7,311

* *The government subsidies represent subsidies granted under the Employment Support Scheme of the Government of the Hong Kong Special Administrative Region. There were no unfulfilled conditions or contingencies relating to the subsidies.*

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Year ended 31 December		
		2020	**2021**	**2022**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Cost of goods sold and other services rendered		55,680	56,777	62,504
Depreciation of property, plant and equipment	*14*	1,747	1,251	3,989
Depreciation of right-of-use assets	*15*	9,411	12,347	12,620
Amortisation of intangible assets	*16*	188	417	470
Lease payments not included in the measurement of lease liabilities	*15*	707	355	219
Auditor's remuneration		350	350	395
[REDACTED] expenses		–	9,356	4,125
Loss on disposal/write-off of property, plant and equipment, net		260	29	–
Employee benefit expense (including directors' and chief executive's remuneration *(note 8)*):				
Salaries, bonuses and other benefits		95,545	101,206	91,259
Pension scheme contributions* (defined contribution schemes)		3,929	3,416	3,425
		99,474	104,622	94,684
Impairment/(reversal of impairment) of trade receivables, net	*17*	74	2,107	(360)
Foreign exchange differences, net		85	196	(29)

* There are no forfeited contribution that may be used by the Group as the employer to reduce the existing level of contributions. At 31 December 2020, 2021 and 2022, the Group had no forfeited contributions available to reduce its contributions to the pension scheme(s) in future years.

7. FINANCE COSTS

An analysis of finance costs is as follows:

		Year ended 31 December		
		2020	**2021**	**2022**
	Note	*HK$'000*	*HK$'000*	*HK$'000*
Interest on bank borrowings		199	935	1,932
Interest on other borrowing		162	–	–
Interest on lease liabilities	*15*	1,456	2,224	3,694
		1,817	3,159	5,626

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

A director of the Company received remuneration from a subsidiary now comprising the Group for his appointment as a director of this subsidiary during the Relevant Periods. The remuneration of this director is included in the Historical Financial Information for each of the Relevant Periods.

	Year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Fees	–	–	–
Other emoluments:			
Salaries and allowances	2,092	2,112	2,112
Performance related bonuses*	–	4,604	–
Pension scheme contributions	18	18	18
	2,110	6,734	2,130

* *Based on the Group's performance.*

(a) Independent non-executive directors

Subsequent to the end of the Relevant Periods, Ms. Cheng Ka Yu, Mr. Mak Kam Chiu and Mr. Niu Zhongjie were appointed as independent non-executive directors of the Company on 26 June 2023.

There were no fees or other emoluments paid or payable to the independent non-executive directors of the Company during the Relevant Periods.

(b) Executive directors and the chief executive

Ms. Fan Man Seung, Vanessa, Mr. Wong Chi Fai and Mr. Lee Yat Pui, Royce were appointed as executive directors of the Company on 22 March 2021.

	Salaries and allowances	Performance related bonus	Pension scheme contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2020				
Ms. Fan Man Seung, Vanessa	–	–	–	–
Mr. Wong Chi Fai	–	–	–	–
Mr. Lee Yat Pui, Royce*	2,092	–	18	2,110
	2,092	–	18	2,110
Year ended 31 December 2021				
Ms. Fan Man Seung, Vanessa	–	–	–	–
Mr. Wong Chi Fai	–	–	–	–
Mr. Lee Yat Pui, Royce*	2,112	4,604	18	6,734
	2,112	4,604	18	6,734
Year ended 31 December 2022				
Ms. Fan Man Seung, Vanessa	–	–	–	–
Mr. Wong Chi Fai	–	–	–	–
Mr. Lee Yat Pui, Royce*	2,112	–	18	2,130
	2,112	–	18	2,130

* *Chief executive officer*

During the Relevant Periods, no remuneration was paid or payable by the Group to the executive directors and the chief executive as an inducement to join or upon joining the Group or as compensation for the loss of office.

There was no arrangement under which a director or a chief executive waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the Relevant Periods included one director, details of whose remuneration are set out in note 8 above. Details of the remuneration for each of the Relevant Periods of the remaining four highest paid employees of the Group who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Salaries and allowances	5,548	5,075	5,712
Discretionary bonuses	984	1,596	–
Pension scheme contributions	72	72	72
	6,604	6,743	5,784

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December		
	2020	**2021**	**2022**
HK$1,000,001 to HK$1,500,000	1	1	3
HK$1,500,001 to HK$2,000,000	3	2	1
HK$2,000,001 to HK$2,500,000	–	1	–
	4	4	4

During the Relevant Periods, no remuneration was paid or payable by the Group to the non-director and non-chief executive highest paid employees as an inducement to join or upon joining the Group or as compensation for the loss of office.

10. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% for each of the Relevant Periods on the estimated assessable profits arising in Hong Kong during each of the Relevant Periods.

For the subsidiary established in Mainland China, Corporate Income Tax has been provided at the rate of 25% for each of the Relevant Periods.

	Year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Current – Hong Kong			
Charge for the year	5,757	8,214	7,547
Overprovision in prior years	(2)	–	(13)
Current – Mainland China			
Charge for the year	19	6	36
Deferred *(note 24)*	(246)	851	(157)
Total tax charge for the year	5,528	9,071	7,413

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the majority of the Group's subsidiaries are domiciled to the tax expense at the Group's effective tax rate is as follows:

	Year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Profit before tax	46,696	42,120	46,844
Tax at the Hong Kong statutory tax rate of 16.5%	7,705	6,950	7,729
Higher tax rate enacted by overseas authority	(58)	(33)	(179)
Adjustments in respect of current tax of previous periods	(2)	–	(13)
Income not subject to tax	(2,637)	(402)	(943)
Expenses not deductible for tax	573	2,615	826
Tax losses not recognised	86	60	60
Others	(139)	(119)	(67)
Tax charge at the Group's effective tax rate	5,528	9,071	7,413

11. DIVIDENDS

	Year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Dividends recognised as distributions	25,760	44,000	12,000

On 3 July 2020, New Media Group Limited declared a dividend of HK$15,000,000 to its then shareholders in respect of the year ended 31 December 2019.

On 28 October 2020 and 30 December 2020, New Media Group Limited declared dividends of HK$6,000,000 and HK$4,760,000 (note 27(a)), respectively, to its then shareholders in respect of the year ended 31 December 2020.

On 3 March 2021, New Media Group Limited declared a dividend of HK$10,000,000 to its then shareholders in respect of the year ended 31 December 2020.

On 26 April 2021, the Company declared a dividend of HK$4,000,000 to its shareholders.

On 12 August 2021, the Company declared a dividend of HK$30,000,000 to its shareholders.

On 29 August 2022, the Company declared a dividend of HK$12,000,000 to its shareholders.

Dividend per share information is not presented, as, in the opinion of the directors of the Company, its inclusion for the purpose of the Historical Financial Information is not considered meaningful due to the Reorganisation and the basis of presentation of the Group for the Relevant Periods as disclosed in note 2.1 to the Historical Financial Information.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Earnings per share information is not presented, as, in the opinion of the directors of the Company, its inclusion for the purpose of the Historical Financial Information is not considered meaningful due to the Reorganisation and the basis of presentation of the Group for the Relevant Periods as disclosed in note 2.1 to the Historical Financial Information.

13. INVESTMENT IN A SUBSIDIARY

Company

	As at 31 December	
	2021	**2022**
	HK$'000	*HK$'000*
Unlisted investment, at cost	14,229	14,229

Particulars of the subsidiary, New Media Group Limited, are disclosed in note 1 to the Historical Financial Information.

The balances with subsidiaries are non-trade related, unsecured, non-interest-bearing and repayable on demand.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	**Furniture, fixtures and equipment**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
31 December 2020			
At 1 January 2020:			
Cost	9,668	22,758	32,426
Accumulated depreciation	(8,388)	(21,269)	(29,657)
Net carrying amount	1,280	1,489	2,769
At 1 January 2020, net of accumulated depreciation	1,280	1,489	2,769
Additions	4	180	184
Disposals	(257)	(52)	(309)
Depreciation provided for the year	(807)	(940)	(1,747)
Exchange realignment	10	–	10
At 31 December 2020, net of accumulated depreciation	230	677	907
At 31 December 2020:			
Cost	9,317	20,343	29,660
Accumulated depreciation	(9,087)	(19,666)	(28,753)
Net carrying amount	230	677	907

	Leasehold improvements	Furniture, fixtures and equipment	Total
	HK$'000	*HK$'000*	*HK$'000*
31 December 2021			
At 1 January 2021:			
Cost	9,317	20,343	29,660
Accumulated depreciation	(9,087)	(19,666)	(28,753)
Net carrying amount	230	677	907
At 1 January 2021, net of accumulated depreciation	230	677	907
Additions	20,896	4,445	25,341
Disposal/write-off	(2)	(27)	(29)
Depreciation provided for the year	(456)	(795)	(1,251)
Exchange realignment	1	2	3
At 31 December 2021, net of accumulated depreciation	20,669	4,302	24,971
At 31 December 2021:			
Cost	22,363	8,613	30,976
Accumulated depreciation	(1,694)	(4,311)	(6,005)
Net carrying amount	20,669	4,302	24,971
31 December 2022			
At 1 January 2022:			
Cost	22,363	8,613	30,976
Accumulated depreciation	(1,694)	(4,311)	(6,005)
Net carrying amount	20,669	4,302	24,971
At 1 January 2022, net of accumulated depreciation	20,669	4,302	24,971
Additions	631	997	1,628
Depreciation provided for the year	(2,818)	(1,171)	(3,989)
Exchange realignment	–	–	–
At 31 December 2022, net of accumulated depreciation	18,482	4,128	22,610
At 31 December 2022:			
Cost	22,841	8,665	31,506
Accumulated depreciation	(4,359)	(4,537)	(8,896)
Net carrying amount	18,482	4,128	22,610

15. LEASES

The Group as a lessee

The Group has lease contracts for various properties, carparks and items of equipment used in its operations. Lease of equipment has lease term of 80 months, while properties generally have lease terms between 2 and 8 years. Certain properties and carparks have lease terms of 12 months or less.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

	Properties *HK$'000*	**Equipment** *HK$'000*	**Total** *HK$'000*
As at 1 January 2020	20,255	10,226	30,481
Lease modification	(3,414)	–	(3,414)
Depreciation charge	(6,854)	(2,557)	(9,411)
Exchange realignment	27	–	27
As at 31 December 2020 and 1 January 2021	10,014	7,669	17,683
Additions	72,475	–	72,475
Lease modification (early termination of lease term*)	(3,120)	–	(3,120)
Depreciation charge	(9,790)	(2,557)	(12,347)
Exchange realignment	23	–	23
As at 31 December 2021 and 1 January 2022	69,602	5,112	74,714
Addition	695	–	695
Depreciation charge	(10,063)	(2,557)	(12,620)
As at 31 December 2022	60,234	2,555	62,789

* *An early termination notice was served pursuant to the terms of the corresponding tenancy agreement to terminate the tenancy in December 2021.*

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Carrying amount at 1 January	35,542	22,943	72,550
New leases	–	64,249	695
Lease modifications	(3,768)	(4,313)	–
Accretion of interest recognised during the year *(note 7)*	1,456	2,224	3,694
Covid-19-related rent concession from a lessor	–	(29)	–
Payments	(10,317)	(12,550)	(13,447)
Exchange realignment	30	26	–
Carrying amount at 31 December	22,943	72,550	63,492
Analysed into:			
Current portion	10,460	9,858	10,536
Non-current portion	12,483	62,692	52,956

The maturity analysis of lease liabilities is disclosed in note 31 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Interest on lease liabilities	1,456	2,224	3,694
Depreciation charge of right-of-use assets	9,411	12,347	12,620
Lease payments not included in the measurement of lease liabilities (included in other expenses, net)	707	355	219
Gain on lease modification	(354)	(1,193)	–
Covid-19-related rent concession from a lessor	–	(29)	–
Total amount recognised in profit or loss	11,220	13,704	16,533

(d) The total cash outflow for leases is disclosed in note 27(c) to the Historical Financial Information.

16. INTANGIBLE ASSETS

	Mobile applications
	HK$'000
31 December 2020, 2021 and 2022	
Cost at 1 January 2020	–
Additions – acquired separately	1,204
Amortisation provided during the year	(188)
At 31 December 2020 and 1 January 2021	1,016
Additions – acquired separately	126
Amortisation provided during the year	(417)
At 31 December 2021 and 1 January 2022	725
Additions – acquired separately	153
Amortisation provided during the year	(470)
At 31 December 2022	408
At 31 December 2020:	
Cost	1,204
Accumulated amortisation	(188)
Net carrying amount	1,016
At 31 December 2021:	
Cost	1,330
Accumulated amortisation	(605)
Net carrying amount	725
At 31 December 2022:	
Cost	1,483
Accumulated amortisation	(1,075)
Net carrying amount	408

17. TRADE RECEIVABLES

	As at 31 December		
	2020	2021	2022
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	67,387	84,891	76,570
Impairment	(3,970)	(6,077)	(5,100)
	63,417	78,814	71,470

The Group's trading terms/settlement arrangements with its customers are generally based on specific contractual terms or in accordance with specific arrangements/trade practices with reference to their historical payment records and/or business relationships, which might include payment in advance, payment upon delivery/service rendered or with credit period extending up to 90 days. Settlements of circulation income from sales of magazine are generally made by respective distributors to the Group around 10 days after the verification of the quantity of magazines sold. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed by management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Included in the Group's trade receivables are amounts due from related companies, which are members of a group in which AY Holdings is the ultimate holding company (the "AY Holdings Group"), of approximately nil, HK$10,000 and HK$400,000 as at 31 December 2020, 2021 and 2022, respectively, which are trade related, unsecured, non-interest-bearing and repayable on demand.

Included in the Group's trade receivables are amounts due from members of the Emperor Group other than the AY Holdings Group ("Other Members of the Emperor Group") of approximately HK$15,000, HK$12,000 and HK$1,612,000 as at 31 December 2020, 2021 and 2022, respectively, which are trade related, unsecured, non-interest-bearing and repayable on demand.

At 31 December 2021 and 2022, certain of the Group's trade receivables with a net carrying amount of approximately HK$71 million and HK$66 million, respectively, were pledged to secure a bank loan facility granted to the Group (note 22).

An ageing analysis of the trade receivables, based on the invoice date and net of loss allowance, is as follows:

		As at 31 December	
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Within 1 month	23,792	26,676	27,116
1 to 3 months	22,475	26,990	22,988
3 to 6 months	14,108	18,524	13,886
Over 6 months	3,042	6,624	7,480
	63,417	78,814	71,470

The movements in the loss allowance for impairment of trade receivables are as follows:

		As at 31 December	
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
At beginning of year	3,896	3,970	6,077
Impairment/(reversal of impairment), net *(note 6)*	74	2,107	(360)
Amount written off as uncollectible	–	–	(617)
At end of year	3,970	6,077	5,100

An impairment analysis is performed at each reporting date using a provision matrix, or other applicable approach, to measure expected credit losses. The provision rates are generally based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects, as appropriate, the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables:

As at 31 December 2020

	Current to past due less than 1 month	Past due 1 to 3 months	Past due 3 to 6 months	Past due 6 to 9 months	Past due over 9 months	Total
Expected credit loss rate	1.27%	2.30%	4.69%	15.01%	67.48%	5.89%
Gross carrying amount *(HK$'000)*	32,644	16,717	12,607	2,052	3,367	67,387
Expected credit losses *(HK$'000)*	415	384	591	308	2,272	3,970

As at 31 December 2021

	Current to past due less than 1 month	Past due 1 to 3 months	Past due 3 to 6 months	Past due 6 to 9 months	Past due over 9 months	Total
Expected credit loss rate	1.21%	2.28%	4.55%	14.24%	65.49%	7.16%
Gross carrying amount *(HK$'000)*	38,832	21,656	14,162	4,367	5,874	84,891
Expected credit losses *(HK$'000)*	471	493	644	622	3,847	6,077

As at 31 December 2022

	Current to past due less than 1 month	Past due 1 to 3 months	Past due 3 to 6 months	Past due 6 to 9 months	Past due over 9 months	Total
Expected credit loss rate	1.21%	2.33%	4.50%	11.08%	64.92%	6.66%
Gross carrying amount *(HK$'000)*	36,839	19,040	9,964	5,947	4,780	76,570
Expected credit losses *(HK$'000)*	447	443	448	659	3,103	5,100

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Prepayments	2,854	6,031	6,727
Deposits and other receivables	3,071	5,380	5,377
	5,925	11,411	12,104
Less: Non-current portion	(2,652)	(3,027)	(2,960)
Current portion	3,273	8,384	9,144

The financial assets included in the above balances relate to receivables for which there was no recent history of significant default and past due amounts. As at 31 December 2020, 2021 and 2022, the loss allowance was assessed by management to be minimal.

Included in the Group's deposits and other receivables are amounts due from related companies, which are members of the AY Holdings Group, of approximately HK$2,595,000, nil and nil as at 31 December 2020, 2021 and 2022, respectively, which are non-trade related, unsecured, non-interest-bearing and repayable on demand.

Included in the Group's deposits and other receivables are amounts due from Other Members of the Emperor Group of approximately HK$97,000, nil and nil as at 31 December 2020, 2021 and 2022, respectively, which are non-trade related, unsecured, non-interest-bearing and repayable on demand.

Included in the Group's prepayments is a non-trade related prepayment to an Other Member of the Emperor Group of approximately HK$225,000 and HK$288,000 as at 31 December 2021 and 2022, respectively.

Included in the Group's prepayments is a trade related prepayment to a related company, which is an indirect associate of the AY Holdings, of approximately HK$600,000, nil and nil as at 31 December 2020, 2021 and 2022, respectively (note 28(a)(v)).

19. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSIT

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Cash and bank balances	31,466	23,525	19,930
Bank deposit	800	800	800
	32,266	24,325	20,730
Less: Pledged bank deposit	(800)	(800)	(800)
Cash and cash equivalents	31,466	23,525	19,930

The Group's cash and cash equivalents are denominated in the following currencies:

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
HK$	29,893	22,429	18,821
RMB	1,515	1,070	1,025
Others	58	26	84
Cash and cash equivalents	31,466	23,525	19,930

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Certain cash at banks earns interest at floating rates based on relevant bank deposit rates. The bank balances and pledged bank deposit are deposited with creditworthy banks with no recent history of default.

The Group's credit card facilities have been secured by the pledge of certain of the Group's bank deposit amounting to HK$800,000, HK$800,000 and HK$800,000 as at 31 December 2020, 2021 and 2022, respectively.

20. TRADE PAYABLES

An ageing analysis of the trade payables, based on the invoice date or equivalent, is as follows:

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Less than 30 days	5,840	5,052	5,350
30 to 90 days	1,846	321	436
More than 90 days	351	66	321
	8,037	5,439	6,107

Included in the Group's trade payables are amounts due to related companies, which are members of the AY Holdings Group, of approximately nil, HK$127,000 and HK$36,000 as at 31 December 2020, 2021 and 2022, respectively, which are trade related, unsecured, non-interest-bearing and repayable on demand. The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days.

21. OTHER PAYABLES AND ACCRUALS

		As at 31 December		
		2020	**2021**	**2022**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Contract liabilities	*(a)*	2,510	1,506	1,510
Other payables and accruals*	*(b)*	18,339	49,766	16,861
		20,849	51,272	18,371

* *Included in the Group's other payables and accruals are amounts due to related companies, which are members of the AY Holdings Group, of approximately HK$1,485,000, HK$1,431,000 and HK$1,234,000 as at 31 December 2020, 2021 and 2022, respectively, which are non-trade related, unsecured, non-interest-bearing and repayable on demand. The directors of the Company have confirmed such amounts will be settled prior to the* **[REDACTED]**.

Notes:

(a) Details of contract liabilities are as follows:

	As at 1 January 2020	As at 31 December		
		2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Payments received in advance				
Circulation	467	263	255	223
Digital advertising	979	2,247	1,251	1,287
	1,446	2,510	1,506	1,510

Contract liabilities include short-term advances received relating to circulation and digital advertising. The increase in contract liabilities in 2020 was mainly due to an increase in short-term advances received from customers in relation to digital advertising being offset by a decrease due to the termination of the publication of one magazine in 2020. The decrease in contract liabilities in 2021 was mainly due to a decrease in short-term advances received from customers in relation to the sales/ subscription of magazines and books, and digital advertising near the end of the year ended 31 December 2021. The increase in contract liabilities in 2022 was mainly due to an increase in short-term advances received from customers in relation to digital advertising near the end of the year ended 31 December 2022.

(b) Included in the Group's other payables as at 31 December 2021 and 2022 were aggregate amounts of approximately HK$20,752,000 and HK$1,336,000, respectively, in connection with the additions of property, plant and equipment.

Other payables are non-interest-bearing and are normally settled on terms of 30 to 90 days.

22. INTEREST-BEARING BANK BORROWINGS

		As at 31 December		
		2020	**2021**	**2022**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Current				
Bank borrowings – unsecured	*(a)*	10,318	–	6,000
Bank borrowing – secured	*(b)*	–	35,000	15,000
		10,318	35,000	21,000
Analysed into:				
Bank borrowings repayable:				
Within one year or on demand*		10,318	35,000	21,000

* *The relevant agreements contain repayment on demand clauses giving the respective lenders the unconditional rights to call in the respective borrowings at any time and, therefore, for the purpose of the above analysis, the total amount is classified as "on demand".*

Notes:

(a) As at 31 December 2020, the bank borrowings bore interest at 1.45% per annum over Hong Kong Interbank Offered Rate ("HIBOR") and were repayable in 2021.

As at 31 December 2020, the Group had aggregate bank borrowing facilities from a bank amounting to approximately HK$15,477,000, of which an aggregate amount of approximately HK$10,318,000 was utilised as at 31 December 2020.

In the last quarter of 2022, an indirect subsidiary of the Company (the "Subsidiary") obtained a term loan facility (the "Facility") from a bank (the "Lender") with a facility limit of HK$6,000,000, of which HK$6,000,000 was utilised as at 31 December 2022. The Facility is guaranteed by the Company for an unlimited amount. A deed of undertaking was executed by AY Holdings, pursuant to which AY Holdings unconditionally and irrevocably covenants and undertakes with the Lender that if the Company's shares are not **[REDACTED]** on the Stock Exchange within eleven months from 30 November 2022, AY Holdings shall immediately provide or cause to be provided to the Subsidiary with sufficient funding in cash for repaying all outstanding indebtedness under the Facility in full. The loan drawdown under the Facility bears interest at 2.75% per annum over HIBOR and is repayable in November 2023.

(b) In June 2021, the Subsidiary obtained an uncommitted revolving loan facility from a bank (the "Bank") amounting to HK$35,000,000, of which an aggregate amount of HK$35,000,000 was utilised as at 31 December 2021, which was secured by a corporate guarantee of the Company and certain trade receivables of the Group (note 17). As at 31 December 2021, the bank loans bore interest at the Bank's Hong Kong dollar best lending rate or its cost of funds, whichever is higher, and aggregate accrued interest and principal amounts of the bank borrowings of HK$10,000,000 and HK$25,000,000 were repayable on or before 21 January 2022 and 7 March 2022, respectively.

After the expiry of the above revolving loan facility, the Subsidiary obtained another uncommitted revolving loan facility from the Bank in December 2022 with a facility limit of HK$30,000,000, of which HK$15,000,000 was utilised as at 31 December 2022. The revolving loan facility is secured by a corporate guarantee of the Company and certain trade receivables of the Group (note 17). The loan drawdown under this revolving bank loan facility bears interest at 4.5% per annum over 1-month HIBOR or 4.5% per annum over the Bank's cost of funds, whichever is higher, and aggregate accrued interest and principal amount of the bank borrowing outstanding at 31 December 2022 of HK$15,000,000 are repayable on or before 7 February 2023. Pursuant to the terms and conditions of this revolving bank loan facility, the maximum loan finance ratio shall be up to a certain percentage (the "Threshold Percentage") of the total amount of accounts receivable as shown on the concerned accounts receivable report of the Subsidiary (the "AR Report") for each drawing and the then loan outstanding with the maximum drawdown amount shall not exceed the facility limit. If the balance on the AR Report is below a certain amount and its loan-to-value ratio ("LTV Ratio") against the loan drawn under the facility ("Loan Outstanding") exceeded the Threshold Percentage, at any time, the Subsidiary shall reduce the Loan Outstanding in order to restore the LTV Ratio to not more than the Threshold Percentage within the time limit imposed by the Bank from time to time. In case of the LTV Ratio exceeding the Threshold Percentage, the Subsidiary is required to pay off the shortfall difference by early partial repayment or providing acceptable collateral to the bank in order to get back the original LTV Ratio position within one month.

The Group's interest-bearing bank borrowings are denominated in HK$.

23. PROVISIONS

Pursuant to the terms of relevant tenancy agreements, the Group, as the lessee of certain properties, has the obligations to reinstate certain leased properties to their original state or to a condition as specified in the respective tenancy agreements at the end/upon the termination of the relevant lease terms.

	Provisions for reinstatements costs		
	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
At beginning of year	2,415	2,415	6,557
Additional provision	–	6,557	–
Reversal of provision	–	(2,415)	–
At end of year	2,415	6,557	6,557

The provisions for reinstatement costs were determined based on certain assumptions and estimates made by management of the Group reference to inter alia, past experience and available information. The assumptions and estimates are reviewed and revised where appropriate, at least at the end of each reporting period.

24. DEFERRED TAX

Deferred tax assets

	Note	Depreciation in excess of related depreciation allowance/ (depreciation allowance in excess of related depreciation)	Impairment of trade receivables	Total
		HK$'000	*HK$'000*	*HK$'000*
At 1 January 2020		693	263	956
Deferred tax credited to profit or loss during the year	*10*	–	246	246
At 31 December 2020 and 1 January 2021		693	509	1,202
Deferred tax credited/(charged) to profit or loss during the year	*10*	(1,253)	402	(851)
At 31 December 2021 and 1 January 2022		(560)	911	351
Deferred tax credited/(charged) to profit or loss during the year	*10*	305	(148)	157
At 31 December 2022		(255)	763	508

The Group has tax losses arising in Hong Kong of approximately HK$32,956,000, HK$33,319,000 and HK$33,682,000 as at 31 December 2020, 2021 and 2022, respectively, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognised in respect of these tax losses as at 31 December 2020, 2021 and 2022 due to the unpredictability of the future taxable profits streams of the subsidiaries in which the tax losses arose and it is not considered probable that future taxable profits will be available against which the tax losses can be utilised.

25. ISSUED CAPITAL

	As at 31 December	
	2021	**2022**
	HK$'000	*HK$'000*
Authorised:		
5,000,000 ordinary shares of HK$0.01 each	50	50
Issued and fully paid:		
20,000 ordinary shares of HK$0.01 each	–*	–*

* *Amount less than HK$1,000*

On 22 March 2021, the Company was incorporated as an exempted company with limited liability in the Cayman Islands with authorised share capital of HK$50,000 divided into 5,000,000 ordinary shares of HK$0.01 each. Upon incorporation, 1 ordinary share of HK$0.01 of the Company was issued at par as the subscriber's share and, on the same date, 9,999 additional ordinary shares of HK$0.01 of the Company each were allotted and issued for cash at par.

On the same date, 10,000 additional ordinary shares of HK$0.01 each of the Company were allotted and issued in exchange for the entire issued share capital of New Media Group Limited and credited as fully paid pursuant to the Reorganisation.

26. RESERVES

Group

The amounts of the Group's reserves and the movements therein for each of the Relevant Periods are presented in the consolidated statements of changes in equity on pages I-9 to I-10 of this report.

The other reserves are mainly arising from:

(a) the differences between the aggregate amount of issued capital and share premium of the relevant subsidiaries and the nominal value of an entity's shares issued for the acquisition thereof in prior periods;

(b) the acquisition of additional 15% equity interest in a subsidiary from a non-controlling shareholder in 2006 and was deemed as a capital contribution;

(c) the current accounts waived by the then immediate holding company as a result of the deregistration of certain subsidiaries in prior periods;

(d) the deemed contribution arising from the discounting of a non-current interest-free loan from the then immediate holding company in prior periods; and

(e) the difference between the nominal amount of the issued capital of New Media Group Limited and the nominal value of the shares of the Company issued in exchange therefor pursuant to the Reorganisation.

Company

A summary of the movements of the Company's reserves is as follows:

	Other reserve *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*
Arising from the Reorganisation	14,229	–	14,229
Total comprehensive income for the period	–	41,535	41,535
Dividends *(note 11)*	–	(34,000)	(34,000)
At 31 December 2021 and 1 January 2022	14,229	7,535	21,764
Dividend *(note 11)*	–	(12,000)	(12,000)
Total comprehensive income for the year	–	10,862	10,862
At 31 December 2022	14,229	6,397	20,626

The Company's other reserve represents the excess of the equity of a subsidiary acquired pursuant to the Reorganisation over the nominal value of the Company's shares issued in exchange therefor.

27. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2020, 2021 and 2022, the Group had non-cash additions to right-of-use assets of approximately nil, HK$64,249,000 and HK$695,000 and lease liabilities of approximately nil, HK$64,249,000 and HK$695,000, respectively, in respect of lease arrangements for properties.

During the years ended 31 December 2020, 2021 and 2022, the Group had non-cash lease modification resulting in decrease in right-of-use assets of approximately HK$3,414,000, HK$3,120,000 and nil (note 15(a)) and lease liabilities of approximately HK$3,768,000, HK$4,313,000 and nil (note 15(b)), and gain on lease modification of approximately HK$354,000, HK$1,193,000 and nil (note 15(c)), respectively, in respect of lease arrangements for properties.

During the year ended 31 December 2020, a dividend declared by New Media Group Limited of approximately HK$4,760,000 was settled through the balance with the then immediate holding company.

During the year ended 31 December 2021, the Group had non-cash additional provisions for reinstatement costs in respect of certain leased properties of the Group amounting to approximately HK$6,557,000 and a corresponding non-cash additions to the right-of-use assets of the Group of HK$6,557,000 during that year.

(b) Changes in liabilities arising from financing activities

	Lease liabilities	Interest-bearing bank borrowings	Interest-bearing other borrowing
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2020	35,542	–	3,984
Changes from financing cash flows	(10,317)	10,318	(3,984)
Lease modification	(3,768)	–	–
Foreign exchange movement	30	–	–
Interest expense	1,456	–	–
At 31 December 2020 and at 1 January 2021	22,943	10,318	–
Changes from financing cash flows	(12,550)	24,682	–
Covid-19-related rent concession from a lessor	(29)	–	–
New leases	64,249	–	–
Lease modification	(4,313)	–	–
Foreign exchange movement	26	–	–
Interest expense	2,224	–	–
At 31 December 2021 and at 1 January 2022	72,550	35,000	–
Changes from financing cash flows	(13,447)	(14,000)	–
New lease	695	–	–
Interest expense	3,694	–	–
At 31 December 2022	63,492	21,000	–

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Within operating activities	707	355	219
Within financing activities	10,317	12,550	13,447
	11,024	12,905	13,666

28. TRANSACTIONS WITH RELATED PARTIES AND OTHER MEMBERS OF THE EMPEROR GROUP

(a) The Group had the following transactions with related parties during the Relevant Periods:

		Year ended 31 December		
		2020	**2021**	**2022**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Then immediate holding company				
Finance cost	*(i)*	162	–	–
Other members of the AY Holdings Group				
Advertising income	*(ii)*	61	42	427
Interest expense on lease liabilities	*(c)*	789	171	–
Lease payments	*(c)*	6,330	2,596	–
Gain on lease modification	*(c)*	354	–	–
Lease payments not included in measurement of lease liabilities	*(iii)*	707	222	–
Reimbursements of administrative expenses	*(iv)*	770	1,793	1,330
Indirect associate of AY Holdings				
Advertising income	*(ii)*	438	–	–
Production and other costs	*(v)*	120	174	–

Notes:

(i) Finance cost charged by the then immediate holding company was based on terms as set out in the corresponding loan agreement (note 7).

(ii) Advertising income was charged based on terms as agreed by the relevant parties as set out in respective agreements.

(iii) The amounts charged by a related company were on terms as agreed by the relevant parties as set out in respective tenancy agreements.

(iv) The amounts charged by a related company were with reference to the costs incurred. The amounts outstanding are included in other payables and accruals (note 21).

(v) Prior to the year ended 31 December 2020, the Group prepaid certain production costs of approximately HK$600,000 to an indirect associate of AY Holdings (note 18) and during the years ended 31 December 2020 and 2021, certain costs of approximately HK$120,000 and HK$174,000, respectively, were charged by that entity to the Group, all based on terms as agreed between the relevant parties. The prepaid production costs were fully returned to the Group during the year ended 31 December 2021.

(b) The Group had the following transactions with Other Members of the Emperor Group during the Relevant Periods:

		Year ended 31 December		
		2020	**2021**	**2022**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Advertising income	*(i)*	319	206	1,779
Production costs and printing costs	*(ii)*	126	–	295
Sponsor fee	*(iii)*	–	707	219

Notes:

(i) Advertising income was charged based on terms as agreed by the relevant parties as set out in respective agreements.

(ii) Production costs and printing costs were charged based on terms as agreed by the relevant parties as set out in respective agreements.

(iii) An Other Member of the Emperor Group has been appointed as one of the Joint Sponsors for the **[REDACTED]** of the shares of the Company on the Main Board of the Stock Exchange pursuant to an engagement letter for a total agreed sponsor fee of HK$1,650,000. Up to 31 December 2021 and 2022, the total amounts of such sponsor fee incurred were approximately HK$932,000 and HK$1,213,000, respectively, of which approximately HK$707,000 and HK$219,000 were charged to profit or loss for the years ended 31 December 2021 and 2022, respectively.

(c) Lease arrangements with a related company and related deposits paid

During the years ended 31 December 2020 and 2021, the Group had certain lease arrangements ("Lease Arrangements") originally ranging from two to three years with a company (the "lessor"), which is a member of the AY Holdings Group, in connection with the leasing of certain properties. The lessor was no longer a related company as at 31 December 2021. The respective total amounts of deposits paid to the related company in connection with the Lease Arrangements of HK$2,397,000 were included in the Group's non-current deposits as at 31 December 2020. The right-of-use assets and lease liabilities in connection with the Lease Arrangements were recognised in the consolidated statements of financial position of the Group as at 31 December 2020. As at 31 December 2020, the right-of-use assets in connection with the Lease Arrangements amounted to approximately HK$9,432,000. As at 31 December 2020, the lease liabilities in connection with the Lease Arrangements amounted to approximately HK$11,181,000. The amounts recognised in profit or loss and the consolidated statements of cash flows for the years ended 31 December 2020 and 2021 in relation to the Lease Arrangements are set out in note 28(a).

(d) Balances with related parties

(i) Trade balances with related parties

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables			
Members of the AY Holdings Group	–	10	400
Other Members of the Emperor Group	15	12	1,612
	15	22	2,012

The trade receivables are unsecured, non-interest-bearing and repayable on demand.

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Prepayment			
An indirect associate of AY Holdings	600	–	–
Trade payables			
Members of the AY Holdings Group	–	127	36

The trade payables are unsecured, non-interest-bearing and repayable on demand.

(ii) Non-trade balances with related parties

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Deposits and other receivables			
Members of the AY Holdings Group	2,595	–	–
Other Members of the Emperor Group	97	–	–
	2,692	–	–

The other receivables are unsecured, non-interest-bearing and repayable on demand.

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Prepayment			
An Other Member of the Emperor Group	–	225	288

The directors of the Company have confirmed the prepayment to an Other Member of the Emperor Group will be utilised prior to the **[REDACTED]**.

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Other payables and accruals			
Members of the AY Holdings Group	1,485	1,431	1,234

The other payables and accruals are unsecured, non-interest-bearing and repayable on demand. The directors of the Company have confirmed the other payables and accruals due to members of the AY Holdings Group will be settled prior to the **[REDACTED]**.

(e) Compensation of key management personnel of the Group:

	Year ended 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Short-term employee benefits	4,777	9,474	4,752
Post-employment benefits	54	54	54
Total compensation paid to key management personnel	4,831	9,528	4,806

Further details of directors' and chief executive's remuneration are included in note 8 to the Historical Financial Information.

29. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Financial assets

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Financial assets at amortised cost:			
Trade receivables	63,417	78,814	71,470
Financial assets included in prepayments, deposits and other receivables	3,071	5,380	3,517
Pledged bank deposit	800	800	800
Cash and cash equivalents	31,466	23,525	19,930
	98,754	108,519	95,717

Financial liabilities

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Financial liabilities at amortised cost:			
Trade payables	8,037	5,439	6,107
Financial liabilities included in other payables and accruals	11,417	33,479	12,660
Interest-bearing bank borrowings	10,318	35,000	21,000
Lease liabilities	22,943	72,550	63,492
	52,715	146,468	103,259

30. FAIR VALUE AND FAIR VALUE HIERARCHY

At the end of each of the Relevant Periods, the carrying amounts of the Group's financial assets and financial liabilities reasonably approximated to their fair values.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumption were used to estimate the fair values:

The fair values of cash and cash equivalents, pledged bank deposit, trade receivables, financial assets included in prepayments, deposits and other receivables, trade payables, financial liabilities included in other payables and accruals, and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities/are repayable on demand or the effect of discounting is not material.

The fair values of the non-current portion of financial assets included in prepayments, deposits and other receivables had been calculated and assessed mainly by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities, as appropriate. The changes in fair value as a result of the Group's own non-performance risk as at the Relevant Periods were assessed to be insignificant.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings, lease liabilities, pledged bank deposit and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, financial assets included in prepayments, deposits and other receivables, trade payables and financial liabilities included in other payables and accruals, which mainly arise directly from its operations.

It is, and has been, throughout the Relevant Periods, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The management of the Group reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with floating interest rates. The Group mitigates the risk by monitoring closely the movements in interest rates regularly.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax for the years ended 31 December 2020, 2021, and 2022 (through the impact on floating rate interest-bearing bank borrowings).

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax *HK$'000*
Year ended 31 December 2020		
HK$	50	(52)
	(50)	52
Year ended 31 December 2021		
HK$	50	(175)
	(50)	175
Year ended 31 December 2022		
HK$	50	(105)
	(50)	105

Credit risk

The Group mainly transacts on credit with recognised/creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2020, 2021 and 2022. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	Lifetime ECLs			
	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Simplified approach *HK$'000*	Total *HK$'000*
As at 31 December 2020					
Trade receivables*	–	–	–	67,387	67,387
Financial assets included in prepayments, other receivables and other assets					
– Normal**	3,071	–	–	–	3,071
Pledged deposits					
– Not yet past due	800	–	–	–	800
Cash and cash equivalents					
– Not yet past due	31,466	–	–	–	31,466
	35,337	–	–	67,387	102,724

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2021					
Trade receivables*	–	–	–	84,891	84,891
Financial assets included in prepayments, other receivables and other assets					
– Normal**	5,380	–	–	–	5,380
Pledged deposit					
– Not yet past due	800	–	–	–	800
Cash and cash equivalents					
– Not yet past due	23,525	–	–	–	23,525
	29,705	–	–	84,891	114,596
As at 31 December 2022					
Trade receivables*	–	–	–	76,570	76,570
Financial assets included in prepayments, other receivables and other assets					
– Normal**	3,517	–	–	–	3,517
Pledged deposit					
– Not yet past due	800	–	–	–	800
Cash and cash equivalents					
– Not yet past due	19,930	–	–	–	19,930
	24,247	–	–	76,570	100,817

* *For trade receivables to which the Group applies the simplified approach for impairment, relevant information is disclosed in note 17 to the Historical Financial Information.*

** *The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".*

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 17 to the Historical Financial Information.

Liquidity risk

The Group regularly monitors its risk to a shortage of funds and considers the maturity of both its financial liabilities and financial assets and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings.

The following tables show the maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments.

	On demand or less than 1 year	1 to 5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2020				
Trade payables	8,037	–	–	8,037
Financial liabilities included in other payables and accruals	11,417	–	–	11,417
Interest-bearing bank borrowings	10,318	–	–	10,318
Lease liabilities	11,049	12,970	–	24,019
	40,821	12,970	–	53,791

	On demand or less than 1 year	1 to 5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2021				
Trade payables	5,439	–	–	5,439
Financial liabilities included in other payables and accruals	33,479	–	–	33,479
Interest-bearing bank borrowings	35,000	–	–	35,000
Lease liabilities	13,797	45,921	28,245	87,963
	87,715	45,921	28,245	161,881

	On demand or less than 1 year	1 to 5 years	Over 5 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2022				
Trade payables	6,107	–	–	6,107
Financial liabilities included in other payables and accruals	12,660	–	–	12,660
Interest-bearing bank borrowings	21,000	–	–	21,000
Lease liabilities	14,122	43,996	17,311	75,429
	53,889	43,996	17,311	115,196

As at 31 December 2020, 2021 and 2022, the above interest-bearing bank borrowings with carrying amounts of approximately HK$10,318,000, HK$35,000,000 and HK$21,000,000, respectively, contain repayment on demand clauses giving the respective lenders the unconditional rights to call in the respective borrowings at any time and, therefore, for the purpose of the above maturity profile, the total amount is classified as "on demand".

Notwithstanding the repayment on demand clauses, the directors of the Company do not believe that the borrowings will be called in in their entirety at any time and they consider that the borrowings will be repaid in accordance with the maturity dates as set out in the corresponding agreements. This evaluation was made after considering the financial position of the Group at the end of each of the Relevant Periods, the lack of events of default, and the fact that the Group has made all previously scheduled repayments on time.

In accordance with the terms of the bank borrowings which contain repayment on demand clauses, the maturity profile of the bank borrowings as at the end of each of the Relevant Periods, based on the contractual undiscounted payments and ignoring the effect of any repayment on demand clause, is as follows:

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Less than 1 year	10,533	35,386	21,171

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is determined based of the Group's total debts divided by its total equity. Total debts include interest-bearing bank borrowings, and amounts due to related companies. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December		
	2020	**2021**	**2022**
	HK$'000	*HK$'000*	*HK$'000*
Amounts due to related companies *(note 21)*	1,485	1,431	1,234
Interest-bearing bank borrowings *(note 22)*	10,318	35,000	21,000
Total debts	11,803	36,431	22,234
Total equity	54,994	44,035	71,498
Gearing ratio *(%)*	21.5	82.7	31.1

32. EVENT AFTER THE RELEVANT PERIODS

On 17 March 2023, the Company declared an interim dividend of HK$500 per ordinary share amounting to HK$10,000,000 in aggregate for the year ending 31 December 2023 to its shareholders.

33. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of its subsidiaries in respect of any period subsequent to 31 December 2022.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 22 March 2021 under the Companies Act (As Revised) of the Cayman Islands (the "Companies Act"). The Company's constitutional documents consist of its Memorandum of Association (the "Memorandum") and its Articles of Association (the "Articles").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Act and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 26 June 2023 with effect from the **[REDACTED]**. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Act, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (including at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied, modified or abrogated by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

(i) increase its share capital by the creation of new shares;

(ii) consolidate all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum;

(v) make provision for the issue and allotment of shares which do not carry any voting rights; or

(vi) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are listed on the Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange (the "**Listing Rules**") that are or shall be applicable to such listed shares. The register of members in respect of its listed shares (whether the principal register or a branch register) may be kept by recording the particulars required by Section 40 of the Companies Act in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the Listing Rules that are or shall be applicable to such listed shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by announcement or by electronic communication or by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year. The period of thirty (30) days may be extended for a further period or periods not exceeding thirty (30) days in respect of any year if approved by the Members by ordinary resolution.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Act and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

The board may accept the surrender for no consideration of any fully paid share.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit. The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election.

A Director (including a managing or other executive Director) may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he resigns by notice in writing delivered to the Company;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or

(ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Act and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise as the Company may by ordinary resolution determine or, if there has not been any such determination or so far as the same shall not make specific provision, as the Directors may determine.

Subject to the provisions of the Companies Act, the Listing Rules and the Memorandum and Articles , and to any special rights conferred on the holders of any shares or attaching to any class of shares, any preference shares may be issued or converted into shares that, at a determinable date, or at the option of the Company or the holder if so authorised by the Articles are, liable to be redeemed on such terms and in such manner, including out of capital, as the Company before the issue or conversion may by ordinary resolution determine.

The board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Act and the Articles and, where applicable, the Listing Rules and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount to their nominal value.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Act to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Act, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or past Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

The board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the capital redemption reserve and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested. A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) the giving of any security or indemnity either:–

(aaa) to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or

(bbb) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/ themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(bb) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(cc) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:–

(aaa) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or

(bbb) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the Directors, his close associate(s) and employee(s) of the Company or any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates;

(dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn or postpone and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Act, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that in the case of a physical meeting, the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. Votes (whether on a show of hands or by way of poll) may be cast by such means, electronic or otherwise, as the Directors or the chairman of the meeting may determine.

Any corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any general meeting of the Company or at any meeting of any class of members.

The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member and such corporation shall for the purposes of the Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, the right to speak and to vote, and where a show of hands is allowed, the right to vote individually on a show of hands.

All members have the right to speak and vote at a general meeting except where a member is required, by the rules of the Stock Exchange, to abstain from voting to approve the matter under consideration.

Where the Company has any knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and extraordinary general meetings

The Company must hold an annual general meeting of the Company for each financial year and such general meeting must be held within six (6) months after the end of the Company's financial year unless a longer period would not infringe the Listing Rules.

Extraordinary general meetings may be convened on the requisition of one or more members holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings, on a one vote per share basis. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business or resolution specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may convene a physical meeting at only one location which will be the Principal Meeting Place (as defined below), and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

Notwithstanding any provisions in the Articles, any general meeting or any class meeting may be held by means of such telephone, electronic or other communication facilities as to permit all persons participating in the meeting to communicate with each other, and participation in such a meeting shall constitute presence at such meeting.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days. All other general meetings must be called by notice of at least fourteen (14) clear days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify (a) the time and date of the meeting, (b) save for an electronic meeting, the place of the meeting and if there is more than one meeting location as determined by the Board pursuant to the Articles, the principal place of the meeting (the "**Principal Meeting Place**"), (c) if the general meeting is to be a hybrid meeting or an electronic meeting, the notice shall include a statement to that effect and with details of the electronic facilities for attendance and participation by electronic means at the meeting or where such details will be made available by the Company prior to the meeting, and (d) particulars of resolutions to be considered at the meeting.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be given or issued by the following means:

(aa) by serving it personally on the relevant person;

(bb) by sending it through the post to such member's registered address;

(cc) by delivering or leaving it at such member's registered address;

(dd) by placing an advertisement in newspapers or other publication and where applicable, in accordance with the requirements of the Stock Exchange;

(ee) by sending or transmitting it as an electronic communication to the relevant person at such electronic address as he may provide under the Articles, subject to the Company complying with the Cayman Islands laws and any other applicable laws, rules and regulations from time to time in force with regard to any requirements for the obtaining of consent (or deemed consent) from such person;

(ff) by publishing it on the Company's website to which the relevant person may have access, subject to the Company complying with the Cayman Islands law and any other applicable laws, rules and regulations from time to time in force with regard to any requirements for the obtaining of consent (or deemed consent) from such person and/or for giving notification to any such person stating that the notice, document or publication is available on the Company's computer network website; or

(gg) by sending or otherwise making it available to such person through such other means to the extent permitted by and in accordance with the Cayman Islands law and other applicable laws, rules and regulations.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

(aaa) the declaration and sanctioning of dividends;

(bbb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(ccc) the election of directors in place of those retiring;

(ddd) the appointment of auditors and other officers; and

(eee) the fixing of the remuneration of the directors and of the auditors.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy or, for quorum purposes only, two persons appointed by the clearing house as authorised representative or proxy, and entitled to vote. In respect of a separate class meeting (including an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the Listing Rules, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall by ordinary resolution appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by ordinary resolution remove the auditor at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed and approved by the Company by an ordinary resolution passed at a general meeting or in such manner as the members may by ordinary resolution determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Act.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members maintained in Hong Kong shall be open to inspection for at least two (2) hours during business hours by members without charge at the registered office or such other place at which the register is kept in accordance with the Companies Act, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to member of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

Unless otherwise provided by the Companies Act, a resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Act divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Act, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Act and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Act provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Act provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Act provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Act expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not to be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Act.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Act permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Act contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Act of the Cayman Islands, the Company has obtained an undertaking:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 25 March 2021.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Act prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

The notice of registered office is a matter of public record. A list of the names of the current directors and alternate directors (if applicable) is made available by the Registrar of Companies for inspection by any person on payment of a fee. The register of mortgages is open to inspection by creditors and members.

Members of the Company have no general right under the Companies Act to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. The register of members shall contain such particulars as required by Section 40 of the Companies Act. A branch register must be kept in the same manner in which a principal register is by the Companies Act required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Act for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, 25% or more of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by (i) a majority in number representing seventy-five per cent. (75%) in value of creditors, or (ii) seventy-five per cent. (75%) in value of shareholders or class of shareholders, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

The Companies Act also contains statutory provisions which provide that a company may present a petition to the Court for the appointment of a restructuring officer on the grounds that the company (a) is or is likely to become unable to pay its debts within the meaning of section 93 of the Companies Act; and (b) intends to present a compromise or arrangement to its creditors (or classes thereof) either, pursuant to the Companies Act, the law of a foreign country or by way of a consensual restructuring. The petition may be presented by a company acting by its directors, without a resolution of its shareholders or an express power in its articles of association. On hearing such a petition, the Court may, among other things, make an order appointing a restructuring officer or make any other order as the Court thinks fit.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

(u) Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Act of the Cayman Islands ("ES Act") that came into force on 1 January 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Act. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Act.

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V to this document. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act on 22 March 2021.

Our Company's registered office is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and we established a principal place of business in Hong Kong at 8/F, Tower 1, The Quayside, 77 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong. Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance with the Registrar of Companies in Hong Kong on 22 April 2021. The address for service of process on our Company in Hong Kong is the same as our place of business in Hong Kong (as set out above). Ms. Fan Man Seung, Vanessa has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, our corporate structure and operation is subject to the laws and regulations of the Cayman Islands and our constitutional documents which comprise the Memorandum and Articles of Association. A summary of certain parts of our constitution is set out in the section entitled "Summary of the Constitution of the Company and Cayman Islands Company Law" in Appendix III to this document.

2. Changes in share capital of our Company

The following sets out the changes in our Company's share capital since the date of our incorporation:

(a) As at the date of our incorporation, our Company had an authorised share capital of HK$50,000 divided into 5,000,000 Shares of par value of HK$0.01 each. NMLG Holdings acquired 1 Share from the subscriber, an independent third party, at the consideration of HK$0.01. On the same date, 6,999 Shares, 2,000 Shares and 1,000 Shares were allotted and issued for cash at par to NMLG Holdings, Double Blossoms and Double Fantastic respectively.

(b) On 22 March 2021, our Company, NMLG Holdings, Double Blossoms and Double Fantastic entered into a share for share exchange agreement to give effect to the share exchange that NMLG Holdings, Double Blossoms and Double Fantastic (collectively as sellers) transferred all shares each of them held in NMG to our Company (as buyer) and our Company allotted and issued 7,000 Shares, 2,000 Shares and 1,000 Shares (all credited as fully paid) to NMLG Holdings, Double Blossoms and Double Fantastic respectively so that their attributable shareholding interests in our Company would be the same as in NMG immediately before the share exchange.

(c) After the aforesaid share for share exchange agreement, our Company was owned directly by NMLG Holdings, Double Blossoms and Double Fantastic as to 70%, 20% and 10% respectively. Since then and up to the Latest Practicable Date, the issued share capital of our Company is HK$200, comprising 20,000 Shares of HK$0.01 each, all fully paid or credited as fully paid.

(d) On 26 June 2023, our Shareholders resolved to increase the authorised share capital of our Company from HK$50,000 divided into 5,000,000 Shares of par value of HK$0.01 each to HK$10,000,000 divided into 1,000,000,000 Shares of par value of HK$0.01 each by the creation of an additional of 995,000,000 Shares of par value of HK$0.01 each, each ranking *pari passu* with the Shares then in issue in all respects.

Save as aforesaid, there has not been any alteration in the share capital of our Company since the date of incorporation up to the date of this document.

Conditional on the share premium account of our Company being credited with the **[REDACTED]** from the **[REDACTED]**, the Capitalisation Issue will be implemented under which HK$**[REDACTED]** will be capitalised from the share premium account and applied in paying up in full at par an aggregate of **[REDACTED]** Shares, of which **[REDACTED]** Shares, **[REDACTED]** Shares and **[REDACTED]** Shares will be allotted and issued to NMLG Holdings, Double Blossoms and Double Fantastic respectively.

Assuming the **[REDACTED]** becomes unconditional and the issue of Shares is made pursuant to the Capitalisation Issue and the **[REDACTED]**, the issued share capital of our Company immediately following the completion of the **[REDACTED]** (without taking into account the Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme) will be HK$**[REDACTED]** comprising **[REDACTED]** Shares of HK$0.01 each, all fully paid or credited as fully paid.

3. Written resolutions of our Shareholders passed on 26 June 2023

By resolutions in writing passed by our Shareholders on 26 June 2023, (A) the authorised share capital of our Company was increased from HK$50,000 divided into 5,000,000 Shares to HK$10,000,000 divided into 1,000,000,000 Shares by the creation of an additional 995,000,000 Shares, and (B) conditional on all the conditions set out in "Structure and Conditions of the **[REDACTED]**" in this document being fulfilled, the following resolutions, among others, were duly approved:

(a) the Memorandum of Association and Articles of Association were approved and adopted with effect from the **[REDACTED]**;

(b) the **[REDACTED]** was approved and our Directors were authorised to allot and issue the **[REDACTED]**;

(c) conditional on the share premium account of our Company being credited as a result of the **[REDACTED]**, our Directors were authorised to capitalise HK$**[REDACTED]** from the share premium account and apply the same in paying up in full at par an aggregate of **[REDACTED]** Shares for allotment and issue to the following Shareholders in the following manner:

Shareholders	**Number of Shares to be allotted and issued**
NMLG Holdings	**[REDACTED]**
Double Blossoms	**[REDACTED]**
Double Fantastic	**[REDACTED]**
	[REDACTED]

(d) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed "Share Option Scheme" of this Appendix, were approved and adopted and our Directors were authorised to approve any amendments to the rules of the Share Option Scheme as may be acceptable or not objected to by the Stock Exchange, and at their absolute discretion to grant options (the "**Options**") to subscribe for Shares thereunder and to allot, issue and deal with Shares upon the exercise of Options which may be granted under the Share Option Scheme and to take all such steps as may be necessary, desirable or expedient to carry into effect to the Share Option Scheme;

(e) a general mandate (the "**Issue Mandate**") was given to our Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements in accordance with the Articles, or upon the exercise of any Options which may be granted under the Share Option Scheme or under the **[REDACTED]**, Shares with an aggregate number of not exceeding the sum of (aa) 20% of the total number of Shares in issue immediately following completion of the Capitalisation Issue and the **[REDACTED]**; and (bb) the number of Shares which may be bought back by our Company pursuant to the authority granted to our Directors as referred to in sub-paragraph (f) below, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles, the Companies Act or any other applicable laws to be held, or the passing of an ordinary resolution by Shareholders revoking or varying the authority given to our Directors, whichever occurs first;

(f) a general mandate (the "**Repurchase Mandate**") was given to our Directors to exercise all powers of our Company to purchase Shares on the Stock Exchange or other stock exchange on which the securities of our Company may be **[REDACTED]** and recognised by the SFC and the Stock Exchange for this purpose, with an aggregate number not exceeding 10% of the total number of Shares in issue immediately following completion of the Capitalisation Issue and the **[REDACTED]** until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles, the Companies Act, or any other applicable laws to be held, or the passing of an ordinary resolution by Shareholders revoking or varying the authority given to our Directors, whichever occurs first; and

(g) the extension of the Issue Mandate pursuant to paragraph (e) above to include the number of Shares which may be purchased under the Repurchase Mandate pursuant to paragraph (f) above.

4. Changes in share capital of subsidiaries

Our subsidiaries are listed in the Accountants' Report set out in Appendix I to this document.

Save as disclosed in the paragraph headed "A. Further Information about our Group – 5. Corporate reorganisation" in this Appendix and the section headed "History, Reorganisation and Corporate Structure" in this document, there has been no other alteration in the share capital of the subsidiaries of our Company within the two years immediately preceding the date of this document.

5. Corporate reorganisation

The companies comprising our Group underwent the Reorganisation to rationalise our Group's structure in preparation for the **[REDACTED]** pursuant to which our Company became the holding company of our Group. For information relating to the Reorganisation, please refer to the section headed "History, Reorganisation and Corporate Structure" in this document.

6. Repurchases of our own securities

This paragraph includes information required by the Stock Exchange to be included in this document concerning the repurchase by us of our Shares.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of its shareholders, either by way of general mandate or by specific approval of a particular transaction.

On 26 June 2023, our Directors were granted the Repurchase Mandate to repurchase up to 10% of the aggregate number of Shares in issue immediately following the Capitalisation Issue and the **[REDACTED]** on the Stock Exchange which our securities may be **[REDACTED]**. The mandate will expire at the earliest of (i) the conclusion of the next annual general meeting of our Company, (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles of Association or any applicable laws to be held, or (iii) such mandate being revoked, varied or renewed by an ordinary resolution of our Shareholders in a general meeting.

(ii) Source of Funds

Repurchases must be paid out of funds legally available for the purpose in accordance with the Articles of Association and applicable laws and regulations of the Cayman Islands and any other laws and regulations applicable to our Company. A listed company shall not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, any repurchases by us may be made out of profits or share premium or out of the proceeds of a new issue of shares made for the purpose of the repurchase or, subject to satisfaction of a statutory solvency test, out of share capital.

(iii) Status of repurchased Shares

All repurchased Shares (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those Shares must be cancelled and destroyed.

(iv) Core connected persons

Our Company is prohibited from knowingly repurchasing Shares on the Stock Exchange from a "core connected person" (as defined in the Listing Rules) and a core connected person shall not knowingly sell his securities to our Company on the Stock Exchange.

(v) Trading restrictions

Our Company may repurchase up to 10% of the total number of Shares in issue (excluding any Shares which may be issued upon exercise of any Options that may be granted under the Share Option Scheme). Our Company may not issue or announce a proposed new issue of the Shares for a period of 30 days immediately following a repurchase of Shares (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the Company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. Our Company is also prohibited from repurchasing the Shares on the Stock Exchange if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the minimum percentage required by the Stock Exchange. The broker appointed by our Company to effect a repurchase of the Shares is required to disclose to the Stock Exchange any information with respect to a Share repurchase as the Stock Exchange may require.

(vi) Suspension of repurchase

Share repurchases are prohibited after inside information has come to the Company's knowledge until such time as the information has been made publicly available. In addition, the Stock Exchange reserves the right to prohibit repurchases of our Shares on the Stock Exchange if our Company has breached the Listing Rules.

(vii) Reporting requirements

Repurchases of our Shares on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following trading day. In addition, our Company's annual report and accounts are required to disclose details regarding repurchases of our Shares made during the financial year under review, showing the number of our Shares repurchased each month and the purchase price per Share or the highest and lowest price paid for all such repurchases (where relevant), and the aggregate prices paid for such repurchases.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if our Directors believe that such repurchases will benefit our Company and our Shareholders. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels which, in the opinion of the Directors, are from time to time appropriate for our Company.

(c) General

The exercise in full of the Repurchase Mandate, on the basis of **[REDACTED]** Shares in issue immediately after the **[REDACTED]** (assuming that any Options that may be granted under the Share Option Scheme are not exercised at all), would result in up to **[REDACTED]** Shares being repurchased by us during the period in which the Repurchase Mandate remains in force.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and other applicable laws of the Cayman Islands and Hong Kong, the Articles of Association and the Companies Act. If, as a result of a securities repurchase, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

No core connected person of our Company has notified us that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

Our Company did not make any repurchase of our Shares in the previous six months.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following material contracts (not being contracts in the ordinary course of business) have been entered into by our Group within two years immediately preceding the date of this document:

1. the Deed of Indemnity;

2. the Deed of Non-Competition; and

3. the **[REDACTED]**.

2. Intellectual property rights

(a) Trademarks

(i) Trademarks registered in the name of our Group members

As at the Latest Practicable Date, our Group members were the registered owners of the following trademarks which were registered in the following jurisdictions and are considered to be or may be material in relation to our business:

Trademark	Registered owner	Place of Registration	Class	Registration Number	Expiry Date
	Time Year Limited	PRC	16	3898715	27/01/2029
东方新地 Oriental Sunday	Time Year Limited	PRC	16	4128720	06/06/2027
东方新地 Oriental Sunday	Time Year Limited	PRC	35	7616153	06/02/2024
	Time Year Limited	PRC	16	6312784	13/06/2024
	Time Year Limited	Hong Kong	16, 41	300958294	19/09/2027
	Time Year Limited	Hong Kong	35, 38	301402253	09/08/2029

Trademark	Registered owner	Place of Registration	Class	Registration Number	Expiry Date
	Time Year Limited	PRC	38	34484136	06/07/2029
NEW MEDIA	Time Year Limited	PRC	16	6312789	06/09/2024
新传媒	Time Year Limited	PRC	16	6312790	13/05/2024
WEEKEND WEEKLY	Time Year Limited	PRC	35	7616502	06/12/2033
新假期	Time Year Limited	Hong Kong	16, 41	300958203	19/09/2027
新假期	Time Year Limited	PRC	16	6312792	27/02/2030
New Monday	Time Year Limited	Hong Kong	16, 41	300958212	19/09/2027
New Monday	Time Year Limited	Hong Kong	35, 38	301402299	09/08/2029
新 Monday	Time Year Limited	Hong Kong	16, 41	300958221	19/09/2027
新 Monday	Time Year Limited	Hong Kong	35, 38	301402307	09/08/2029
经济一周	Time Year Limited	PRC	16	6312778	06/03/2030
经济一周	Time Year Limited	PRC	41	6312761	27/09/2030
經濟一週	Time Year Limited	PRC	9	11057447	13/01/2028
	Time Year Limited	PRC	9	10375649	13/03/2033
	Time Year Limited	PRC	16	10375648	20/03/2033
	Time Year Limited	PRC	35	10375647	20/03/2033

Trademark	Registered owner	Place of Registration	Class	Registration Number	Expiry Date
	Time Year Limited	PRC	38	10375646	20/03/2033
	Time Year Limited	PRC	41	10375645	20/03/2033
	Time Year Limited	PRC	42	10375644	20/03/2033
	Time Year Limited	PRC	9	10375637	13/04/2025
	Time Year Limited	PRC	16	10375636	13/03/2024
	Time Year Limited	PRC	35	10375635	13/08/2024
	Time Year Limited	PRC	39	10375633	20/04/2024
	Time Year Limited	PRC	42	12115938	20/08/2025
	Time Year Limited	PRC	43	10375630	27/04/2024
A B	Time Year Limited	Hong Kong	9, 16, 35, 38, 39, 41, 42, 43	302501892AB	21/01/2033

Trademark	Registered owner	Place of Registration	Class	Registration Number	Expiry Date
GOtrip	Time Year Limited	PRC	9	12125587	27/09/2025
GOtrip	Time Year Limited	PRC	16	12125588	20/07/2024
GOtrip	Time Year Limited	PRC	35	12125589	20/08/2024
GOtrip	Time Year Limited	PRC	38	12125590	20/07/2024
GOtrip	Time Year Limited	PRC	39	12125591	20/07/2024
GOtrip	Time Year Limited	PRC	41	12125592	20/07/2024
GOtrip	Time Year Limited	PRC	42	12125593	06/05/2025
GOtrip	Time Year Limited	PRC	43	12125594	20/07/2024
A GOtrip B GOtrip	Time Year Limited	Hong Kong	9, 16, 35, 38, 39, 41, 42, 43	302501892AA	21/01/2033
新假期	Time Year Limited	PRC	9	10463346	06/06/2033
新假期	Time Year Limited	PRC	16	10463344	06/06/2033
新假期	Time Year Limited	PRC	38	10463345	06/06/2024
新假期	Time Year Limited	PRC	41	10463343	06/02/2026

Trademark	Registered owner	Place of Registration	Class	Registration Number	Expiry Date
	Time Year Limited	PRC	42	10463342	06/06/2033
	Time Year Limited	Hong Kong	9, 16, 35, 38, 41, 42	304870954	26/03/2029
	Time Year Limited	PRC	16	13230587	13/05/2026
	Time Year Limited	PRC	41	13230588	27/12/2025
A B	Time Year Limited	Hong Kong	9, 16, 35, 36, 38, 39, 41, 42, 43, 44, 45	302703348	12/08/2033
SUNDAY KISS	Time Year Limited	PRC	35	18125885	27/11/2026
A B C	Time Year Limited	Hong Kong	9, 16, 35, 38, 41, 42, 45	304172995	14/06/2027
	New Media Group Limited	PRC	9	24735417	27/04/2031
	New Media Group Limited	PRC	35	24735419	13/12/2029
	New Media Group Limited	PRC	38	24735420	06/08/2029

Trademark	Registered owner	Place of Registration	Class	Registration Number	Expiry Date
	New Media Group Limited	PRC	42	24735422	13/12/2029
	New Media Group Limited	PRC	45	24735423	13/12/2029
	Time Year Limited	Hong Kong	9, 16, 35, 38, 41, 42	304738410	18/11/2028
	Time Year Limited	PRC	41	34400540	27/07/2029
	Time Year Limited	PRC	38	34400541	27/07/2029
	Time Year Limited	PRC	16	34400543	27/07/2029
	Time Year Limited	Hong Kong	35, 38, 41, 42	304996027	17/07/2029
	Time Year Limited	Hong Kong	35, 38, 41, 42	304996036	17/07/2029
	Time Year Limited	PRC	41	40209493	20/03/2030
	Time Year Limited	PRC	38	40209494	06/04/2030

Trademark	Registered owner	Place of Registration	Class	Registration Number	Expiry Date
	Time Year Limited	Hong Kong	9, 16, 35, 38, 41, 42	305264389	05/05/2030
	Time Year Limited	Hong Kong	9, 16, 35, 38, 41, 42	305264334	05/05/2030
	Time Year Limited	PRC	9	45618874	13/01/2031
	Time Year Limited	PRC	16	45618873	13/01/2031
	Time Year Limited	PRC	35	45618872	13/01/2031
	Time Year Limited	PRC	38	45618871	13/01/2031
	Time Year Limited	PRC	41	45618870	13/01/2031
	Time Year Limited	PRC	42	45618869	13/01/2031

Trademark	Registered owner	Place of Registration	Class	Registration Number	Expiry Date
A JETSOBEE B JETSOBEE	Time Year Limited	Hong Kong	16, 35, 41, 42	305310026AB	21/06/2030
A JETSOBEE B JETSOBEE	Time Year Limited	Hong Kong	9, 38	305310026AA	21/06/2030
A NEW MEDIA L.A.B 新傳企劃 B NEW MEDIA L.A.B 新傳企劃	Time Year Limited	Hong Kong	9, 16, 35, 38, 41, 42	305296401	07/06/2030
(A) NEW MEDIA L.A.B 新傳企劃 (B) NEW MEDIA L.A.B 新傳企劃 (C) NEW MEDIA L.A.B 新傳企劃 (D) NEW MEDIA L.A.B 新傳企劃	Time Year Limited	Hong Kong	9, 16, 35, 38, 41, 42	305552262	04/03/2031

(ii) Trademark pending registration

As at the Latest Practicable Date, our Group has applied for the following trademark:

Trademark	Applicant	Place of Application	Class	Application Number	Application Date
新傳媒 NEW MEDIA GROUP 新傳媒 NEW MEDIA GROUP 新傳媒 NEW MEDIA GROUP	Time Year Limited	Hong Kong	9, 16, 35, 38, 41, 42, 45	305858227	14-01-2022

(iii) Trademarks licensed to use

As at the Latest Practicable Date, we had been granted a license, inter alia, to use the following trademarks, which are considered to be or may be material to our business:

Trademark	Registered owner	Place of Registration	Class	Registration Number	Expiry Date
MADAME FIGARO	Société du Figaro	Hong Kong	9, 16, 35, 38, 41	304947481	3 June 2029
FIGARO	Société du Figaro	Hong Kong	9, 16	199305492AA	11 May 2033
FIGARO	Société du Figaro	Hong Kong	35, 41	199610978AA	11 May 2026
MADAME FIGARO	Société du Figaro	Macau	16	N9556	9 August 2023

(iv) Classes of trademarks registered

The products and/or services under the respective classes above for trademarks registered in the name of our Group members and trademarks licensed to use in Hong Kong generally include, among others:

Class	Specifications of goods/services
9	Scientific, photographic, cinematographic, optical, checking (supervision), teaching apparatus and instruments; apparatus for recording, transmission or reproduction of sound or images; magnetic data carriers, recording discs; mechanisms for coin-operated apparatus; software for processing electronic payments to and from others; authentication software; calculating machines, data processing equipment and computers; electronic publications downloadable from the Internet; electronic publications in compact discs and tapes; encoded cards; magnetic carriers; computer peripheral apparatus; computer hardware; computer software; software downloadable from the Internet; digital music (downloadable from the Internet); telecommunications apparatus; mobile phone accessories; on-line electronic publications (downloadable from the Internet or on a computer network or a computer database); all included in Class 9.

Class	Specifications of goods/services
16	Paper, cardboard and goods made from these materials, not included in other classes; printed matter and/or publications; bookbinding material; photographs; stationery; adhesives for stationery or household purposes; artists' materials; paint brushes; typewriters and office requisites (except furniture); instructional and teaching material (except apparatus); plastic materials for packaging (not included in other classes); printers' type; printing blocks; magazines; newspaper; newsletter; journals; periodical publications; posters; diaries; calendars; writing instruments, all included in Class 16.
35	Advertising; business management; business administration; office functions; provisions of information in relation to advertising and business matters, operation and supervision of loyalty and incentive schemes; advertising services provided via the Internet and data communication network; production of television and radio advertisings; rental of advertising space and time on communication media, renting of publicity materials; publicity agencies; dissemination of advertising materials; advertising by mail orders; publication of publicity texts; arranging newspaper subscriptions for others; provision of news clipping services; provision of business information; provision of information results from market researches, market studies and opinion polling conducted by third parties; business and marketing researches; auctioneering; trade fairs; publicity services; retailing in relation to publications, printed matters, advertising and publicity texts; agency services relating to personnel recruiting; publication of publicity materials; rental and/or sale of advertising space; rental and/or sale of advertising time on communication media; marketing research; marketing studies; systemisation of data into computer databases; merchandise ordering services; provision of business information via the Internet or other communications network; organisation of exhibition for commercial and/or advertising purposes; customer relationship management; promotion, marketing and business information services relating thereto; computer data processing; computerised data storage and retrieval services for digital text, data, image, audio, and video works; dissemination of advertising for others via computer and communication networks; promoting the goods and services of others via computer and communication networks; online advertisements; all included in Class 35.

Class	Specifications of goods/services
38	Telecommunications; streaming of audio and video materials on the Internet or other communications network; broadcasting services, namely uploading, posting, showing displaying, tagging, blogging, sharing, distributing, publishing, reproducing or otherwise providing data, video, movies, pictures, images, text, photos, games, user-generated content, audio content and information over the Internet or other communications network; providing access to a multimedia software application to enable sharing of multimedia content and comments among users; providing access to database to enable content providers to track multimedia content; providing access to computer database on the global computer network and handheld device database on the global communications networks for searching and retrieving information, data, websites and resources available on computer or other communications networks; peer-to-peer network computer services, namely, electronic transmission of images, audio-visual and video content, photographs, videos, data, text, messages, advertisements, media advertising communications and information; providing online and telecommunication facilities for real-time interaction between and among users of computers, mobile and handheld computers, all included in Class 38.
39	Travel agency services; transportation reservations and travel ticket reservation services (by means of a computer network); provision of transportation information and travel reservations; travel information services; arranging of tours; travel guide services; sightseeing tours; making reservations and bookings for travel; ticketing services for travel; travel booking agencies; and all the above also provided via a global computer network; all included in Class 39.

Class	Specifications of goods/services
41	provision of entertainment and infotainment via electronic and digital interactive media; digital video and video film production services; distribution and rental of electronic media, recording disc, audio and video compact disc, laser discs, digital video discs/digital versatile discs (DVD) and tapes containing television programmes; provision of information relating to education, entertainment, news, games, music, movies, drama, television programmes and performers, celebrity personality, training, recreation, sporting, social and cultural activities via the Internet and/or other communications networks; rental of photography and/or videography kiosks for capturing, uploading, editing and sharing of pictures and videos; provision of online computer games and contest; providing online electronic publications (not downloadable) from the Internet or other communications networks; publication and electronic publication of books, newspapers, newsletters, magazines, journals and periodicals; provision of editing of data, texts, messages, advertisements, media advertising communication and information, film, audio program, video program, audiovisual program, audio content and information, radio, pictures, photos, images, and compilation services; publication of electronic journals and blogs featuring user generated or specified content; publishing services, namely, publishing of electronic publications for others; all included in Class 41.
42	Creating and maintaining websites; hosting multi-media digital content for others; providing a website that gives users the ability to engage in social networking and manage their social networking content, providing temporary use of non-downloadable software for social networking, managing social networking content, creating a virtual community, and transmission of images, audio-visual and video content, photographs, videos, data, text, messages, advertisements, media advertising communications and information; all included in Class 42.
43	Services for providing food and drink; temporary accommodation; travel agency services for booking accommodation; booking services for hotel accommodation, temporary lodging, restaurant, bar, cafes, cafeterias, lounges, self-service and buffet restaurants; and all the above also provided via the Internet and global computer network; all included in Class 43.

Class	Specifications of goods/services
45	online social networking services; legal services; security services for the physical protection of tangible property and individuals; personal and social services rendered by others to meet the needs of individuals; licensing of data, multimedia content, video, movies, pictures, images, text, photos, games, user-generated content, audio content; licensing of digital data, still images, moving images, audio and text; all included in Class 45.

The products and/or services under the respective classes above for trademark registrations in PRC generally include, among others:

Class	Specifications of goods/services
9	Scientific, researching, navigation, surveying, photographic, cinematographic, audio-visual, optical, weighing, measuring, signaling, detecting, testing, checking, life-saving, and teaching apparatus and instruments; apparatus and instruments that process, switch, convert, accumulate, regulate, or control the distribution or use of electricity; apparatus and instruments that record, transmit, replay or process sound, images or data; recorded and downloadable media, computer software, blank digital or analog media for recording and storage; mechanisms devices for coin-operated apparatus; cash registers, computing devices; computers and computer peripherals; diving suits, diving masks, earplugs for diving, nose clips for diving and swimming, gloves for divers and diving breathing apparatus; fire extinguishing equipment; all included in Class 9.
16	Paper and cardboard; printed matter; book binding materials; photographs; stationery and office supplies (except furniture); adhesives for stationery or household purposes; painting materials and artists' materials; paint brushes; educational or teaching supplies; packaging and packaging plastic paper, plastic film and plastic bags; printing type, printing blocks; all included in Class 16.
35	Advertising; business operation, organisation and management; office affairs; all included in Class 35.
38	Telecommunications service; all included in Class 38.
39	Transportation; packaging and storage of goods; travel arrangements; all included in Class 39.

Class	Specifications of goods/services
41	Education; providing of training; entertainment; sporting and cultural activities; all included in Class 41.
42	Scientific and technological services and research and design relating thereto; industrial analysis, industrial research and industrial design services; quality control and quality certification services; design and development of computer hardware and software; all included in Class 42.
43	Services for providing food and drink; temporary accommodation; all included in Class 43.
45	Legal services; provide physical protection security services for tangible property and individuals; private and social services provided by others to meet individual needs; all included in Class 45.

(b) Domain Names

As at the Latest Practicable Date, our Group was the registered proprietor of the following domain names which are considered to be or may be material in relation to our business:

Domain Name	Registrant	Expiry Date
edigest.hk	Time Year Limited	10/08/2023
emag.com.hk	Time Year Limited	07/03/2024
gotrip.hk	Time Year Limited	20/10/2023
itrial.hk	Time Year Limited	20/09/2023
jetsobee.com	Time Year Limited	29/11/2023
madamefigaro.hk	Time Year Limited	24/05/2024
newmedialab.com.hk	Time Year Limited	27/12/2023
newmonday.com.hk	Time Year Limited	29/08/2023
nmg.com.hk	Time Year Limited	11/08/2023
nmplus.hk	Time Year Limited	03/10/2023
orientalsunday.hk	Time Year Limited	10/08/2023
somethingwanted.com	Time Year Limited	20/02/2024
sswagger.hk	Time Year Limited	02/03/2024
sundaykiss.com	Time Year Limited	08/04/2024
sundaymore.com	Time Year Limited	01/08/2023
weekendhk.com	Time Year Limited	09/08/2023

Save as aforesaid, there are no other trademarks, service marks, intellectual or industrial property rights which are material for the Group's business.

3. Connected transactions and related party transactions

Save as disclosed in the section headed "Connected Transactions" in this document and in note 28 to our consolidated financial statements included in the Accountants' Report, the text of which is set out in Appendix I to this document, during the three years immediately preceding the date of this document, we have not engaged in any other material connected transactions or related party transactions.

C. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

A. Disclosures of interest of Directors and Chief Executive

The following Directors of our Company has the following interests in the Shares, underlying Shares and debentures of (a) our Company immediately following completion of the **[REDACTED]** and the Capitalisation Issue (taking no account of any additional Shares which may be issued pursuant to the exercise of any Options under the Share Option Scheme), or (b) its associated corporations (within the meaning of Part XV of the SFO) as at the Latest Practicable Date; which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules to be notified to our Company, once the Shares are **[REDACTED]**.

(a) Interests in our Company

Name of Director	**Capacity/ Nature of Interests**	**Number of Shares or Underlying Shares interested** *(Note 1)*	**Approximate percentage of shareholding interests**
Mr. Royce Lee	Interest in controlled corporation *(Note 2)*	**[REDACTED]** (L)	**[REDACTED]**

Notes:

1. The letter "L" denotes long position in the Shares.

2. Mr. Royce Lee legally and beneficially owns the entire issued share capital of Double Blossoms. Mr. Royce Lee is deemed to be interested in the same **[REDACTED]** Shares held by Double Blossoms.

(b) Interests in associated corporation

Ordinary shares of associated corporation

Name of Director	Name of associated corporation	Capacity/ Nature of interests	Number of issued shares interested *(Note 1)*	Approximate percentage of shareholding interests
Ms. Fan Man Seung, Vanessa	Emperor International	Beneficial owner	10,500,000 (L)	0.29%

Note:

1. The letter "L" denotes long position in the shares.

B. Disclosure of interests of Substantial Shareholders

So far as our Directors are aware, immediately following the completion of the **[REDACTED]** and the Capitalisation Issue (taking no account of any additional Shares which may be issued pursuant to the exercise of any Options under the Share Option Scheme), the following persons (not being Directors or chief executive of our Company) will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or are directly and/or indirectly interested in 10% or more of the issued voting shares of any members of our Group:

Name	Capacity/ Nature of Interests	Number of Shares or underlying Shares interested *(Note 1)*	Approximate percentage of shareholding interests *(%)*
NMLG Holdings	Legal/beneficial owner	**[REDACTED]** (L)	**[REDACTED]**
AY Holdings	Interest in controlled corporation *(Note 2)*	**[REDACTED]** (L)	**[REDACTED]**
First Trust Services AG	Trustee *(Note 3)*	**[REDACTED]** (L)	**[REDACTED]**
Dr. Albert Yeung	Founder of a discretionary trust *(Note 3)*	**[REDACTED]** (L)	**[REDACTED]**

Name	Capacity/ Nature of Interests	Number of Shares or underlying Shares interested *(Note 1)*	Approximate percentage of shareholding interests *(%)*
Ms. Luk Siu Man, Semon	Interests of spouse *(Note 4)*	**[REDACTED]** (L)	**[REDACTED]**
Double Blossoms	Legal/beneficial owner	**[REDACTED]** (L) *(Note 5)*	**[REDACTED]**
Double Fantastic	Legal/beneficial owner	**[REDACTED]** (L)	**[REDACTED]**
Ms. Venus Lee	Interest in controlled corporation *(Note 6)*	**[REDACTED]** (L)	**[REDACTED]**
Mr. Yau Yi Ping	Interest of spouse *(Note 7)*	**[REDACTED]** (L)	**[REDACTED]**

Notes:

1. The letter "L" denotes long position in the Shares.

2. The entire issued share capital of NMLG Holdings is held by AY Holdings, which in turn is held by First Trust Services AG as trustee of AY Discretionary Trust. AY Holdings is deemed to be interested in the same **[REDACTED]** Shares held by NMLG Holdings.

3. First Trust Services AG is the trustee and Dr. Albert Yeung is the founder and settlor of the AY Discretionary Trust respectively. By virtue of the SFO, each of First Trust Services AG and Dr. Albert Yeung is deemed to be interested in the same **[REDACTED]** Shares held by NMLG Holdings.

4. Ms. Luk Siu Man, Semon is deemed to be interested in the same **[REDACTED]** Shares held by NMLG Holdings by virtue of the deemed interest held by her spouse, Dr. Albert Yeung.

5. These Shares were the same Shares of which Mr. Royce Lee are deemed interest in and is set out under the sub-section headed "A. Disclosure of interest of Directors and Chief Executive" above.

6. Ms. Venus Lee legally and beneficially owns the entire issued share capital of Double Fantastic and is deemed to be interested in the same **[REDACTED]** Shares held by Double Fantastic.

7 Mr. Yau Yi Ping is deemed to be interested in the same **[REDACTED]** Shares held by Double Fantastic by virtue of the deemed interest held by his spouse, Ms. Venus Lee.

Except as disclosed above, the Directors are not aware of any person (who is not a Director or a chief executive of our Company) who will, immediately following the completion of the **[REDACTED]** and the Capitalisation Issue (taking no account of any additional Shares which may be issued pursuant to the exercise of any Options under the Share Option Scheme), have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or are directly or indirectly, interested in 10% or more of the issued voting shares of any members of our Group.

2. Particulars of services agreements and letters of appointment

(a) Executive Directors

Each of the executive Directors has entered into a service agreement with our Company, pursuant to which each of them accepts their respective appointment as an executive Director for an initial term of three years from the **[REDACTED]**, subject to the terms and conditions set out therein. The agreement may be terminated by, among others, serving not less than three months' prior notice in writing by either party on the other, and upon such termination, the executive Director shall resign immediately from such offices held by him in the Company and all other members of the Group. The appointments of the executive Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association and Appendix 14 of the Listing Rules.

Each of the executive Directors is entitled to a fixed director's fee under their service agreements, on top of their respective basic salaries and other remuneration package, if any, entitled under their employment agreements with the Group. For further details, please refer to the paragraph headed "Compensation of Directors and senior management" in the section headed "Directors, senior management and employees" in this document.

(b) Independent non-executive Directors

Each of the independent non-executive Directors has signed a letter of appointment with our Company on 26 June 2023, pursuant to which each of them accepts their respective appointment as an independent non-executive Director until terminated by not less than three months' prior notice in writing served by either party subject to the terms and conditions set out therein. In case of such termination by notice, the independent non-executive Director shall cease to hold such office in the Company. Under their respective letters of appointment, each of the independent non-executive Directors is entitled to a fixed director's fee. For further details, please refer to the paragraph headed "Compensation of Directors and Senior Management" in the section headed "Directors, Senior Management and Employees" in this document.

The appointments are subject to the provisions of retirement and rotation of Directors under the Articles of Association and Appendix 14 to the Listing Rules.

Save as disclosed above, none of our Directors has entered or proposed to enter into any service agreements with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

3. Directors' remuneration

For details of our Directors' remuneration during the Track Record Period, please refer to the section headed "Directors, Senior Management and Employees" in this document.

Under the service agreements entered into between our Company and our executive Directors (excluding remuneration package, if any, entitled under their employment contracts with the Group) and the letters of appointment entered into between our Company and the independent non-executive Directors, the aggregate remuneration and benefits in kind our Directors will be entitled to receive for the financial year ending 31 December 2023 is expected to be approximately HK$485,000. After taking into account the remuneration package of Mr. Royce Lee under his employment contract with the Group and that Mr. Wong and Ms. Fan do not have any employment contract with the Group, the aggregate remuneration and benefits in kind our Directors will be entitled to receive for the financial year ending 31 December 2023 is expected to be approximately HK$2,597,000.

Save as disclosed in Appendix I to this document, no Director received any remuneration or benefits in kind from our Group for the financial year ended 31 December 2022.

No emoluments were paid to Directors of our Group or the five highest paid individuals (including Directors and employees) as an inducement to join or upon joining our Group or as compensation for loss of office.

4. Disclaimers

(i) None of the Directors nor any of the parties listed in the paragraph headed "Consents of Experts" of this Appendix was interested in the promotion of, or in any assets which had been, within the two years immediately preceding the date of this document, acquired by or disposed of or leased to the Company or any of its subsidiaries, or were proposed to be acquired by or disposed of or leased to the Company or any of its subsidiaries.

(ii) None of the Directors nor any of the parties listed in the paragraph headed "Consents of Experts" of this Appendix was materially interested in any contract or arrangement subsisting at the date of this document which was significant in relation to the business of our Group.

(iii) None of the parties listed in the paragraph headed "Consents of Experts" of this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

(iv) So far as is known to the Directors, none of the Directors nor their associates nor any Shareholder which to the knowledge of the Directors held more than 5% of the total issued Shares as at the Latest Practicable Date had any interest in any of the top five customers or the top five suppliers of our Group.

(v) None of the Directors are interested in any business apart from our Group's business which competes or is likely to compete, directly or indirectly, with the business of our Group.

D. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme approved by the resolution of the Shareholders passed on 26 June 2023:

(a) Purpose

The purpose of the Share Option Scheme is for our Group to attract, retain and motivate talented Participants (as defined in paragraph (c) below) to strive for future developments and expansion of our Group. The Share Option Scheme shall be an incentive to encourage the Participants to perform their best in achieving the goals of our Group and allow the Participants to enjoy the results of our Company attained through their efforts and contributions.

(b) Conditions

The Share Option Scheme is conditional upon:

(i) the Stock Exchange granting the **[REDACTED]** of, and permission to **[REDACTED]** in, the Shares which may be issued pursuant to the exercise of the Options granted under the Share Option Scheme;

(ii) the commencement of **[REDACTED]** the Shares on the Stock Exchange; and

(iii) the passing of an ordinary resolution by the Shareholders to approve and adopt the Share Option Scheme and to authorise the Directors to grant Options to subscribe for Shares under the Share Option Scheme and to allot, issue and deal in the Shares pursuant to the exercise of any Option.

(c) Scope of Participants and eligibility of Participants

The Board may, at its discretion, invite:

(i) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company or any Subsidiary including persons who are granted Options under the Share Option Scheme as an inducement to enter into employment contracts with these companies; and

(ii) any non-executive directors (including independent non-executive directors) of the Company or any Subsidiary.

In determining the basis of eligibility of each participant (the "**Participant**"), the Board would take into account such factors as the Board may at its discretion consider appropriate, including, among others,

(i) his skills, knowledge, experience, expertise and other relevant personal qualities;

(ii) his contribution made or expected to be made to the growth of the Group;

(iii) his educational and professional qualifications, and knowledge in the industry; and

(iv) the period of employment with the Group.

"Subsidiary" used in this sub-section "D. Share Option Scheme" shall mean a subsidiary or subsidiaries (as defined under the Listing Rules) of the Company for the time being.

(d) Acceptance of offer

Offer of an Option shall be deemed to have been accepted by the grantee when the duplicate of the relevant offer letter comprising acceptance of the Option duly signed by the grantee together with a remittance in favour of our Company of HK$1.00 by way of consideration for the grant thereof, is received by our Company within 28 days from the date of the offer.

(e) Exercise price

The exercise price for the Shares under the Share Option Scheme shall be a price determined by the Board at its sole discretion and notified to the Participant and shall be no less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which an Option is granted which must be a trading day; and (ii) the average closing price of the Shares as stated in the

Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date on which an Option is granted. In addition, the exercise price in relation to each Option shall not be at a discount to the nominal value of each Share.

(f) Maximum number of Shares available for subscription

(i) Subject to (iii) and (iv) below, the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option or share award schemes of our Company shall not in aggregate exceed **[REDACTED]** Shares, being 10% of the total number of Shares in issue as at the date of commencement of **[REDACTED]** in the Shares on the Stock Exchange, unless our Company obtains an approval from its Shareholders pursuant to (v) and (vi) below.

(ii) For the purpose of calculating the 10% limit under (i) above, Options lapsed in accordance with the terms of the Share Option Scheme will not be regarded as utilised for the purpose of calculating the 10% limit.

(iii) If our Company conducts a share consolidation or subdivision after the 10% limit has been approved in general meeting, the maximum number of Shares that may be issued in respect of all Options to be granted under the Share Option Scheme and any other share option schemes of the Company under the 10% limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.

(iv) Our Company may seek separate approval from its Shareholders in general meeting for granting Options to specified Participants beyond the 10% limit provided that the Options granted in excess of such limit are specially approved by the Shareholders in general meeting and the Participants are specifically identified by the Company before such approval is sought. In such case, our Company shall send a circular to its Shareholders containing the information required under the Listing Rules for their approval. In respect of any options to be granted, the date of the Board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the exercise price.

(v) Our Company may seek to refresh the 10% limit after three years from the date of Shareholders' approval for the last refreshment (or the adoption of the Share Option Scheme) by Shareholders' approval in general meeting.

(vi) Our Company may seek to refresh the 10% limit within any three years from the date of Shareholders' approval for the last refreshment (or the adoption of the Share Option Scheme) by independent Shareholders' approval in general meeting where any controlling Shareholders (as defined under the Listing Rules) and their associates (or if there is no controlling Shareholder, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and the Company must comply with the requirements under Listing Rules.

(vii) The 10% limit as refreshed shall not exceed 10% of the total number of Shares in issue as at the date of the Shareholders' approval of the refreshed 10% limit.

(g) Conditions, vesting period, restrictions or limitations on offers of Options

Unless otherwise determined by the Board and specified in the offer letter at the time of the offer of the Option, there are no performance targets that need to be achieved by the grantee before an Option could be exercised.

The Options to be granted will have a vesting period not less than 12 months unless the Board (or the remuneration committee of the Company where the grantee is a Director and/or senior manager) determines to grant a shorter period under "specific circumstances" on a case-by-case basis:

(a) the grant of performance-based options (in lieu of time-based options);

(b) the grant of compensatory options to Participants whose options being forfeited when leaving their previous employers to join the Group;

(c) the grant of options in batches during a year for administrative and compliance reasons;

(d) the variation or cessation of terms of employment contract of the relevant Participant; and

(e) the grant of Options with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of 12 months.

Subject to the provisions of the Share Option Scheme and the Listing Rules, the Board may when making the offer of Options impose any conditions, restrictions or limitations in relation to the Option as it may at its absolute discretion think fit.

All Options granted or outstanding under the Share Option Scheme but not yet vested to or exercised by any Participant is subject to clawback, namely part or all the outstanding Options granted to the relevant grantee but not yet vested or exercised may be forfeited upon occurrence of any of the following events as the Board may at its absolute discretion think fit on a case-by-case basis: the date on which the grantee ceases to be a Participant by reason of the termination of his or her employment or directorship on the grounds that he or she has been guilty of misconduct, or appears either to be unable to pay or have no reasonable prospect to pay debts, or has become insolvent, or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty.

(h) Maximum entitlement of Shares of each Participant

(i) Subject to paragraph (ii) below, the total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised, cancelled and outstanding Options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.

(ii) Notwithstanding (i) above, any further grant of Options to a Participant in excess of the 1% limit shall be subject to approval by our Shareholders in general meeting with such Participant and his or her close associates (or his associates if such Participant is a connected person) abstaining from voting. The number and the terms of the Options to be granted to such Participant shall be fixed before our Shareholders' approval and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price.

(i) Grant of Options to connected persons

(i) Any grant of Options to a Participant who is a Director, chief executive or substantial Shareholder (as defined under the Listing Rules) of our Company or their respective associates must be approved by the independent non-executive Directors (excluding independent non-executive Director who is the Participant).

(ii) Where the Board proposes to grant any Option to a Participant who is a substantial Shareholder or an independent non-executive Director, or any of their respective associates, and such Option which if exercised in full, would result in such Participant becomes entitled to subscribe for such number of Shares, when aggregated with the total number of Shares already issued and issuable to him or her pursuant to all Options granted (excluding Options lapsed in accordance with the terms of the Share Option Scheme) to him or her in the 12-month period up to and including the date of such grant, representing in aggregate more than 0.1% of the relevant class of securities of the Company in issue on the date of such grant, such proposed grant of Options must be approved by our Shareholders in general meeting in compliance with the requirements under the Listing Rules. In such case, our Company shall send a circular to its Shareholders containing all those terms as required under the Listing Rules. The Participant concerned and his associates and all core connected persons of our Company must abstain from voting in favour at such general meeting. Any vote taken at the meeting to approve the grant of such Options must be taken by a poll.

(j) Exercise of Options

An Option may be exercised in accordance with the terms of the Share Option Scheme and such other terms and conditions upon which an Option was granted, at any time during the option period after the Option has been granted by the Board but in any event, not longer than 10 years from the date of grant. An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the option period.

(k) Transferability of Options

An Option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interests (legal or beneficial) in favour of any third party over or in relation to any Option (save for where a waiver is granted from the Stock Exchange for the benefit of the Participant and his family members that would continue to meet the purpose of the Share Option Scheme and comply with other requirements of Chapter 17 of the Listing Rules). Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or any part thereof granted to such grantee.

(l) If a grantee ceased to be a Participant by reason other than death or misconduct

If the grantee ceases to be a Participant for any reason other than on the grantee's death or the termination of the grantee's employment or directorship on one or more of the grounds specified in paragraph (n) below, the grantee may exercise the Option up to his entitlement at the date of cessation (to the extent exercisable as at the date of cessation and not already exercised) within the period of 9 months (or such longer period as the Board may determine (but not exceeding the expiry date of the option period)) following the date of such cessation, which date shall be the last actual working day with the relevant company in our Group whether salary is paid in lieu of notice or not, or the last date of appointment as director of the relevant company in our Group, as the case may be, failing which it will lapse.

(m) On the death of a grantee

If the grantee dies before exercising the Option in full and none of the events which would be a ground for termination of the grantee's employment or directorship under paragraph (n) below arises, the personal representative(s) of the grantee shall be entitled to exercise the Option up to the entitlement of such grantee at the date of death (to the extent exercisable as at the date of his death and not already exercised) within a period of 12 months or such longer period as the Board may determine (but not exceeding the expiry date of the option period) from the date of death, failing which it will lapse.

(n) Termination of employment of a grantee by reason of misconduct

An Option shall lapse automatically (to the extent not already exercised) on the date on which the grantee ceased to be a Participant by reason of the termination of his or her employment or directorship on the grounds that he or she has been guilty of misconduct, or appears either to be unable to pay or have no reasonable prospect to pay debts, or has become insolvent, or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty.

(o) Voluntary winding-up of the Company

In the event a notice is given by our Company to its Shareholders to convene a Shareholders' meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to all grantees. Each grantee (or his or her legal representative(s)) may by notice in writing to our Company (such notice to be received by our Company not later than 4 trading days prior to the proposed general meeting) exercise the Option (to the extent exercisable as at the date of the notice and not already exercised) either to its full extent or to the extent specified in such notice, and our Company shall as soon as possible and, in any event, no later than the day immediately prior to the date of the proposed Shareholders' meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise. Subject to the above, an Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the period referred to above.

(p) Rights on a general offer or partial offer

If a general or partial offer whether by way of take-over offer, share re-purchase offer, or scheme of arrangement is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all its reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, *mutatis mutandis*, and assuming that they will become, by the exercise in full of the options granted to them, Shareholders of the Company. If such offer becomes or is declared unconditional, the grantee shall, notwithstanding any other term on which his options were granted, be entitled to exercise the option (to the extent exercisable as at the date on which such offer becomes or is declared to be unconditional and not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under the scheme of arrangement, as the case may be. Subject to the above, an Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the period referred to above.

(q) Rights on a compromise or arrangement

If a compromise or arrangement between our Company and its Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies, our Company shall give notice thereof to the grantee on the same date as it despatches the notice which is sent to each Shareholder or creditor of our Company summoning the meeting to consider such a compromise or arrangement, and thereupon the grantee (or his or her personal representative(s)) may until the expiry of the period commencing with such date and ending with the earlier of the date 2 months thereafter and the date on which such compromise or arrangement is sanctioned by the Court provided that the relevant Options are not subject to a term or condition precedent to them being exercisable which has not been fulfilled, exercise any of his or her Options (to the extent exercisable as at the date of the notice and not already exercised) whether in full or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under the Share Option Scheme.

(r) Rank pari passu

The Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Articles of Association for the time being in force and will rank *pari passu* with the fully paid Shares in issue as from the date of allotment and in particular will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof is before the date of allotment.

(s) Alteration in capital structure

In the event of any alteration in the capital structure of our Company whilst any Option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, open offer, consolidation, sub-division, or reduction of share capital of our Company or otherwise howsoever in accordance with legal requirements and requirements of the Stock Exchange, excluding any alteration in the capital structure of our Company as a result of an issue of Shares pursuant to, or in connection with, any share option scheme, share appreciation rights scheme or any arrangement for remunerating or incentivising any employee, consultant or adviser to our Company or any employee, consultant or adviser to our Group or in the event of any distribution of our Company's legal assets to its Shareholders on a pro rata basis (whether in cash or in specie) other than dividends paid out of the net profits attributable to its Shareholders for each financial year of our Company, such corresponding alterations (if any) shall be made to:

(i) the number of Shares subject to the Option so far as unexercised; or

(ii) the subscription price or any combination thereof, as an independent financial adviser or the auditors of our Company shall certify in writing, either generally or as regards any particular grantee, to have, in their opinion, fairly and reasonably satisfied the requirement that any such adjustment shall be in compliance with the relevant provisions of the Listing Rules or such other guidelines or the supplemental guidance as may be issued by the Stock Exchange from time to time, but no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value.

(t) Duration of the Share Option Scheme

The Share Option Scheme will remain valid and effective for a period of 10 years commencing from the date on which the Share Option Scheme is adopted, after which period no further Options will be granted but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect and Options which are granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

(u) Cancellation of Options granted

The Board may at any time at its absolute discretion cancel any Option previously granted to, but not exercised by the grantee. No compensation shall be payable to the grantee for cancellation of the Options granted but not exercised. Where the Company cancels Options and offers Options to the same grantee, the offer of the grant of such new Options may only be made with available Options to the extent not yet granted (excluding the cancelled Options) within the limit approved by our Shareholders as mentioned in paragraph (f) above. An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the date on which the Option is cancelled by the Board as provided above.

(v) Termination of the Share Option Scheme

The Company may by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the Share Option Scheme in relation to any outstanding Options shall remain in full force and effect.

(w) Alteration of provisions of the Share Option Scheme

The provisions of the Share Option Scheme may be waived or amended by resolution of the Board except that provisions relating to matters set out in Rule 17.03 of the Listing Rules cannot be altered to extend the class of person eligible for the grant of Options or to the advantage of the Participants without the prior approval of our Shareholders in general meeting. Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of the Options granted must be approved by the Stock Exchange and our Shareholders (with the relevant Participants and their associates abstained from voting) in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The amended terms and conditions of the Share Option Scheme must still comply with the relevant requirements of Chapter 17 of the Listing Rules. Any change to the authority of the Board or scheme administrators in relation to any alteration to the terms of the Share Option Scheme must be approved by our Shareholders in general meeting.

(x) Restrictions on the time of grant of Options

No offer shall be made after inside information has come to the Company's knowledge until the Company has announced the information and, in particular and subject to the Listing Rules as amended from time to time, the Company shall not make any Offer, during the period commencing one month immediately preceding the earlier of (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement (including any period of delay in the publication of the relevant announcements), no Option may be granted.

As at the date of this document, no Option has been granted or agreed to be granted under the Share Option Scheme. On the assumption that **[REDACTED]** Shares are in issue on the date of commencement of **[REDACTED]** in the Shares on the Stock Exchange, the application to the Stock Exchange for the **[REDACTED]** of, and permission to **[REDACTED]** in the Shares on the Stock Exchange includes the **[REDACTED]** Shares which may be issued upon the exercise of the Options which may be granted under the Share Option Scheme.

The terms of the Share Option Scheme are in compliance with Chapter 17 of the Listing Rules.

E. OTHER INFORMATION

1. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Stock Exchange for the **[REDACTED]** of, and permission to **[REDACTED]** in, the Shares in issue and to be issued pursuant to the Capitalisation Issue and the **[REDACTED]**. All necessary arrangements have been made to enable such Shares to be admitted into **[REDACTED]**.

Lego Corporate Finance Limited, being one of the Joint Sponsors, has confirmed to the Stock Exchange that it satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

The aggregate fees payable by our Company to the Joint Sponsors is HK$5.7 million, and the Joint Sponsors will be reimbursed for their expenses properly incurred in connection with the **[REDACTED]**.

2. Tax and other indemnities

The Indemnifiers have entered into the Deed of Indemnity with and in favour of our Company (for itself and as trustee for each of our present subsidiaries) to provide indemnities on a joint and several basis in respect of, among other matters,

(i) any claim (including claim, counterclaim, any assessment, notice, demand, fine or other form of liability) falling on any member of our Group relating to the non-compliance incidents of any member of our Group under the relevant applicable prevailing law and regulations at the material time on or before the **[REDACTED]**; and

(ii) any taxation (including all fines, penalties, costs, charges, expenses and interests incidental to or relating to taxation) and claims falling on any member of the Group resulting from or by reference to any income, profits, gains earned, accrued or received, or any transactions or events entered into or occurring, on or before the **[REDACTED]**, whether alone or in conjunction with any other circumstances whenever occurring and whether or not such taxation or claims are chargeable against or attributable to any other person, firm, company or corporation.

The Indemnifiers will however, not be liable under the Deed of Indemnity for any claim and/or taxation where (a) provision has been made for the tax claims, claims relating to non-compliance incidents and/or taxation in the audited consolidated accounts of our Group or the audited accounts of any member of our Group during the Track Record Period; (b) the tax claims, claims relating to non-compliance incidents and/or taxation arises or is incurred as a result of a retrospective change in law and/or a retrospective increase of tax rates coming into force after the **[REDACTED]**; and (c) liability under tax claims and/or taxation which arises as a result of any act or omission of, or transaction voluntarily effected by any member of our Group in the ordinary course of business after 31 December 2022 up to the **[REDACTED]**.

The aggregate liability of First Trust Services AG, being one of the Indemnifiers, under Deed of Indemnity shall be limited to the total value of the trust fund, property and assets in respect of the business of our Group from time to time held by First Trust Services AG as the trustee on trust for the AY Discretionary Trust.

3. Litigation

As at the Latest Practicable Date, no member of our Group was engaged in any litigation, claim or arbitration of material importance, and no litigation, claim or arbitration of material importance is known to the Directors to be pending or threatened against any member of our Group.

4. Consents of experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this document:

Name	Qualifications
Emperor Corporate Finance Limited	Licenced corporation permitted to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Lego Corporate Finance Limited	Licenced corporation permitted to carry out type 6 (advising on corporate finance) regulated activity under the SFO
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Dentons	Legal advisers to Company as to PRC law
Ravia Global Appraisal Advisory Limited	Independent professional valuer
Mr. Chan Chung	Barrister-at-law
Euromonitor International Limited	Industry consultant

Each of Emperor Corporate Finance Limited, Lego Corporate Finance Limited, Ernst & Young, Conyers Dill & Pearman, Dentons, Ravia Global Appraisal Advisory Limited, Mr. Chan Chung and Euromonitor International Limited has given and has not withdrawn their respective written consents to the issue of this document with copies of their reports, valuation certificate, letters, opinions or summaries of opinions (as the case may be), all of which are dated the date of this document and made for incorporation in this document, and the references to their names included herein in the form and context in which they are respectively included.

None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

5. Promoter

Our Company has no promoter for the purpose of the Listing Rules. Within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to paid, allotted or given to any promoters in connection with the **[REDACTED]** and the related transaction described in this document.

6. Preliminary expenses

The amount of preliminary expenses incurred by our Company is approximately HK$54,000 and has been paid by our Company.

7. Binding effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the CWUMPO insofar as applicable.

8. Miscellaneous

(a) Within the two years immediately preceding the date of this document:

(i) no share or loan capital of our Company or of any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries;

(iii) no commission has been paid or payable (except to sub-underwriter) for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares; and

(iv) no founder, management or deferred shares or any debentures in our Company or any of its subsidiaries have been issued or agreed to be issued.

(b) No share, warrant or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.

(c) None of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any **[REDACTED]** or permission to **[REDACTED]** being or proposed to be sought.

(d) Our Company has no outstanding convertible debt securities.

(e) There has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2022 (being the date to which the latest audited consolidated financial statements of our Group were made up).

(f) There has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this document.

(g) There is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong and from outside Hong Kong.

(h) There are no arrangements in existence under which future dividends are to be or agreed to be waived.

(i) The principal register of members of our Company will be maintained in the Cayman Islands by **[REDACTED]** and a branch register of members of our Company will be maintained in Hong Kong by **[REDACTED]**. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by the Hong Kong **[REDACTED]** and may not be lodged in the Cayman Islands.

(j) Our Directors have been advised that under the Companies Act the use of a Chinese name by our Company in conjunction with its English name does not contravene the Companies Act.

9. Taxation of Holders of Shares

(a) Hong Kong

The sale, purchase and transfer of Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.13% of the consideration of or, if higher, of the fair value of the Shares being sold or transferred.

Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

Pursuant to The Revenue (Abolition of Estate Duty) Ordinance 2005 which came into effect on 11 February 2006 in Hong Kong, estate duty ceased to be chargeable in Hong Kong in respect of the estates of persons dying on or after that date. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of Shares whose death occur on or after 11 February 2006.

(b) Cayman Islands

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisors

Potential investors in the **[REDACTED]** are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasised that none of our Company, our Directors or parties involved in the **[REDACTED]** accepts responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

10. Material adverse change

Our Directors confirm that, save for the matters disclosed in the section headed "Summary – Latest Development subsequent to the Track Record Period" in this document, there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2022 (being the date to which the latest audited consolidated financial statements of our Group were made up) up to the date of this document.

11. Bilingual document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by **[REDACTED]**.

In case of any discrepancies between the English language version and Chinese language version of this document, the English language version shall prevail.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were (i) copies of the **[REDACTED]**; (ii) the written consents referred to in the paragraph headed "Consents of experts" in Appendix IV to this document; and (iii) copies of each of the material contracts referred to in the paragraph headed "Summary of material contracts" in Appendix IV to this document.

DOCUMENTS ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at www.hkexnews.hk and our website at www.newmedialab.com.hk during a period of 14 days from the date of this document:

1. the Memorandum and Articles of Association;

2. the accountants' report prepared by Ernst & Young, the text of which is set out in Appendix I to this document;

3. the letter report on unaudited pro forma financial information issued by Ernst & Young, the text of which is set out in Appendix II to this document;

4. the rules of the Share Option Scheme;

5. the service agreements and letters of appointment referred to in the paragraph headed "Further information about Directors and substantial shareholders" in Appendix IV to this document;

6. the material contracts referred to in the paragraph headed "Summary of material contracts" in Appendix IV to this document;

7. the written consents referred to in the paragraph headed "Consents of experts" in Appendix IV to this document;

8. the audited consolidated financial statements of our Group for the financial years ended 31 December 2020, 2021 and 2022;

9. the Companies Act;

10. the opinion letter in relation to the tenancies/licences of the premises leased/licenced from Winning Treasure issued by Ravia Global Appraisal Advisory Limited, an independent valuer;

11. the legal opinion issued by Mr. Chan Chung, barrister-at-law;

12. the legal opinion from Conyers Dill & Pearman, our Cayman Islands legal advisers, summarising certain aspects of Cayman Islands company law referred to in the section headed "Summary of the Constitution of the Company and the Company Law of the Cayman Islands" in Appendix III to this document; and

13. the legal opinion dated the document date issued by Dentons, our PRC Legal Adviser in respect of our Group's operations and property interests in the PRC.